

Filed on behalf of the: Claimant
Witness: Ann Chambers
Statement: 1
Exhibits: "AC1"
Date made: 8/8/06

**IN THE HIGH COURT OF JUSTICE
QUEENS BENCH DIVISION**

Claim No. HQ05X02706

BETWEEN:

POST OFFICE LIMITED

**Claimant/Part 20
Defendant**

- and -

LEE CASTLETON

**Defendant/Part
20 Claimant**

WITNESS STATEMENT OF ANN CHAMBERS

I, ANN CHAMBERS of Fujitsu Services, Lovelace Road, Bracknell, Berkshire, RG12 8SN **WILL SAY AS FOLLOWS:**

1. I am a [*insert job title*] employed by Fujitsu. I have worked for Fujitsu since [*insert date*]. I am responsible for [*insert details*]. I have a working knowledge of the computer system known as Horizon, which is a computerised accounting system used by Post Office Limited (**Post Office**). I am authorised by Fujitsu Services to undertake extractions of audit data held on the Horizon system and to obtain information regarding system transaction information processed on the Horizon system.
2. I make this Witness Statement from facts within my own knowledge unless otherwise stated. References to page numbers in this Witness Statement are to page numbers of Exhibit "AC1" to this Witness Statement.
3. 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 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.

Horizon System Helpdesk and National Business Support Centre

4. An important element of the support provided to subpostmasters and Counter Clerks is the Horizon System Helpdesk (**HSH**). The HSH is the Horizon user's first 'port of call' in the event of their experiencing a problem with the Horizon system or requiring advice and guidance. If the system were to malfunction, upon discovery Horizon users (Post Master, Counter Clerk) would raise a call to the HSH seeking clarification or advice. Comprehensive processes and procedures exist to manage the receipt, analysis and final disposition of calls made to the HSH. All calls to the HSH are captured by the Audit Server and stored as part of the overall Audit Trail. HSH is a service run by Fujitsu for the Post Office.
5. The Post Office also provides a service to subpostmasters and Counter Clerks called the National Business Support Centre (**NBSC**). This has a helpline which subpostmasters can call to try to resolve any business related queries.
6. I have been asked to provide details and confirmation on the reports that monitor faults, polling failures, equipment failures and calls for advice and guidance logged by the Horizon System Helpdesk recorded during the period December 2003 to April 2004 for the Marine Drive branch – FAD Code 213337.

Tivoli Event Logs

7. Horizon operates under the Microsoft Windows NT operating system. In this operating system an event is any significant occurrence in the system or in an application that requires users to be notified. For critical events such as a server breakdown or an interrupted power supply, there may be an Alert message on a control screen. For many other events that do not require immediate attention, this operating system adds information to an event-log file to provide information without disturbing normal work. This event logging service starts automatically each time a computer running Windows NT is started. In the Horizon system these events are collected by the Tivoli Event Monitor and are captured by the Audit Server and stored as part of the overall Audit Trail.

Non Polling Reports

8. A daily report is produced that lists those branches that have not polled for 24 hours, and the number of days they have been 'out of contact'. Polling : Branches

are 'contacted' periodically by the Correspondence Layer (where all transactions for all branches are stored prior to despatch to other systems) to deposit and collect information pertinent to that branch. This reduces the telephony costs incurred were branches to be permanently connected to the Correspondence Layer. Branches can operate in a disconnected state for up to 27 days.

HSH Call Logs

9. The Tivoli Event Logs and Non Polling Reports for the period December 2003 to April 2004 are contained in the call logs at pages []. [**Ann is this correct, or are these different from the attached logs?**] Details of the calls and an overview of them is set out in date order below:
10. **9 December 2003, 9.54am, call reference e-0312090261** The sub-postmaster had a power blip following which, the keyboard was not accepting the PMMC card, which is used by sub-postmasters to log onto their terminal. The Post Master was advised to reboot his terminal. He rebooted, inserted his PMMC/pin and was happy to continue. The call was then closed.
11. **20 January 2004, 2.05pm, call reference e-0401200574** - this is a log simply to record that there was an ASDL update from ISDN [**please explain what ASDL and ISDN stand for**]. This was a scheduled visit to the Marine Drive branch to install broadband. The upgrade was completed, but the broadband was not turned on at that time.
12. **28 January 2004, 11.13am, call reference e-0401280325** - the call was taken by Dane Meah at HSH from the caller who stated that there were discrepancies going through the system for three weeks in a row. The caller was advised that the problem would need to be thoroughly investigated by the National Business Support Centre (**NBSC**) before the issue could be investigated because a software problem and the caller was transferred to the NBSC and the call closed.
13. **29 January 2004, 10.26am, call reference e-04012903568** - a call was taken by Mary Rainbow at HSH. The sub-postmaster reported that he was having problems on his system connected to remittances (**REMs**). The Sub-postmaster has to enter a remittance when he receives a delivery of new stock. He stated that every time he entered in the new stock, it left him with a discrepancy. The

Sub Post master was transferred to the NBSC, since this was a business issue and the call was closed.

14. **2 February 2004, 8.49am, call reference e-0402020111** – Ben Horseman at HSH took a call from Cath at NBSC who stated that terminal (node) 2 had failed to initialise and that he also has “operational integrity violation has been detected” and “unable to connect to the repost service”. The Post Master was advised that he would be called back whilst the counter is reviewed.
15. Both counters had been upgraded with ADSL (Broadband). The Sub-postmaster called back at 9.18am and was advised to reboot. It was recommended that an engineer swap or adjust the base unit on terminal 2. At approximately 3.30am, the PCs do a refresh [**what does this mean?**] and occasionally this can cause an installation failure. An un-operational integrity violation points to a refresh not starting up properly. An engineer was sent out to sort out the base unit and node. The engineer arrived on site at 1.30pm, replaced the node and the call was closed.
16. **13 February 2004, 10.41am, call reference e-0402130261** – call was taken by John Lockyear at HSH. The sub-postmaster had stated that he had a rem issue and this was referred to NBSC. The call was then closed.
17. **13 February 2004, 10.46am, call reference e-0402130267** – this call was taken by Tony Law at HSH, referred from Marie at NBSC. The sub-postmaster had stated that his system was doubling up cash declarations and cutting off cheques, yet they still apparently appeared the next day. NBSC advised that they had checked that he was cutting everything off properly and that the catch figures were being done correctly. The sub-postmaster had insisted on a system check being carried out. He said that the problem had been happening for five weeks and that every time stock had been remmed in, they had a loss that night. The sun-postmaster also stated that the cheques he had recorded on the 10th were showing on the 11th February as well.
18. The call was escalated to Heather Dryden at HSH. As a sub-postmaster is supposed to send cheques to the EDS Processing Centre each evening, the next day you would expect to see the cheque figures cleared to zero on the Horizon system. The sub-postmaster, initially stated that this had happened more than once, but when Heather went through his cheques, it had happened just the once. It appears that the sub-postmaster forgot to cut off and the cheque listing had

two days worth of cheques in it. There is no option to cut off retrospectively ie if the sub-postmaster reveals that he has not cut off the previous days cheques, they will show up the next day and a failure to cut off previously cannot be corrected later. However, the point is that the system will not put the cheques in the balance and process them twice. It will reconcile each cheque against the transaction.

19. **16 February 2004, 8.32am, call reference e-0402160081** – David Lawrence at HSH took a call from Marie at NBSC. The sub-postmaster had called NBSC to state that both his terminals were at Post Office Log On (**POLO**), but were rebooting ok subsequently. The call was therefore closed.
20. **16 February 2004, 11.12am, call reference e-0402160628** – Tony Law took a call from Pat at NBSC. The sub-postmaster had stated that he needed an OBCS check. This is the bar code reader that each sub-postmaster has at their terminal and was used for pension books. The OBCS was checked and the results given [**do we know what the result was?**]. The call was then closed.
21. **25 February 2004, 11.03am, call reference e-0402250454** – A call was taken by Mary Rainbow. The clerk reported that they had been having problems on the system with balancing that week, which seemed to be related to stock being remmed in through the week. The clerk reported that over the past 7 weeks, they have had losses every week and at one point they had a problem with cash on hand, but they found that this was an issue with ID numbers that had been resolved. The clerk also reported that last week when they rolled over they put a loss into the suspense account and then took the computer terminal back to the trial balance which came out with a zero net discrepancy to start the new week with. The clerk reported that she had printed out a balance snapshot on Monday and that looked OK, but since then they had remmed in some stock which appears to have given them a loss.
22. The clerk was advised that she would need to check her stock position for last week and then check her rems in summary. This would show the stock that she should be holding and that figure could be compared with the stock showing in the adjust stock [**what does this mean?**] and this would highlight any problems with the stock on hand. The clerk was advised that we would need her to take her computer terminal to trial balance this evening and come back to us before she rolls over so that we can take down any details she can give us. The clerk confirmed that they are working on a shared stock unit and would call back if

further assistance was required. The balance sheet would show the old discrepancy until they can do a trial balance. The call was then closed.

23. **25 February 2004, 12.03pm, call reference e-0402250553** – a call was taken by Robert Congerton. [*Is he at the NBSC?*]. The clerk had told the NBSC she had problems regarding the balance. The NBSC were advised that HSH had told the PM to call back tonight when they had a net discrepancy on the cash account. The call was then closed.

24. **25 February 2004, 12.12pm, call reference e-0402250565** – Call was taken by Nicola Goodson at HSH. Jane at the NBSC had a call in relation to a call that had been closed.

25. **25 February 2004, 4.56pm, call reference e-0402251011**- Call was taken by Niall Vincent, because a critical event was seen stating "error message. An error has occurred = see the audit log". This call was not generated by the sub-postmaster calling the help desk, but by the System Management Centre (**SMC**) which automatically triggers a call when there is an unusual event. The call was referred to the SSC [*what does that stand for?*], so the SMC closed their call.

26. **25 February 2004, 5.33pm, call reference e-0402251077** – Call was taken by Kuljinder Bhachu at HSH. The sub-postmaster reported that the branch was getting large discrepancies for the past few weeks. The closed calls were reviewed and it was noted that a number of calls had been logged regarding discrepancies and that the NBSC had been in contact with the sub-postmaster could not find any user error. Kuljinder spoke to Sandra at NBSC. They checked the Tivoli events and the system appeared to be OK. Given that a critical event had been noted earlier that day, the event logs were downloaded for review. The sub-postmaster advised that the problem had started ever since the BT engineer came to move the BT box for preparation for the installation of the ADSL. Kuljinder recommended that SSC investigate why the sub-postmaster is experiencing large discrepancies. A known error log (**KEL**) reference was given and the problem was re-assigned within HSH to group EDSC1 [*what does this stand for?*].

At this point I investigated the matter. The critical event earlier that day was part of a storm ie a central problem causing lots of event storms which had occurred over the entire Horizon system that night as a result of a faulty software fix. The KEL had nothing to do with the discrepancies.

27. Various built in checks occur at the end of each day. For example, the gate way terminal will total all the transactions. The gate way terminal will only send in information from these built in checks, once all the terminals in the branch have communicated with it. Reports are only produced if there are discrepancies. A weekly cash account is produced and sent to the data centre. The gate way terminal will do daily cash accounts. This is summarised weekly and compared to the weekly branch cash account to check for discrepancies. The data centre also produces a weekly cash account which is compared to the branch weekly cash accounts. There are therefore effectively three weekly cash accounts:
- a) The branch weekly cash accounts;
 - b) The branch daily accounts, which is accumulated at the weekend; and
 - c) The data centre weekly cash account.
28. I checked the discrepancies between these three accounts and found none. Cheques were handled correctly (as far as the system was concerned). I also checked the rem's were correct which they were apart from one day when the sub-postmaster forgot to cut off the cheques. I also noticed that occasionally the sub-postmaster's identification declaration number was used incorrectly. For example if a sub-postmaster uses number 01 and enters £10,000 and then changes their number and uses 11 to record it elsewhere, the system will think that the branch has £20,000 whereas it only has £10,000. The clerks used 2 declaration numbers for daily cash handling, but this would not affect the weekly balance. I went through the transactions day by day and compared them with the over night declarations. I expected to find:
- a) Starting cash position;
 - b) Transaction; and
 - c) A system cash figure which should be close to the actual cash holding.
29. I was surprised to discover that at the end of the day, the cash the branch declared in the drawer was tens, hundreds or thousands of pounds stray from what they had recorded on the system. This meant that it was possible that the sub-postmaster was not accurately recording all transactions on the system, although if that had been the case, an error notice or error notices would have been generated to explain the discrepancy.
30. There was no evidence whatsoever of any system problem. I therefore asked HSH to revert to the sub-postmaster and explain that we have investigated and

the discrepancies are caused by the difference between the transactions they have recorded on the system and the cash they have declared and are not being caused by the software or hardware.

31. **4 March 2004, 8.42am, call reference e-0403040165** – A call was taken by Hayley Minnis, a HSH retail line manager. The caller reported discrepancies in the office and was advised to speak to NBSC about this, since it was not a HSH issue. The call was then closed.
32. **4 March 2004, 11.28am, call reference e-0403040524** – A call was taken by Elspeth Neilson. The sub-postmaster's line manager stated that the sub-postmaster was getting large discrepancies. They were advised that the discrepancies are caused by the difference between the transactions they have recorded on the system and the cash they have declared and are not being caused by the software or hardware. The call was then closed.
33. **23 March 2004, 11.44pm, call reference e-0403230583** – Call was taken by Jacqueline Wilcock at HSH. The auditor wanted to know when the base unit had been exchanged at the Marine Drive branch. They were advised that it was exchanged on 2 February 2004. The call was then closed.
34. **23 March 2004, 2.20pm, call reference e-0403230628** – Call was taken by David Dawe at HSH. Brett from the NBSC asked for a One Shot Password (**OSP**) for the auditor. An OSP is issued so that the auditor can log on to the sub-postmaster's system. An OSP was given and the call was closed.
35. **1 April 2004, 12.45pm, call reference e-0404010718** – A call was taken by Adam Goldstein at HSH. The new sub-postmaster stated that the screen had frozen. A check was carried out which showed the events were normal [**what does this mean?**] and the sub-postmaster was advised to reboot. The call was then closed.
36. **19 April 2004, 9.57am, call reference e-0404190387** – A call was taken by Elspeth Neilson at HSH. The Retail Line Manager (**RLM**) stated that there had been discrepancies on the system since the base unit was swapped in February and wanted to know why. The RLM was advised that events appeared to be normal and that a health check had been passed. The sub-postmaster was happy to continue unassisted. The RLM stated that the new sub-postmaster had been in

the office and there had not been any discrepancies in the balance. The RLM was advised to contact NBSC for advice on balancing. The call was closed.

- 37. **21 April 2004, 9.10am, call reference e-0404210187** – A call was taken by David Dawe. The sub-postmaster stated that the gateway was saying to enter the PMMC and that the screen had been blue for 10 minutes. The sub-postmaster had to wait for the screen to clear. The sub-postmaster was told to wait for 20 minutes and as that screen was normal and the sub-postmaster was told to call back if this had not changed within the next 20 minutes. The call was then closed.
- 38. **21 April 2004, 1.32pm, call reference e-0404210701** – A call was taken from Bernard Michael at SMC. This was an SMC call and related to a software upgrade. It was when ADSL (broadband), that had been installed in 20 January 2004, was actually switched on. The call was then closed once the switch over to ADSL had been successful.
- 39. **23 April 2004, 3pm, call reference e-0404230660** – A call was taken by Jason Lockyear. The sub-postmaster wanted to know if he could get a list of his calls and of software. The sub-postmaster was advised to contact NBSC for a full list and the call was then closed.

Conclusion

- 40. There are no reasonable grounds for believing that the information stored on the Horizon system would be inaccurate because of improper use of the computer terminal. To the best of my knowledge and belief, during the material time, the Horizon system was operating properly at the Marine Drive branch or if not, any respect in which it was not operating properly was not such as to affect the production of audit record or accuracy of their contents.

I believe that the facts stated in this witness statement are true.

Signed
ANN CHAMBERS

Date

Filed on behalf of the: Claimant
Witness: Ann Chambers
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Exhibits: "AC1"
Date made: 8/8/06

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- and -

LEE CASTLETON

**Defendant/Part 20
Claimant**

**WITNESS STATEMENT OF ANN
CHAMBERS**

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**Solicitors for the Claimant/Part 20
Defendant**

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EXHIBIT "AC1"

This is the Exhibit marked "AC1" referred to in the Witness Statement of Ann Chambers dated August 2006.

DRAFT