

Witness Name: David Smith
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POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF DAVID SMITH

I, DAVID SMITH, will say as follows...

INTRODUCTION

1. This statement is in response to the Rule 9 request dated 21st July 2022. It is in relation to Phase 2 of the Post Office Horizon IT Inquiry and in particular to the development, testing and acceptance of the Horizon IT System.

BACKGROUND

2. I was asked to set out a brief professional background.

The first part of my career was spent at BEA and British Airways where I worked as an auditor and route division accountant before eventually becoming Financial Controller and Company Secretary of British Airways Helicopters. Having successfully supported the disposal of the Helicopter

operation by BA and after a period of working under the new ownership I took voluntary redundancy from BA joining the Post Office in July 1987.

3. The first part of my career in the Post Office was in Finance. As Chief Financial Accountant I was responsible, inter alia, for back-end accounting for offices. As POCL reorganised my role in Finance changed to Financial Controller and then to Head of Finance Executive. I was appointed Director Central Services Group in July 1996 with a brief to break up this directorate and redistribute it across other organisational units. During this period I retained my responsibilities as Head of The Finance Executive. In April 1997 I was prevailed upon to become Head of Automation Transformation commencing an association with the Horizon system that was to last until I left the Post Office at the end of March 2010.

4. I was asked to describe my role in relation to the Pathway Project/the Horizon IT system.

Prior to my appointment as Head of Automation Transformation I had little direct involvement with the Pathway project.

After a procurement exercise French Thornton were appointed to establish Programme Management within POCL. Their proposal was for the Programme team to be formed by French Thornton personnel but to then assist the business identify a suitable individual to be trained in the Programme Manager role. They would support this individual whilst he or she identified individuals to fill other roles in the team phasing out French Thornton staff once these POCL replacements were up to speed. Initially my colleague Ian Gibbard was appointed but he asked to be relieved of the

role **GRO** I was approached to replace him and after some persuasion assumed the role in April 1997.

5. This role involved co-ordinating all the projects and business as usual activities necessary to deliver the business benefits of automating the counter.

This involved identifying the touch points between activities, managing interdependencies and points of friction with activities outside the Programme, maintaining and supporting governance structures, maintaining a programme plan incorporating the dependencies and touch points, managing programme issues and risks and providing assurance of project activities.

6. What this role did not involve was the line management of projects. My authority over the projects was derived through the Automation Transformation Steering Group whose membership was made up of the Directors of the business (some of whom were project sponsors) supplemented by the Group CIO, business Head of IS and Paul Thornton of French Thornton.
7. On the creation of Post Office Network I became Automation Director assuming line management of Horizon and all other IT based projects that fell within the business unit control. I retained Programme Management. This meant I had direct control of Horizon through the final throes of acceptance, the roll out and the delivery of Core System Release plus (the system was delivered in two phases). The second phase was delivered to

those branches that had migrated to Horizon, c 10,000, via telephone and the remainder of the roll out was executed with the updated software.

8. Tensions between business units, in part surfaced through programme management, caused Stuart Sweetman to bring most of the former POCL back together as POL. I became Programme Integration Director in effect the same role that I had as Head of Automation Transformation. In January 2003 I became IT Delivery Director once again assuming line management control of projects including Horizon in addition to programme management.
9. In June 2004 I became Acting IT Director on the departure of Alan Barrie back to Royal Mail. I was, therefore, in charge of developing the proposition that became variously known as HNG X or Horizon Online. The Delivery Director role remained my responsibility. It was decided to create the role of Operations Director to replace that of IT Director. Property, Security, Cash Management, Service Management and Commercial were to join IT in reporting to this new role. On the arrival of Ric Francis, as Operations Director, in February 2005 I became General Manager IT. A later business reorganisation was to expand my role to include the management of all business change across the business (within directorate change excluded). My title became Head of Change & IS. For a 3 month period in 2009 I was acting Operations Director covering the period between Ric Francis' departure and Mike Young's arrival. I left the Post Office at the end of March 2010.
10. An early organisational decision separated the project management of IT from the day to day management of IT systems (including problem

management). My involvement in day to day system problems was restricted to major system outages where my team would usually assume control.

PROCUREMENT

11. I was asked to describe the nature of my role in the procurement of the Horizon IT system. I had no direct role in the procurement of the Horizon IT system i.e. I was not part of the POCL team carrying out this task. During the procurement period I was Head of Finance Executive and as such I was asked by those working on the procurement, according to POL00031276 [WITN0529_01/1], POL00031277 [WITN0529_01/2] and POL00031278 [WITN0529_01/3] to review how outlets were accounted for. I have absolutely no recollection of this.
12. Re-engineering the end to end cash accounting process, including branch accounting, client settlement and head office accounting, would have required an in depth study. Significant change to back-end systems, quite possibly complete replacement, was almost certainly necessary for re-engineering. The business had not carried out this analysis and thus when the invitation to join with the Benefits Agency came along it was ill prepared. Any business benefit that might have flowed from end-to-end process re-engineering was thus foregone. In my opinion, however, the major benefits from automation were to flow from the automation of products.
13. I was asked how office balancing and cash accounting operated prior to the implementation of Horizon. As I was responsible for the Head Office

accounting for branches, I spent considerable time at the beginning of my employment with POCL familiarising myself with the Head Office processes. There was a lot of detail much of which escapes me now and it is possible that the following description excludes some key points.

14. Cash Accounting was an end-to-end process of which office balancing and cash account production were a part. When a new product was process designed the counter was never designed in isolation but always as part of an end-to end process.
15. The cash account was a summary of the business transacted in a branch in that cash account week. There were separate lines for each product/product group, for value stock and cash holdings.
16. Starting from the previous weeks cash balance the value of transactions, the net movement in stock (as ascertained by physical stock check), the adjustment necessary for payment by cheques and adjustment for remittances in and out of branch would be brought together to calculate the closing cash balance. This would then be compared to the physical cash in the branch. If the cash figures i.e. book and physical agreed then the cash account could be signed of and sent to Chesterfield.
17. If book and physical values disagreed the branch would have to investigate the difference. Branches would either find the source of the difference and adjust the cash account accordingly, declare the discrepancy or defer the discrepancy to be resolved later. There was a suspense line on the cash account but I'm afraid my memory fails me on its use both intended and unintended.

18. The numbers on the cash account were the basis of settlement with clients. As such it was important that they were accurate. To ensure accuracy there was a significant checking exercise carried out in Chesterfield. The cash account group in Chesterfield was over 200 strong. A separate unit just to deal with Pensions and Allowances was even larger in size and a third group processing Postal Orders about 80 strong. There was also a unit in Edinburgh mirroring the Chesterfield operation dealing with Scottish branches.
19. Supporting documents consisted of transaction tokens and summary dockets/batch headers. Transactions would be checked to summary dockets and summary dockets to the cash account. Whilst most of this checking was carried out at Chesterfield and Edinburgh the document streams for National Savings and those for Girobank were checked by those businesses.
20. Over five thousand errors per week were detected. Many of these would result in the issue of an error notice. This would be sent to branch who would be required to include the adjustment on their next cash account. This would clear any discrepancy arising from the error in the office balance.
21. This was a vast paper industry. Pensions and Allowances vouchers alone had a dedicated weekly freight train to deliver them to Chesterfield. A full-time post room of around 20 postmen used to sort the pouches in the mailsacks and distribute them to the appropriate regional based team. Such was the volume of these vouchers that offices were checked on a rota basis

only. I think that a branch would only be checked every 2-3 years unless on some kind of alert. As such this area was particularly prone to fraud.

22. Cheques were remitted on a daily basis, consolidated by Royal Mail and delivered to a dedicated processing unit in London. Cheques were agreed to branch generated batch headers and errors generated where necessary. The overnight processing was aimed to meet the timescales for the London clearing house system.

23. Sales of stock worked somewhat differently. All branches had a stock remittance unit who would supply them with stock and withdraw stock when an item was discontinued. The stock sales were calculated by totalling up the numbers for all branches attached to a remittance unit together with the balance for that unit.

24. The five thousand plus errors mentioned above were merely the tip of the iceberg as far as error in the overall process was concerned. A recently graduated MBA conducted an exercise, at my request, to measure the level of error in the process and she estimated this to be 100,000 per week. To be clear the vast majority were not financial based errors, but they did require rework. For example, PIVOT was a transaction volume reporting system piggy backing on the cash account and this alone generated c25,000 errors per week.

25. Non-Conformance to business procedures was a big contributor to this level of error.

26. Branches were subject to audit. I can't recall the periodicity but there was a risk basis embedded in the model. Audit would discover cash discrepancies that in some cases would lead to prosecution
27. Whilst the majority of branches prepared manual cash accounts a number generated their cash account by computer system. The Post Office owned branches (and some larger sub offices?) used a system called ECCO. This was used to record all transactions. Within the M25 it also had a pensions and allowances order book stop system and was called for these branches ECCO+. POCL's requirements for Horizon were based on ECCO+ I believe.
28. A sub-postmaster named Richard Jackson produced a software package for cash account production. This was approved for use by POCL. I have no recall of its functionality or the numbers of branches using it. Group IT also produced a product also approved for use by POCL. I have little recall of this other than it existed.
29. I was asked in what ways did office balancing and cash accounting change as a result of the introduction of Horizon. It is important to bear in mind that the initial release of Horizon did not automate any product that wasn't already automated i.e. bill payments. It did accumulate the value of transactions as they were entered on the system. It did allow the capture of stamp sales. It did close down some of the things that branches could do in the manual system to hold over discrepancies for later investigation. My memory on this is quite hazy and I am quite sure the above is far from comprehensive.

AUTOMATION TRANSFORMATION

30. I was asked to describe the purpose and function of the Automation Transformation Steering Group. This body was the Programme Board for Automation. It was the ultimate Programme authority. The following is a list of typical programme board responsibilities

- appointing a Programme Manager
- approving programme identification and definition
- agreeing programme plans
- agreeing and communicating the programme vision
- communicating progress to interested parties
- ensuring the required resources are available
- resolving any conflicts escalated to it
- reviewing issues and risks
- quality assurance for the programme and its constituent projects and business as usual
- approving programme implementation reviews and lessons learned
- ensuring that a post-programme review is scheduled and takes place

There are numerous readily accessible references online describing the role of Programme Boards and Programme Managers.

31. I was asked to address concerns about the quality of the Horizon Project as referred to in red light issues POL00028324 [WITN0529_01/4] refers. This

document was the minutes of the ATSG in June 1998. Before I address the specifics of the minute, I want to set some context.

32. In a project environment working with a supplier has quite a different feel where there is trust and confidence and when there is not. From my perspective there was little trust or confidence in Pathway to deliver. Delivering to time builds trust. Consistently missing deadlines and not being open about slippage does not.
33. The PFI basis of the contract did not help. This would have been quite foreign to many of those involved. It was explained by solicitors acting for POCL in the following way. In a traditional relationship if you wanted the means to put a hole in a wall you would specify a drill suitable for the job. In a PFI deal you would specify the hole. Add to this that Pathway were able to “Black Box” the build and this is hardly a recipe to build confidence in any eventual solution. At Pathways request POCL supplied staff to assist them in testing, but they were required to sign NDAs to prevent them from sharing within POCL what they were learning about the solution.
34. The decision to contract ahead of agreeing all requirements also in my mind played a part. Foreign encashments was a requirement that cut across the design that Pathway were working too. Were there other such conflicts?
35. Finally, it was known that work on the desktop started in London but was then sent across to the US before being sent back to the UK for completion. This created some suspicion that Pathway weren’t up to the task.
36. There are always issues that arise in a project with the potential to derail delivery. Working with a supplier where there is trust and confidence in the

ability to deliver, such issues will be viewed with an expectation that solutions will be found. Where that confidence is missing, however, concern about issues will be if anything amplified by lack of confidence in the supplier. I believe this was very much the case with Pathway and Horizon.

37. I was asked what in particular were the issues identified in relation to testing and EPOSS. As far as the former is concerned I cannot recall any of the detail and cannot comment on the evidence. However, Model Office and End to End testing were POCL driven aimed at proving procedures and that business end to end processes worked as they were meant to. This required the delivery of a “clean” build into these tests. The clear message here was that testing coverage was falling short of plan and that there was a risk that this would not be recovered before POCL testing began. A build that had not been fully tested or carried forward significant level of errors would undermine the effectiveness of POCL testing. Tracking through ATSG minutes (POL00028321 [WITN0529_01/5], POL00028322 [WITN0529_01/6] and POL00028323 [WITN0529_01/7]refer) it is clear that this risk manifested itself.
38. The June 1998 ATSG minutes are not particularly helpful on the EPOSS issue, there is a heading but no description, but by looking at the minutes of subsequent meetings I believe the issue is that concerning the £3.1 m of TP errors. I have absolutely no recollection of this item but there is sufficient information in meeting minutes to give a broad idea of this issue.
39. There was a network of around 10,000 terminals used for certain payments for utilities. The data centre for these terminals was based at the Group IT facility in Farnborough. This network was to be retired but this was dependant

on the delivery of CSR+ and then a complex migration from Farnborough to Pathway.

40. Recording these transactions on the cash account gave rise to a new area of cash accounting errors. The Service Development Team (a unit dedicated to supporting take on to this network) took the actual errors occurring on the cash accounts of ECCO offices and extrapolated these to the extended network which is the derivation of the £3.1m. This £3.1m of errors was, therefore, predicted new errors and was a workload burden not yet being experienced. The reason for using ECCO as the baseline was that it was also used as the basis of POCLs requirements for Horizon. The action was to do a workload assessment so that TP could be properly prepared. With experience already of the work required to correct these errors estimating the workload impact would have been relatively simple. Minutes imply a fix of some sort would be possible, but this would not be available until a future software release. The issue would be resolved with the retirement of this network of small terminals. There is reference to slideware being attached to the ATSG minutes in POL00028323 and retrieving these would I suggest clarify this further.

41. I was asked to describe the nature of the work I carried out in relation to EPOSS design. I must reiterate that I did not manage Horizon and it was normally for the Horizon management team to manage the project issues and risks. I did, however, step in on this issue. I commissioned a French Thornton consultant, Darren Bosco, to see what if any information he could glean from Pathway about EPOSS design. Against expectation Pathway allowed him

inside the “Black Box” for 24 hours. Darren presented his findings to the ATSG. Addressing a largely non-technical forum he would have simplified his presentation so that it was accessible.

42. I do have some recollection of this presentation, but by no means all of it.

Darren had expected to find a modular design. In such a design, new transactions could be added without impacting existing transactions. Interfaces would be established with some other modules e.g. a cash accounting module. There would be exchanges of data but the software would not be linked.

43. What he discovered was that all transactions would be rooted in a core horizon. The implication was that when a new transaction was added it would, through this core, be linked to other transactions and it could impact i.e. introduce error, into pre-existing transactions. A consequence of this was that extensive regression testing would be necessary every time a new transaction was added to ensure that the legacy had not been corrupted. This distorted the normal relationship between time in development and time in testing.

44. He did observe that the solution enabled rapid development of new transactions. A transaction could be developed in days rather than weeks and months.

45. As far as moving away from this design was concerned, he reported this could not be achieved by tinkering around the edges (my words!) something different would require starting over again.

46. There may well be important detail that I have not recalled. Darren's slideware will have been attached and if it can be retrieved may well be of assistance to the Inquiry.
47. It needs to be remembered that under PFI rules design was for Pathway and Pathway alone. We know the BA service requirements drove Pathway away from a banking RAC model to a distributed system of authorisations. This was because they did not believe that the public telephone network could support the service levels required by BA. The decision to use Escher's Riposte product was driven at least in part by this product being designed to be resilient when working with dial up networks. It maybe that the full benefit of this resilience was only achieved by using Riposte for the desktop but that is a consideration outside my skill set. Several foreign Post Offices only used Riposte as a middleware product – I think Deutsche Post was amongst those.
48. I was asked about Model Office and end to end testing. The initial concerns arose from evidence of Pathway slippage against their testing plans and the fear that these POCL rounds of testing would be significantly less effective in proving processes and procedures than was required. This risk materialised. At the time there would have been a log of errors and the Horizon project will have tracked rectification activity. A further 4 week testing window was driven into the plan to ensure that all planned testing could be completed. The issue of integrity of files passed from Pathway to POCL remained an issue and a new dimension surfaced late during the acceptance process and was deemed category A (i.e. grounds for not accepting). This was about the lack of integrity controls within Pathway. The rectification plan for this was closely monitored

by members of my team in addition to the activities of the Horizon project team.

REVIEW OF POCL AND ICL PATHWAY DEAL

49. I was asked various questions on this review. POL00031230

[WITN0529_01/8] refers. My understanding of the purpose of the review will have been exactly as Roger Tabor states in his introduction i.e. to stand back and review the deal as independently as possible to see if it remains sensible. My role in the review was as one of the senior managers interviewed by Roger.

I have no recollection of what I said during my interview with Roger. I do recognise the risks listed at paragraph 2.6 and would agree that it was proper for them to be recorded in the report. I'm certain I would have taken a balanced approach to my input to Roger and I would have highlighted both the upsides and downsides of continuation.

The substance of the conclusions stated in paragraphs 3.4 – 3.6 are “motherhood and apple pie”. It is difficult to see how anyone could or would disagree with them.

ACCEPTANCE OF THE CORE SYSTEM RELEASE

50. I was asked to describe my role in the acceptance of CSR. I cannot recall how it came about and I will not speculate about this but it fell to me to put together the team to assess the evidence produced by Pathway as part of

the Acceptance process. The Acceptance process was very rigorous. For every requirement there were acceptance criteria and for each criteria the evidence that Pathway needed to furnish, be it test result, document or witnessing of an event, specified. Where there was a gap in the evidence it was crucial to understand the business impact not only at the point of the fault but also in the wider end to end process.

51. My Business Assurance Manager, an experienced and highly rated former audit manager, led the substantial team we put together. Ideally every member of the team would have been an expert in the businesses end to end process. To do so would have stripped the business of too many key roles so a blended team of end to end expertise and subject area experts was put together. Apart from spending time each day discussing progress and emerging issues with the Business Assurance Manager I took on the responsibility of turning words in the contract describing fault severity into a format that was measurable and getting business approval for the framework so created.

52. I was also a member of the team supporting Dave Miller in the negotiations with Pathway through the Acceptance process and various other meetings with acceptance as a subject matter.

53. I was asked whether the acceptance timetable was sufficient. To balance time available – I think, but cannot be certain, 3-4 months – resource and the volume of data, the team took a risk based approach. By adopting this risk based approach the team made sure that the focus remained firmly on substantial matters and did not get bogged down in trivia. The team

undoubtedly worked under pressure but if I had felt at the time that time pressures meant the business was at risk then I would have called it.

54. I was asked what the key obstacles to acceptance were. Three categories of faults were defined in the contract. The most severe of these was category A with a business impact such that one incident gave POCL sufficient grounds to withhold Acceptance. Above a certain number (I cannot recall that number) of category B faults the business was also contractually entitled to withhold Acceptance. These faults had a less severe business impact and could usually in the short term be tolerated subject to work rounds being available. The final category, category C, were minor faults which could often be described as cosmetic in nature. An example might be the date and time stamp on a report appearing at the bottom of a report page and not the top as specified. These faults were usually never rectified as the cost of doing so outweighed any resultant benefit.

55. There were four category A incidents as called by POCL . They were training, integrity control, screen freezes/lock ups and the Horizon System Helpdesk. Under the terms of the contract Pathway were paid nothing for the development of Horizon until contractual acceptance had been achieved. Both parties anticipated that the calling of any fault as category A was likely to be contested. Whilst there was a contractual process for dealing with disputes ultimately leading to arbitration this was seen by both parties as taking longer than was desirable so it was agreed to inject Peter Copping of PA Consulting into the process.

56. I was asked about my position in relation to acceptance and why I opposed it in September 1999. I do not recall why I opposed conditional acceptance. From the documents I was asked to consider it is clear that there was a gap still to be bridged in addressing the acceptance incidents. I would also note that withholding acceptance and therefore payment of a very considerable sum of money gave PON a very strong bargaining position when seeking changes in Pathway's approach. Conditional acceptance would sacrifice this bargaining position.

SUSPENSION OF ROLL OUT

57. I was asked to describe my role in monitoring compliance with acceptance conditions. I was not directly involved in the monitoring process but rather in the chain of various meetings, both internal to PON and jointly with Pathway, to review progress and define further actions where necessary. Evidence of those meetings is contained in the documents I was asked to review.

58. I was asked what I understood to be the root cause of continuing cash account discrepancies in autumn 1999. I have no recall of this level of detail. I believe that these were discrepancies observed in the process of transferring data from Pathway to PON.

59. I was asked to what extent did Pathway meet the conditions for proceeding with roll out in January 2000. The position is very clearly set out in POL00028509 [WITN0529_01/9]. As roll out commenced it is a fair

assumption that outstanding TP checks were satisfactorily completed and that the third supplemental agreement was signed off.

60. I was asked to describe the checks which were put in place to monitor the data integrity and help desk issues. The data integrity checks were carried out by Transaction Processing. I can't describe them as I can't recall them. My Business Assurance Manager would have probably walked me through them at the time. Help Desks were not managed in my area. My colleague Andy Radka was in charge of this area. Through the various meetings I attended I would have been aware of the outcome of the checks on Help desks I wouldn't necessarily have been aware of the checking mechanisms.

61. I was asked whether I considered these checks to be satisfactory and my reasons for thinking so. My Business Assurance team was led by an ex - auditor. She was extremely tenacious and was all over the integrity issue and if there had been the slightest doubt about the checks she would have given it very high profile. There are no such doubts expressed in any of the meeting material I was asked to consider. For the reason explained in paragraph 60 I can't comment on help desk.

62. I was asked what I understood the integrity control proposal to entail. I cannot recall this in any sort of detail. A very simple example of this would be if data was transferred from A to B and the data consisted of x records totalling the value y at the end of the transfer B should have received x records value total y. Integrity checks should run through an accounting system like Blackpool through a stick of rock. They did not.

63. I was asked to what extent did Pathway demonstrate the successful functioning of integrity control. It is clear from POL00028509 that PON did not rely on Pathway but instituted its own checks via TP to ensure Pathway controls were functioning as intended. Six weeks of such checks had been completed without obvious problems and there was one final week with the checks to be completed. It is clear that successful completion of this check was one of the conditions for roll out to commence.
64. I was asked what concerns I had about the integrity of Horizon when roll out commenced. POL00028509 [WITN0529_01/9] is the minutes of a meeting I chaired a few days before commencement of roll out. Had I had concerns I have absolutely no doubt I would have voiced them. I expressed no such concerns. My Business Assurance team will have reviewed Fujitsu's planned integrity controls and the TP checks proved that these controls were effective.
65. Finally, I was asked what action did I take to report concerns within or outside POCL. Horizon was sponsored out of PON. Throughout this vital period Horizon featured at PON Executive management meetings. There was also a Programme Board attended by all PON Directors. I had frequent conversations with senior colleagues about progress. Communication outside the business was undertaken by Dave Miller, PON Managing Director, who led the high level Acceptance meetings with Pathway. Several documents witness this communication.

INTERNAL AUDIT

66. I was asked who and for what purpose was the audit report commissioned.

Please refer to the introduction and Appendix A of POL00028440

[WITN0529_01/10] where the purpose is explained in considerable detail.

The report was commissioned by the Horizon project.

67. I was asked what input I had into the comments of the report prior to its finalisation. I have no recall. However, I would be surprised if Chris Paynter hadn't walked me through his findings prior to wider circulation. This briefing was part of standard audit practice.

68. What if any assurances did I give concerning the resolution of issues relating to transaction processing. This raises an important point regarding organisation. The management of day to day problems was the responsibility of Service Management and not the Automation Directorate. In other words, change was delivered by Automation, business as usual managed by Service Management.

69. I was asked what action did I take on receipt of the review. None of the required actions were for the Automation Directorate so I'd be very surprised if I intervened in matters that were for the Operations Directorate. However, I have no recall of this report or of having taken any action.

CHRISTMAS HORIZON RESEARCH REPORT

70. I was asked by whom and for what reasons was the report commissioned. I was asked about end users concerns and finally what action was taken to address those concerns. Having read NFSP00000261 [WITN0529_01/11] I

believe the Research Services report and my covering letter to Colin Baker, both contemporaneous documents, cover these questions comprehensively.

GENERAL

71. I was asked looking back if I consider PON effectively scrutinised the testing trial and acceptance of the Horizon system. I believe what we did to be effective. However, I believe there are much better ways of conducting this scrutiny than the way it happened for CSR. If the ways of working adopted from S50 onwards through to S90 had been adopted for Core System Release I believe that the journey through to roll out of Horizon would have been smoother and the process of scrutiny easier. That involved Fujitsu involvement in requirements analysis, POL having full visibility of the intended design, a joint approach to testing and a rather more collaborative approach to problem solving.

72. I was asked whether I consider that the Horizon system was fit for purpose at the point at which it was rolled out. Given the rigorous process around release management and acceptance I had no reason to believe that Horizon was anything but fit for purpose at the time of roll out. I hope I am a realist. I wouldn't have regarded fit for purpose meaning that the system would not in operation prove to have bugs that would require fixing. All the systems I've experienced are in a constant state of bug fixing. Testing and the other feeds into Acceptance will have demonstrated the business processes could continue as designed.

73. I was asked whether there were any other matters that I consider would assist the chair. There is a National Audit Office report “The Cancellation of the Benefits Payments Card project” which gives an independent view of the procurement and management of the project through to the cancellation of the Benefits Payments card. This was discussed at a parliamentary committee and the minutes of such may provide further insight.

Statement of Truth

I believe the content of this statement to be true

Signed **GRO**

Dated: 30/08/2022

Index to First Witness Statement of David Smith

<u>No.</u>	<u>Exhibit Number</u>	<u>Document Description</u>	<u>Control Number</u>	<u>URN</u>
<u>1</u>	<u>WITN0529 01/1</u>	Paul Rich’s letter IT concurrence Meeting Dated 9 th Feb Flash Report – Urgent!!		POL00031276
<u>2</u>	<u>WITN0529 01/2</u>	Paul Rich’s letter IT concurrence Meeting Dated 9 th Feb Interfaces between POCL systems		POL00031277
<u>3</u>	<u>WITN0529 01/3</u>	Letter Basil Shall to Paul Rich ‘Flash		POL00031278

<u>No.</u>	<u>Exhibit Number</u>	<u>Document Description</u>	<u>Control Number</u>	<u>URN</u>
		Report- Urgent!!- Supplier Requirements		
<u>4</u>	<u>WITN0529 01/4</u>	Automation Transformation Programme Steering Group Meeting Minutes, 23 June 1998	POL-0024806	POL00028324
<u>5</u>	<u>WITN0529 01/5</u>	Automation Transformation Programme Steering Group Meeting Minutes, 20 October 1998	POL-0024803	POL00028321
<u>6</u>	<u>WITN0529 01/6</u>	Automation Transformation Programme Steering Group Meeting Minutes, 28 September 1998	POL-0024804	POL00028322
<u>7</u>	<u>WITN0529 01/7</u>	Transformation Steering Group Progress Report to 28 September 1998	POL-0024805	POL00028323
<u>8</u>	<u>WITN0529 01/8</u>	Review of the POCL/ICL Pathway Deal by Roger Tabor, Finance Director POCL (January 1999)	POL-0028132	POL00031230
<u>9</u>	<u>WITN0529 01/9</u>	Horizon/Pathway Delivery Meeting: Special Meeting Notes, 14 Jan 2000, sent by Dick Brazear, Head of Programme Office for Post Office Network to POCL and ICL employees	POL-0024991	POL00028509
<u>10</u>	<u>WITN0529 01/10</u>	Review of Horizon Performance and Problem	POL-0024922	POL00028440

<u>No.</u>	<u>Exhibit Number</u>	<u>Document Description</u>	<u>Control Number</u>	<u>URN</u>
		Management Reporting, Post Office Network (Internal Audit), Nov-Dec 1999		
<u>11</u>	<u>WITN0529 01/11</u>	Circulation: National Executive Council, NFSP, enclosing: i) letter from David Smith to Colin Baker, 31 Jan 2000; ii) PO Consulting "Christmas Horizon Research Report", Jan 2000, by Lorna Green		NFSP00000261