

Witness Name: Anne Olivia Chambers

Statement No: WITN00170200

Dated: 11 July 2023

## POST OFFICE HORIZON IT INQUIRY

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### SECOND WITNESS STATEMENT OF ANNE CHAMBERS

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I, *Anne Olivia Chambers*, will say as follows:

1. This is my second witness statement to the Inquiry and is provided in response to a request dated 28 April 2003 made pursuant to Rule 9 of the Inquiry Rules 2006.
2. I am asked questions about the workings of the System Support Centre (SSC) and its relationship with other departments within Fujitsu and with the Post Office's NBSC. I have provided answers more broadly on these topics in my first witness statement but here address the following points.
3. Postmasters could telephone the Post Office's National Business Support Centre (NBSC) or Fujitsu's Horizon Service Desk (HSD; also HSH). Where there was a report of a discrepancy the protocol was that NBSC were supposed to investigate the possibility of user error before Fujitsu were to be asked to investigate a possible system error. HSD could generate a PinICL/PEAK and refer a problem to us at SSC. If there was a specific piece of information that we needed from the postmaster we had the ability to

telephone them but otherwise there was no expectation that we would. We in SSC could pass problems on to Development if we had identified or suspected a system problem but they would not speak directly with postmasters.

4. I am asked what system information I had access to, and how much of it was unavailable to other helplines used by branch staff. For Legacy Horizon, SSC could look at the full message store for each branch: a repository containing all transactions carried out in the previous 34 (or possibly 42) days, numerous other messages including for example declarations, reports, user logon/logoff, and reference data controlling many aspects of the system. This full information was not available to any other team, though each branch could print off a variety of reports including transaction logs.
5. I recall that Post Office received transaction information each night but I do not remember the level of detail nor know who within Post Office had access to this.
6. SSC could also retrieve audit logs, psstandard (peripheral server) logs and Windows NT event logs from the counters for diagnostic purposes. The NT events were also fed back via the Tivoli system to SMC whose role included monitoring for any unexpected critical events. HSD could also inspect those events.
7. SSC could interrogate the central databases in which data was stored before being passed to various external clients, for example regarding banking transactions and bill payments.
8. I do not know what information was available to those who worked on NBSC.

**Involvement in relation to Marine Drive Post Office and the litigation against Lee**

**Castleton**

9. Nineteen years later, I have no clear memory of individual investigations undertaken. The following is based upon what I recorded on PC0099954 [FUJ00146165] at the time and expanded upon in my witness statement dated 14 September 2006 [LCAS0000112]; the associated exhibits, mostly Powerhelp calls [FUJ00122322]; my Afterthoughts document [FUJ00152299] and upon my memory of my normal procedure for such calls.

10. I have now been provided with a copy of the NBSC call log for Marine Drive [LCAS0000365]. This is not something that was ever available to me during my time at Fujitsu. As I have explained in my first statement, there was a clear division between business investigations conducted by NBSC and system investigations conducted by SSC. I can see now from this document that there was a call about a discrepancy at Marine Drive on 14 January 2004 and another a week later on 21 January 2004, and the record shows NBSC as assisting the postmaster to make checks at that time.

11. I can see that on 28 January 2004 the NBSC call handler suggested the postmaster call the HSH and indeed the first relevant call to the Horizon Helpdesk [E-0401280325] [FUJ00122322] relates to a call on 28 January 2004 regarding three weeks of discrepancies which the caller stated had related to the level of stock held. I see the caller was told that the matter would have to be thoroughly investigated by NBSC before it could be investigated as a software problem. I was not involved at this stage and there was no PinICL generated for SSC at this time. When I came to carry out my investigation on

26 February 2004, I did see the limited information on the Powerhelp call for 28 January 2004 [FUJ00122322, page 1] and the subsequent calls in [FUJ00122322], which were exhibited to my witness statement AC/1. I see there are further calls to NBSC up until 26 February 2004 which I would not have seen at the time.

12. On 29 January 2004 [E-0401290358] [FUJ00122322, page 2], a caller from Marine Drive told the Horizon Helpdesk that he had a problem when he remmed something in which resulted in a discrepancy and that he had been back and forth to NBSC and wanted the software investigating. I see he was told that he needed NBSC to authorise that and was referred back to them.

13. Call E-0402020111 (exhibited in Andrew Dunks' evidence at [POL00073280]) was not obviously relevant to discrepancies. It was logged when Mr Castleton found the message 'Desktop initialisation failed' on the counter 2 screen on the Monday morning. Attempts to clear the problem by rebooting, and by deleting the training messagestore, were not successful so an engineer was sent to replace the base unit with a new one. As part of the standard base unit replacement process, a zipped copy of the previous night's messagestore was copied from counter 1 to the new counter 2, then all subsequent messages were replicated across. This was completed by around 14:20 and then LCA001 was able to log on to counter 2. It was not possible to carry out transactions on counter 2 before then (though see below).

14. Looking at the February event messages in [POL00072839], there are none written on counter 2 between 1 February 2004 and 14:24 2 February 2004. All counters at each branch regularly exchanged handshake messages to check

that they were all up and running; counter 1 realised that it could not communicate with counter 2 and so wrote an event (and also displayed a message to the user) that it was disconnected from the network. I think the message that it was disconnected is slightly confusing; the network was ok (and counter 1 was in communication with the data centre and could do online banking transactions) but counter 2 was effectively dead.

15. The counter 1 event and message were repeated at 12:41. I suspect this may be because a new user logged on, who might be unaware of the problem, so Riposte reported it again. At 14:03 the counters were able to communicate again and so counter 1 reported that it was no longer disconnected. Counter 2 did not report this because it did not know it had been disconnected, having not been in a state where it could send handshake messages.

16. I was not expecting to be asked questions about this topic at the trial in 2006. As I said in my evidence at the time, I was not 100% sure exactly how and when Riposte decided to report disconnection and reconnection. However, I did not assume that counters were communicating correctly just because there were no such messages.

17. Is it possible that any transactions were carried out on counter 2 that never reached counter 1 or the data centre? I can see from sheet 1 of spreadsheet [FUJ00152293] that an e-topup transaction was done at 19:05 on Saturday 31 January on counter 2, and from the January 2004 Riposte event log [POL00082270, page 89] that user LCA001 logged off (or was automatically logged off due to inactivity) at 20:19. From the complete messagestore I could have established whether the counter was usable but unused for the remainder

of Saturday and Sunday, since it would continue to write some information messages even while dormant. I am just about certain I made these checks around the time of the trial. The branch did not normally trade on Sundays.

18. In my view it is extremely unlikely (bordering impossible) that any transactions were lost as a result of the counter replacement. There is no indication of any problem with the physical connection between the counters. Even if there were, they could only impact CAP45 and could not cause losses in subsequent periods.

19. I see from the partial transcript [LCAS0000252\_109] and the Claimant's Note of the Castleton trial [LCAS0000444] that Andrew Wise was asked about this issue, and it was suggested to him by Mr Castleton that the material showed a transaction being entered when nobody was logged on. The transaction in question was recorded with Id 2, but was started at 14:21:12 before LCA001 logged on to counter 2 at 14:24:56.

20. I cannot remember if anyone asked me about this in 2006, although I see Mr Castleton did ask me some questions about the replacement of the base unit. Looking at the matter now I can see from the event log [POL00072839] that Mr Castleton did not log out of counter 1 before logging on to counter 2. If there was anything in the basket on counter 1, it would be transferred over to counter 2 for settlement. If I could see the transaction log or full set of messages for 2 February 2004, I could establish this one way or the other (the Session Id would include branchcode-1- instead of -2- if this had happened).

21. As a general observation, counter replacement, though it could potentially result in transactions being lost if the broken counter had been operational but

disconnected prior to replacement, would not be a cause of losses occurring two or three weeks later.

22. I see that the next call to the Horizon Helpdesk was on 13 February 2004 [E-0402130267] [FUJ00122322, page 3]. This was a call from Marie at NBSC in respect of Marine Drive and records "PM adv[ises] his system is doubling up cash declarations and cutting off cheques they still appear the next day [NBSC have] checked that he is cutting everything off properly, cash figures are being done properly". The postmaster had insisted on a system check. It also records that there has been a problem for five weeks; every time stock has been remmed in they have a loss that night. It records that snapshots and transaction logs agree with the postmaster's figures. The postmaster advised that NBSC had checked transaction logs, girobank logs, reconciliations, rem's in and out and stock holding.

23. The matter was "escalated" to Heather Dryden after which the call handler, Tony Law, appears to have addressed the question of the cheques with the postmaster. Cheques for the 10 February were showing on the 11 February, although the postmaster insisted that he had run the cut-off on the 10<sup>th</sup>. The postmaster said it had happened more than once, but the helpdesk established it was just once. He was told to call back if it happened again. A failure to cut-off cheques would not be connected to the cash discrepancy issue.

24. The next call involving the Horizon Helpdesk was on 25 February 2004 [E-0402250454] [FUJ00122322, page 8] and again reports problems with balancing that seem to be related to stock remmed in during the week. It is a report of losses over seven weeks. The clerk reported that she printed a stock

snapshot on Monday and it all looked OK but since then they had remmed in some stock which seemed to have given a loss. Helpdesk "advised the clerk that she will need to check her stock position for last week and then check her rems in summary, this will give her the stock she should be holding, this figure can then be compared with the stock showing in adjust stock and this will highlight any problems with stock on hand ... clerk reports that they were told that checks would be made on the system but she is unsure if this information came from nbsc or hsh as she has no names of ref numbers ... advised the clerk that we need her to take the unit to trial balance this evening and come back before she rolls over so we can take down any details she can give us." The call was closed with a note that if the clerk called back it should be handed on to someone more senior such as Heather Dryden.

25. I note that shortly after that call, NBSC called the Horizon helpdesk saying that the branch had just called them [E-0402250553] [FUJ00122322, page 10]. The log reports that NBSC were told that the caller had been told to call back that evening with the net discrepancy on the cash account.
26. There was then a call at 16:55 raised by SMC [E-0402251011] [FUJ00122322, page 12], querying a Windows NT event from counter 1 at Marine Drive on 18 February 2004. I think this was raised because HSD had noticed the NT event when looking into the reported balancing problems and had asked SMC about it. This had been investigated at the time [E-0402180803] [FUJ00122322, page 5] and related to the generation of a single event from a large number of branches within a short period. This had no connection with the discrepancy problem identified at Marine Drive and was a freestanding issue that was resolved.



27. There was then a further call at 17:33 on the same day, 25 February 2004 [E-0402251077] [FUJ00122322, page 14]. The postmaster advised that the problem with the cash account had started weeks previously when a BT engineer moved the broadband box. It is recorded that NBSC had said there was no user error. The call was assigned to SSC which generated a PinICL [PC0099954] [FUJ00146165], referring the matter from HSD to SSC for the first time, and, on the morning of 26 February 2004, the call was assigned to me.
28. On 26 February 2004 I looked at the HSD-raised calls for the branch on the Powerhelp system. Some of these had been specifically mentioned in PC0099954, but I would have been able to see all calls raised by the branch for at least a couple of months, and I would have looked at them to see if they might be relevant. I cannot now remember how far back the calls went but I do not recall that it was ever an issue that we could not see enough history on Powerhelp.
29. I would also have looked for any other PinICL calls raised by or for this branch, searching against the branch FAD code. This would have found any calls raised for reconciliation report entries, as well as any branch-raised calls previously investigated by SSC. My recollection is that there were no such calls.
30. I checked whether the branch had appeared in any of the reconciliation reports, in case there was an entry for which no PinICL had been raised for further investigation. I cannot now remember but my 2006 witness statement suggests

that two weeks of reports were available to me. I think the checks of particular interest in 2004 included:

- a. A check to see whether the branch was in contact with the data centre at the end of the day (non-polling) – or possibly had not been in contact for over a day.
- b. A check as to whether the branch transaction totals for number, absolute quantity and absolute value, calculated on the gateway counter (counter 1) at the end of each day, matched the same calculation on the data held at the data centre.
- c. Whether at the end of the Cash Account Period (each Wednesday or Thursday) the cash account lines calculated and printed at the branch matched the recalculated cash account constructed from the transactions held at the data centre, and the totals of the daily cash account data calculated on the gateway counter (solely for reconciliation purposes) at the end of each day.
- d. Whether the total Receipts for a stock unit, or the whole branch, matched the Payments when a balance report or cash account was produced.
- e. Whether a transaction was malformed in some way when it reached the data centre and could not be harvested.

31. There were separate daily reports for each of these checks. Branches where the checks succeeded were not listed, so commonly the reports were empty or had very few entries. Some errors would result in entries for a branch on more than one report. The reports were text files, so I used a 'find in files' tool to look for the branch code.

32. I found no reconciliation report entries relating to Marine Drive in the two weeks prior to my investigation, indicating that all transactions recorded at the branch had reached the data centre and had been included in the cash accounts produced and printed at the branch. If there had been entries before my search period, I would have expected to find PinICLs raised for them (unless caused by a known error that did not impact branch accounts in any way). I note however that the 26<sup>th</sup> was a Thursday so Cash Account checks relating to the most recent balance would not have been made until that night after I had finished my investigation, but again if the checks failed that week for Marine Drive they should have been picked up subsequently as reconciliation errors as part of the normal process.

33. To investigate fully, I retrieved the branch messagestore, described in paragraph 4 above. I made some specific checks for cheque handling, declarations and remittances, described in my 2006 witness statement [LCAS0000112] at paragraphs 11, 12 and 15, as Mr Castleton had mentioned these as being areas of concern.

34. As well as examining the messagestore using a text file viewer, I probably extracted all the transaction messages into a spreadsheet so they could be more easily examined. I certainly did this for the cash lines (product 1). I cannot remember whether this was for a week or longer, nor which week(s) I checked. I then calculated the system cash position after each transaction and compared it with the declarations made by the SPM or clerk at the branch – both the Overnight Cash Holdings (ONCH) declared at the end of each day, and the Cash Declaration made during the weekly balance.

35. The loss calculated by the system during the balancing process at the end of the week was correct, based on the transactions recorded on the system and the Cash Declaration (and other declaration of stock etc) made by a user at the branch. The daily check showed a surprising variation between my calculation of what the system expected, based on the transactions recorded, and what the branch declared. I had done the same check for other branches when trying to track down discrepancies, and I was used to seeing small variances of perhaps a few pounds. A sudden change in variance one day would mean that the error was likely to have occurred on that day, and then the increased variance would remain more or less constant for the rest of the week. This was not the pattern at Marine Drive and I could not tie any part of the loss to a particular day.

36. I concluded that either the transactions recorded on the system for Marine Drive were not a true reflection of the business carried out at the branch, or the cash was not being declared accurately. The branch had to print reports at the end of each day and check that what was recorded on the system matched all their paper records. I did not know how much of their business could be cross-checked in this way, but they had not mentioned any concerns about any specific transactions being incorrectly recorded. This checking should have helped the branch to identify any incorrect, missing or duplicated transactions, whether caused by user or system error.

37. It may assist if I set out some context for the comments made in several of the calls that losses occurred after stock had been remmed in. When a postmaster received stock from Post Office it came in pouches and, as I recall, the postmaster had to enter the items by product onto the system to rem the stock

in. Although I do not recall any specific incident, one could hypothesise either a software error or a user error which might result in there being a higher figure for stock recorded on the system than was in fact the reality. If that happened, then when the postmaster counted and adjusted his stock at the end of a period there would be less stock than the system expected.

38. However, if there was such a discrepancy in stock the system would record a Stock Adjust Positive or Stock Adjust Negative (SAP/SAN) in the transaction log settled to cash, thus correcting the stock holdings but causing a cash discrepancy. Looking at the Marine Drive transaction log for January 2004 [FUJ00152293] and filtering it for SAN and SAP entries, in the Mode column of Sheet 1, I can see that the largest positive entry was a Postal Order and fee to the value of £63.80 (line 10230) and there is a negative entry of -£63.80 a week later (line 13436). If there had been a problem with remming-in stock I would expect to see a much more significant adjustment. In other words, if an error in respect of remming in stock had caused a discrepancy it would have been identifiable as the cause by reference to the transaction log, yet the log shows no support for that.

39. Although I have no specific recollection of checking the SAN and SAP entries in 2004, I am confident it is something I would have done, particularly against the background of the call records.

40. I had found no indication of any system error which might affect the accounts at this branch. The losses were correctly calculated based on the transactions recorded and the declarations of cash and stock holdings made by the branch users.

41. I felt that the only way to progress the investigation was at the branch, to check that they were following the correct business processes and correctly recording everything that was done. Fujitsu did not have staff who were allowed to go to branches to investigate business or financial problems; this was Post Office's responsibility.

42. At this point, having not found any evidence of a system error, the correct process was for me to close PC0099954 with my findings, and HSH would communicate them to the SPM. However, given the number of calls that Mr Castleton had already raised, I felt this was not in his best interests, as the problem persisted, and so I contacted Julie Welsh in Customer Services, knowing that she had a route to Post Office and hoping that this would help Mr Castleton to find the cause of the losses. Then I closed PC0099954 'Advice and guidance given', stating what I had found and that I had contacted Julie Welsh.

43. The PinICL [PC0099954] records my findings. I had followed up the system event raised at around 13:00 on Wednesday 18/02/04, checking on PinICL (PC0099159 which I do not have), Powerhelp (e-0402180803 on page 5 of [FUJ00122322]) and probably the KEL database, to ensure I understood the cause of the event and any effect it might have on branch accounts. I agreed with the conclusion already drawn, that it had no impact on the accounts nor on the operation of the counter.

44. At 15:16 I recorded on the PinICL:

"Category 94 - Advice and guidance given I have checked various things on the system. All the internal reconciliation checks are ok. Cheques are being

handled correctly (except for 10th Feb when the clerk forgot to cut off the report - but this didn't cause a discrepancy). Cash declarations look ok, they usually use drawer id 11. Occasionally they have used a different drawer id, this can lead to amounts apparently doubling on the cash flow report, and should be avoided. But again it will not cause a discrepancy. Checking the cash transactions on the system against the declarations shows that they are not working particularly accurately (i.e. at the end of the day the cash they declare in the drawer is tens, hundreds or thousands of pounds astray from what has been recorded on the system). It is possible that they are not accurately recording all transactions on the system. There is no evidence whatsoever of any system problem. I've mentioned this outlet to Julie Welsh (Customer Services) who will try to get POL to follow it up, but in the meantime please tell the PM 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."

45. It is recorded on the Powerhelp Call E-0402251077 [FUJ00122322, page 15] at 15:34 on 27 February 2004, that the postmaster was directly informed, by Suzzanna, that there was no evidence to suggest the discrepancies had been caused by a software problem or by a hardware problem and that he was also told that Julie Welsh from customer services had been made aware of the branch and that she will try to get the Post Office to follow it up.
46. It appears that at some point Julie Welsh then contacted me because I see from [FUJ00122322], page 16 which was part of an email to Richard Benton at Post Office in which she says that she had a chat with me and that I had

used the messagestore to investigate and that if the Post Office wanted copies of extracts of the messagestore for the particular incorrect declarations they were requested to submit ad hoc requests. I see she also copied my findings from the PINICL to Richard Benton [FUJ00122322].

47. The NBSC call log [LCAS0000365], which I have not previously seen, shows calls through March 2004 which include reference to an auditor being sent to the branch. It appears therefore that Post Office recommenced a business investigation.

48. I am asked to consider pages 112 and 113 of the Claimant's note of my oral evidence [LCAS0000444]. I was referring to the Windows NT application event log, which exists I believe on every Windows NT PC and which would be retrieved from the counter and checked as a standard part of any investigation. Various processes running on the counter, including the Horizon application and the underlying Riposte software, would write events to this log – sometimes just progress messages for example as applications stopped or started, but also if something unexpected happened – this might be a critical (red) event. In addition, these NT events were streamed from counters via Tivoli for SMC to monitor as part of their day-to-day work.

49. NT events for the branch would have been checked by HSH and SMC before passing a call to SSC but I also would have checked the NT event logs in February 2004. The event on 18 February 2004 for Marine Drive detailed in e-0402251011 [FUJ00122322, page 12] and discussed above is one such and was the only event of any interest noticed at the time.



50. After 26 February 2004 I did not carry out any further investigations into Marine Drive that year. As far as I am aware, no further calls were passed to SSC, nor was I was aware of further calls to the helplines. As I have said above, I now believe Julie Welsh spoke to me to confirm what I had found, and it is possible that there were further emails or queries relating to the investigation described above in the months or years following, but I was not asked to make any further checks on Marine Drive.

51. I did consider the issues that Mr Castleton was reporting to be unusual, and that he needed assistance to get to the bottom of it. I was not in a position to give or organise that assistance.

52. I am asked whether I considered whether any known bugs, errors or defects ("BEDs") might be causing the discrepancies. I did not work my way through a list of known errors. That was not my method of working, nor that of my colleagues. Once I had examined the available evidence and found something wrong, then I would consider whether it might be caused by a known system error, a user error or whether it was a new system problem.

53. In this instance the difficulty was that there was no evidence of any sort of error (human or computer) save for the fact that the cash declared by the postmaster did not match what was expected in accordance with the transactions that he had entered and checked on the system and hence a loss was evident at the end of the financial week.

54. I have now considered those BEDs identified by Mr Justice Fraser (which as I have previously explained, is not an exhaustive list of Horizon BEDs) and none of those appear to be possible causes of the discrepancies and losses at

Marine Drive, nor of the variance between the overnight cash declarations and the system cash position. As I have said before, I am not aware of any BEDs which would cause week-on-week discrepancies and losses without leaving evidence.

55. I am specifically asked if I considered whether discrepancies might have been caused by as yet unknown bugs - or whether my method of working as described precluded that. A discrepancy, in itself, is not an indication of a system problem. If it has been calculated incorrectly (from the individual transactions and the declarations made by the branch) then there is a system problem. I recalculated the discrepancy from the recorded cash transactions and declarations, using Excel, and got the same result as Horizon. If there are transactions recorded incorrectly, or omitted, then this could be a system problem or a user problem. I looked for any obvious anomalies in the transactions but could not spot any. I had no way of knowing whether what had been recorded actually matched the business done at the branch, nor whether the cash declarations were correct.

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56. I have not been involved in any other proceedings against sub-postmasters involving the Horizon IT system before or since the Castleton case. Before 2006 I had never taken part in any legal proceedings of any kind. It had never been suggested to me or my SSC colleagues that we might be expected to become involved in such proceedings as a result of the work we were doing.

57. On a few occasions over the subsequent years Gareth Jenkins asked me to double check his figures or to help him locate KELs or reports. I was aware he was giving evidence in various trials but I do not think I ever knew the details of those trials and the assistance I provided to him would have been limited. I have no specific recollection of any particular instances of this occurring.

58. I am asked who asked me to provide a witness statement in the case against Mr Castleton. Sometime in 2006, a man I did not know came into our secure office area, introduced himself as the Post Office Account Security Manager, Brian Pinder, mentioned a call that I had dealt with over two years earlier and asked if I would mind having a quick chat with a solicitor about it. No mention was made of a witness statement at that point, nor, as I recall, of a court case.

59. I informed my manager Mik Peach of this conversation. He was extremely unhappy that I had been approached directly and said that no member of SSC should ever be involved in litigation. He then talked to higher levels of management, but my name was now in the frame and I seemed to have no option but to talk to the solicitor which led to them requesting a witness statement and my subsequent appearance in court.

60. I am asked about the individuals I had contact with during the drafting of my witness statement, the nature of any discussions and the drafting process. I have very little recollection of this, but the various emails supplied [POL00071093, POL00071051, POL00069608, POL00069622 and FUJ00122321] have helped fill in some of the gaps in my memory.

61. I think there was an initial meeting with a solicitor, presumably Stephen Dilley, in a Fujitsu office in Bracknell. Mik Peach's manager, Naomi Elliott, was

present at that meeting or a subsequent one. It was explained to me, I think in the initial meeting, that I would be a Witness of Fact, not an Expert Witness, and the purpose of my witness statement was to document my investigation of 26<sup>th</sup> February 2004.

62. I can see from the documents provided to me that on 8 August 2006 [FUJ00152291] I was emailed a copy of a letter written by the solicitor then acting for Mr Castleton [LCAS0000974] and that Fujitsu was being asked to provide a reasoned analysis of the points made in that letter. I can see this involved a comparison between the transaction logs, which it is apparent I took to be a reference to the archived messagestore extract, and the cash account. I can see that I had requested sight of the letter on 7 August 2006 [FUJ00152290] on the basis that I would start the analysis then Gareth Jenkins would review and present a report to POL. I believe it would have been suggested that I undertake the task; I do not believe I would have offered to do it. I note that I remarked that SSC resources were very stretched towards the end of August. I see that on 8 August 2006 I asked Peter Sewell and then Gareth Jenkins for the transaction logs.

63. I see that I produced a document dated 17 August 2006 [FUJ00152295] accompanied by spreadsheets [FUJ00152293, FUJ00152294 and FUJ00152296] which addressed the contents of paragraphs in the solicitor's letter [LCAS0000974].

64. To provide some background information: the Cash Account was a complicated document of 2 or 3 pages, summarising all the financial data for a branch for a week (Cash Account Period or CAP). I was under the impression

that before Horizon, the SPMs had had to fill in this form manually. It was not easy to read or understand.

65. When each stock unit in a branch was balanced at the end of the CAP, a Trial Balance and then Final Balance were carried out and a Balance Report printed. These were, in my view, easier to comprehend. It was at this stage that discrepancies were calculated and reported.

66. Once all stock units were balanced, the Cash Account was produced. This did not use the totals accumulated for each stock unit but went through the transaction data again, mapping each transaction to a particular Cash Account Line and Table. If there had been an error in the calculation of a discrepancy for a stock unit, I think this would show on the Cash Account (for example as a Receipts and Payments mismatch).

67. I had previously checked and reconstructed Balance Reports but I had never tried to manually construct a Cash Account. I started with the transaction data, in an Excel spreadsheet, extracted from Audit as part of an ARQ data retrieval. I had all the transactions carried out at Marine Drive during January 2004. This can be seen at Sheet1 [FUJ00152293]. The section at the top details the Riposte Query which was used to extract the transaction data from the archived messagestore. I note that the extract was made in November 2005.

68. Columns of interest in Sheet 1 are: **Id** branch counter; **User** the branch user; **Date/Time** the date and time the transaction was started; **SessionId** the unique session identifier (this should be the transactions relating to a single customer, each session should net to zero); **TxnId** the unique transaction identifier within the session; **Mode** SC is Serve Customer for normal business,

Rxxx remittances in or out of the branch, SAP/SAN stock adjustments, DDN/DDP acceptance of discrepancies, several others; **ProductNo** each product that can be transacted has a unique number, 1 is cash; **Qty** quantity; **SaleValue**. The transactions are ordered by date/time which means that sessions on the two counters are sometimes interleaved.

69. Sheet2 was also produced by the ARQ extract and I believe shows that in the full messagestore archive, there are no gaps in the message sequence for each counter, and that the messages are all in ascending time order. This is important as it shows that everything committed to the messagestore on the counters has reached the data centre and the Audit archive.

70. The total sale values on Sheet1 should be equal to zero but actually come to -£2.47. The sheet SummarybySession was used to identify two non-zero sessions:

44-213337-2-1163818-2 -0.92 12th Jan (Week 42)

44-213337-1-880853-2 £-1.55 15th Jan (Week 43)

71. I looked in the full messagestore archive at the first of these and found the missing transaction was a postage sale within a Smartpost session, and the Start information had not been included in the message. This was a not uncommon problem with SmartPost at the time. There should have been a KEL for it, and a PinICL with development for investigation. The transaction was included in the branch accounts (otherwise there would have been a receipts and payments mismatch) and did not cause any discrepancy at the branch. The message was included in the full set of archived messages but was not retrieved from the archive by the data retrieval, since that required

Start Date to be present. So this was a system fault which has affected the integrity of the ARQ extract but in my view did not affect the branch directly.

72. I then looked specifically at CAP42. This covered transactions carried out in the period 8th Jan 2004 08:59:11 to 15th Jan 07:36:14 (these times can be confirmed from the January event log [POL00082270]). I worked out the Cash Account Line and Table to which each transaction belonged then produced the totals for each line / table entry, for comparison with the Cash Account printed at the branch. While the numbers matched, I did not fully understand how some of the entries were derived so passed my findings to Gareth with a caveat.

73. In summary:

- (a) I was able to find the transactions (“the other halves” as Mr Castleton described them) for the only two apparently incomplete sessions in January and so show that the discrepancy in week 42 was not attributable to partial/missing transactions.
- (b) I conducted my own semi-manual reconciliation of all transactions recorded in the log for Week 42. I do not think I saw the details of Mr Castleton’s analysis of the transaction logs, so I could not explain why his totals for receipts and payments (paragraphs 3 and 4 of the solicitor’s letter) were different from Horizon. My reconciliation matched Horizon. If any products were wrongly categorised (for example, as receipts instead of payments) this would have affected every branch transacting those products.

74. On 17 August 2006 [FUJ00152292] I wrote to Gareth in the following terms:

I've spent some time recalculating the CAP42 cash account for Marine Drive and addressing the points in the letter from the solicitor. I hope it makes enough sense to provide you with a starting point not quite at the very beginning. Subsequent cash accounts, if needed, should be much easier now I have the mappings set up and some idea of what numbers need to go where.

I'm now going to look at the loss made in week 42 and demonstrate that it was due to the difference between system holdings and declared holdings.

If this isn't at all what you wanted, please let me know - I don't really know what I'm doing!

This hasn't had my full attention, lots of people are on leave and Martin landed me with a tricky POLFS/FP issue. Also, yesterday I got my witness statement which is (as I expect you found) full of things I didn't say or do, including all those Powerhelp calls.

75. This was not a finished report. Gareth was far more familiar with the Cash Account structure than I was. He produced the report that was sent to Post Office [WBON0000027] which referred to the work I undertook as described in paragraphs 62-74 above.

76. I thought at the time, and still think, that this was a job for an accountant. I was surprised that Post Office thought Fujitsu should do it. The BDO Draft Report that I have only seen recently [POL00069955] does appear to show that a forensic accountant did subsequently check the Cash Accounts over a 3 month



period and found only the very small inconsistencies that I have mentioned above.

77. I did not draft my initial witness statement for the Castleton trial but spent some time (in a meeting, I cannot remember where or who was present) talking through and attempting to explain what I had done, based on the information in the call log. I assume Stephen Dilley made notes and produced the first draft, which I received 16 August 2006.

78. There were various inaccuracies in the technical details, unsurprisingly, so I corrected those to ensure that the statement was a true reflection of what I had done. I was not prepared to include in my statement Powerhelp calls of which I had no direct knowledge. I felt I should include only calls which I knew I had looked at the time.

79. Looking back at the matter now I see that the process of taking my statement was effectively going on in parallel to the task I had been assigned of investigating the points raised in Mr Castleton's solicitor's letter. I certainly did not know, or consider at the time, whether this was appropriate.

80. As the trial approached, I also conducted some revision and checks on my own initiative, using the full set of messages retrieved from the audit server, because I wanted to be accurate and absolutely sure in my own mind that I had not missed anything and because originally I had not looked at anything since 26 February 2004 and the losses had continued. I stress that from my perspective, if I had ever found evidence of a bug, error or defect or any explanation for the losses I would have pointed that out and done so gladly because it would have solved the mystery.

81. It appears that by 23<sup>rd</sup> August my witness statement was drafted almost to my satisfaction [POL00071051].

82. I remember going up to London for a meeting with Counsel Richard Morgan on 11 September 2006. I can remember almost nothing about the content of the meeting and the attendance note [POL00069622] makes very little sense to me. It appears that we did discuss complaints about the system, and I explained that there were BEDs which had indeed affected branches, but I was not aware of any system problem causing continual losses.

83. I have now seen my draft witness statement dated 22/8/06 [POL00083319\_033] which was discussed at the meeting on 11<sup>th</sup> September 2006. I had not written the statement in paragraph 16 and I did not feel it accurately summarised the investigation that I had undertaken. Hence the paragraph was removed.

84. I see that I was provided with an amended version of my witness statement on 13 September 2006. I was happy to sign the statement on 14<sup>th</sup> September, believing that the facts stated in it were true.

85. I am asked why I did not mention any of these known BEDs in my witness statement. My witness statement covered the investigation undertaken, which had found no evidence that any error, known or otherwise, had affected the branch. It did not occur to me, nor did anyone discuss with me, that I should include or omit references to any BEDs which were not, in my opinion, relevant to the investigation.

86. Indeed, though I was unaware of it at the time, I see that the question of the relevance of problems at other branches was specifically addressed by the

Court. It is referred to in The Claimant's Note of Evidence [LCAS0000444, at pages 12-13] and is also reflected in HHJ Havery QC's judgment at paragraph 22. My attention has been drawn to the fact that at [LCAS0000444], at page 12 Mr Morgan is recorded as having made the submission "[Mr Castleton is] *perfectly at liberty to put it to my witnesses. If it's admitted for those purposes, the court has a piece of paper showing somebody in Scotland has a computer problem in 2006.*" As I refer to below, I was indeed asked questions about what is known as the Callendar Square Bug which occurred at the Falkirk branch. My answers can be seen in the partial transcript at [LCAS0000252\_109] at transcript pages 44 to 45. I explained in my evidence at trial what the Callendar Square bug was and why I could be confident it had not occurred at Marine Drive.

87. I have no recollection of being made aware of Mr Castleton's Defence and Counterclaim.

88. I have no recollection of seeing the correspondence and reports in [LCAS0000945] before May 2023. I can explain that Balance Snapshots did not recalculate the discrepancy, hence the Discrepancies section at the top of each Balance Snapshot remained unchanged until a Trial Balance was undertaken.

89. I had not seen the BDO draft report [POL00069955] and appendices [POL00069951] prior to May 2023, and did not know it had been produced. I have always been concerned that no independent forensic accountant had been instructed by POL to check the accounts, though I think I was aware, and know now, that Mr Castleton had had the data for a single week checked

[LCAS0000974]. I am not an accountant and I consider that interpretation and checking of the accounts was Post Office's responsibility, not Fujitsu's, but I felt I had ended up doing a lot of things beyond just checking Horizon for errors. I do not know whether this report was used in the trial.

90. The BDO draft report appears to support what I had said in 2004 but is a full check over a much longer period. The report also explains some of the apparent anomalies in [LCAS0000945]. The author of the BDO report did not appear to realise that the postings to product codes 222 (Shortage) and 145 (Surplus) were made by Horizon during the Stock Unit balancing process, when the SPM accepted the loss/gain, so in my view section 5.5 of the BDO report is not quite accurate. The SPM could clear the loss by putting the cash in the drawer, declaring the increased amount and undertaking another trial balance. This was done in CAP42 where the loss of £1,103.13 was made good (see 8.3.3 of the BDO report). In subsequent weeks the loss was not made good but was carried forward, and on two occasions the loss was posted to product code 223 Table 2A, which I think was what was referred to as the Suspense Account.

91. I can see now that in November 2006 I received confirmation that the trial was going ahead and that I forwarded that to Gareth Jenkins, and later that month I and the other witnesses were informed that Mr Castleton was now representing himself and we would likely all be required for questioning [FUJ00152297].

92. I recall that shortly before the trial I was told that I might be asked about the Callendar Square bug. I would have done some revision in preparation for that.

I have given a summary of the Callendar Square bug in my first witness statement. I can see from the trial note that I was indeed asked questions about it and I gave answers which were accurate.

**BEDs, including Callendar Square**

93. I am asked what evidence I gave about known errors, bugs and defects which had affected or were affecting the functioning of the Horizon IT system at the Castleton trial. The only errors I had identified which had impacted Marine Drive were the probable hardware error which resulted in counter 2 being replaced on 2 February (which I had not included in my witness statement) and the Windows NT event on 18 February. I answered questions about both of these. Neither of these errors affected the branch accounts. I do not recall that any other questions were put to me where any BED could or should have been included in the answer, apart from Callendar Square in respect of which I answered questions.

94. I am asked what evidence I gave about the Callendar Square bug at the Castleton trial. I was aware of the specific problems at the Callendar Square branch which had caused a very significant loss in the autumn of 2006 and I was familiar with the underlying bug, which could have various consequences. I did not consider it to be relevant to the Castleton case because it had not occurred at Marine Drive, but as I had been told shortly before the trial that Mr Castleton was intending to ask questions about it, I was not surprised when it arose.

95. I attempted to explain that this bug was not the cause of the losses at Marine Drive:

- a. As Mr Castleton operated a single stock unit, he could not have had the same manifestation of the problem which was caused by cash being Transferred Out of one stock unit then Transferred In twice to the receiving stock unit.
- b. Callendar Square had a Receipts and Payments mismatch reported via the reconciliation reports. There was no such report entry for Marine Drive.
- c. The Windows NT application event log (which I referred to as the system event log) would have contained hundreds of events reporting that a lock was held. These were not present for Marine Drive.
- d. Transactions done on the other counter after the events started might not be included in the balance, but would instead be included in the following accounting period. I had found no evidence of transactions not being included when the Marine Drive stock unit was balanced.

96. When Mr Morgan asked me about events in connection with the Callendar Square problem it became obvious that there was a misunderstanding. Mr Morgan was taking me to the exhibit of Riposte event messages, which had been extracted from the messagestore archive as part of the ARQ data retrieval. These event messages recorded things like branch users logging on and off, printing reports declaring cash etc. There is an example extract in [POL00072839]. I and my colleagues would not normally refer to these as events, and these were not where the Riposte Lock events would be, if they existed.

97. I was referring initially to the Windows NT application event logs which had been retrieved from the counters and checked in 2004. I knew these counter logs only held events for a few weeks and were not normally retrieved from counters or retained. Two weeks before the trial, when trying to answer a query from Stephen Dilley [POL00070104, referenced in email of 16/12/06], I had asked my colleague Steve Parker whether the NT events streamed from all the counters via Tivoli, for SMC to inspect, were archived anywhere. He did not know, but on investigation found they were. So when Mr Morgan asked whether the information still existed, I confirmed that it did.
98. Mr Castleton asked to see these Tivoli event logs. I believe it was a significant amount of work to unpack the files (containing all the events for 3 months from all branches and all the central systems) and extract the events from Marine Drive. I was not involved in this process.
99. The logs showed thousands of different NT events, mostly just progress messages, generated as expected by the various applications running on the counters. I cannot now remember any detail, but there were none of the Riposte Lock critical events.
100. I have reviewed the attendance note dated 22<sup>nd</sup> December 2006 [POL00069659] and I am asked whether it properly characterises my evidence. Although the attendance note is not very clearly expressed, I think I agree with it. My evidence was that the document (Tivoli event log) showed the 18<sup>th</sup> February event which did not affect the branch accounts, and did not show any of the repeated Riposte Lock events indicative of the Callendar Square type error.

101. I was recalled to answer further questions on 11<sup>th</sup> January 2007. Mr Castleton asked me about various Tivoli event log entries, which I answered as best I could. I cannot recall any specific questions but I think they were about events generated by some of the background processes, not Riposte or the counter application.

102. I am asked for my view on how the proceedings were conducted by POL. I am not in a position to judge the conduct of the litigation but did make a number of points in a document that I discuss below. No pressure was put on me to present my evidence in a particular way, or to conceal anything, but there was nothing found by me to be concealed.

103. After the trial I saw the judgment of HHJ Havery QC and in particular paragraph 23 which I set out here for convenience. This correctly reflected that I had been able to answer questions about the Callendar Square bug. The judge accepted my evidence that I had been unable to identify any basis upon which the Horizon system could have caused the losses at Marine Drive. I think it is clear that the judge did not take my evidence to be that that there were never any BEDs within Horizon. My evidence was that I could not find a system error to explain *these* losses. Paragraph 23 reads as follows:

*"I heard evidence from Anne Chambers, a system specialist employed by Fujitsu, the company that provides the Horizon service. She has a working knowledge of the Horizon computer system used by the claimant. She said that calls from postmasters relating to potential system problems are initially taken and logged by the Horizon system Helpdesk. I accept evidence of Mr. Castleton that he contacted the Helpdesk over problems*



*with discrepancies in balancing accounts at Marine Drive on a number of occasions. If the helpdesks are unable to resolve the problem, calls may be passed to the System Support Centre, where Mrs. Chambers works. In this case, her first involvement with Marine Drive was on 26th February 2004. Mrs. Chambers examined the questions raised and concluded that there was no evidence whatsoever of any problem with the system. She was unable to identify any basis upon which the Horizon system could have caused the losses. Mr. Castleton cross-examined her about complaints from another branch, which he did not identify. She immediately recognized the branch with confidence as being a branch at Callender Square in Falkirk. The problem at Callender Square had, she said, arisen from an error in the Horizon system, but there was no evidence of such a thing at Mr. Castleton's branch. I found Mrs. Chambers to be a clear, knowledgeable and reliable witness, and I accept her evidence."*

104. I am reminded that in January 2007 I produced a document entitled "Afterthoughts on the Castleton Case" [FUJ00152299], giving my thoughts and comments on the way in which I had been put forward as a witness in the Castleton trial. I was not concerned about the evidence I had given but rather about the way the matter had been dealt with. Mik Peach supplied that note to Brian Pinder, but I was not invited to any meeting to discuss its contents [FUJ00152300]. Looking at this note now I see that I raised issues within four topics, namely:

- a. the use of me, and potentially other SSC staff, as effectively an expert witness at trial.

- b. the absence of any formal plan for a technical review before a matter reached court.
- c. concerns around disclosure of evidence. This was not something which I had any experience of, or responsibility for, either before my involvement with the Castleton trial or in preparation for it.
- d. the division of responsibility between NBSC and the Horizon Helpdesk which could result in no-one taking ownership of some problems, especially regarding unresolved discrepancies.

105. I wish I could have found the cause of Mr Castleton's problems, but sadly I could not then, despite investigation in 2004 and many hours of further checks in 2006, and I still cannot now.

**Statement of Truth**

I believe the content of this statement to be true.

Signed:

**GRO**

Dated:

11<sup>th</sup> July 2023

**Index to Second Witness Statement of ANNE CHAMBERS**

| <b>No</b> | <b>URN</b>      | <b>Document Description</b>  | <b>Control Number</b> |
|-----------|-----------------|--|-----------------------|
| 1         | FUJ00146165     | Peak Incident Management<br>PC0099954  | POINQ0152359F         |
| 2         | LCAS0000112     | Anne Chambers Witness<br>Statement in Castleton trial dated<br>14 September 2006   | VIS00010352           |
| 3         | FUJ00122322     | Anne Chambers Exhibit to above<br>Witness statement comprising<br>series of Powerhelp Calls                                | POINQ0128536F         |
| 4         | FUJ00152299     | Document entitled Afterthoughts<br>on the Castleton case prepared<br>by Anne Chambers dated 29<br>January 2007             | POINQ0158602F         |
| 5         | LCAS0000365     | NBSC Call Log for Marine Drive<br>attached to Castleton Trial<br>Bundle Index (p18-59)                                     | VIS00010605           |
| 6         | POL00073280     | POL v Lee Castleton<br>Ex APD/1 to witness statement of<br>A. Dunks 27092006   | POL-0069843           |
| 7         | POL00072839     | Extract from the Riposte Event<br>messages for Marine Drive for<br>period 2 <sup>nd</sup> to 3 <sup>rd</sup> February 2004 | POL-0069402           |
| 8         | FUJ00152293     | Transaction Logs for Marine<br>Drive for period January 2004   | POINQ0158596F         |
| 9         | POL00082270     | January 2004 Riposte Event log   | POL-0078833           |
| 10        | LCAS0000252_109 | Extract of the Transcript of the<br>Castleton Trial  | VIS00010492_109       |

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|----|-------------|---|---------------|
| 11 | LCAS0000444 | Claimant's Note of the Castleton Trial  | VIS00010684   |
| 12 | POL00071093 | Email chain from Stephen Dilley to Brian Pinder and others including Anne Chambers between 8 August 2006 and 17 August 2006 Re First Draft Witness statement of Anne Chambers | POL-0067656   |
| 13 | POL00071051 | Email from Stephen Dilley to Anne Chambers re her draft Witness Statement 22 August 2006, and her reply   | POL-0067614   |
| 14 | POL00069608 | Email from Stephen Dilley to various people including Anne Chambers Re Conference on 11 September 2006  | POL-0066171   |
| 15 | POL00069622 | Attendance Note – Stephen Dilley dated 11 September 2006 Re Conference in Chambers on 11 September 2006   | POL-0066185   |
| 16 | FUJ00122321 | Email from Stephen Dilley to Anne Chambers dated 13 September 2006 attaching an amended version of her witness statement and exhibit  | POINQ0128535F |
| 17 | FUJ00152291 | Email from Anne Chambers to Gareth Jenkins dated 8 August 2006 requesting copies of transaction logs  | POINQ0158594F |
| 18 | LCAS0000974 | Letter from Lee Castleton's Solicitors to POL solicitors dated  | VIS00011214   |

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|    |                 | 25 July 2006 Re issues with Transaction Logs   |                 |
| 19 | FUJ00152290     | Email from Anne Chambers to Peter Sewell dated 7 August 2006 requesting copy of solicitor's letter above | POINQ0158593F   |
| 20 | FUJ00152295     | Document produced by Anne Chambers dated 17 August 2006 Initial Comments on Marine Drive letter          | POINQ0158598F   |
| 21 | FUJ00152294     | Transaction Logs referred to in Anne Chambers document 17 August 2006 and above correspondence           | POINQ0158597F   |
| 22 | FUJ00152296     | Transaction Logs referred to in Anne Chambers document 17 August 2006 and above correspondence           | POINQ0158599F   |
| 23 | FUJ00152292     | Email from Anne Chambers to Gareth Jenkins re. Marine Drive dated 17 August 2006                         | POINQ0158595F   |
| 24 | WBON0000027     | Report from Gareth Jenkins dated 6/9/06 entitled Analysis of Marine Drive Transactions                   | WBON0000027     |
| 25 | POL00083319_033 | Anne Chambers Draft Witness Statement for Castleton Trial dated 22/8/06                                  | POL-0079882_033 |
| 26 | POL00069955     | BDO Draft Report prepared on behalf of POL and dated 29 November 2006                                    | POL-0066518     |
| 27 | LCAS0000945     | Letter from Lee Castleton's solicitors to POL solicitors dated 30 September 2005 enclosing               | VIS00011185     |

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|----|-------------|--|---------------|
|    |             | document review prepared by Bentley Jennison (Litigation Support) dated 23 September 2005  |               |
| 28 | FUJ00152297 | Email from Anne Chambers to Gareth Jenkins re: FW: Trial Date: Post Office Limited -v- Mr L Castleton dated 20 November 2006                                   | POINQ0158600F |
| 29 | POL00069951 | Appendices to BDO Draft Report dated 29 November 2006 (POL00069955)  | POL-0066514   |
| 30 | POL00070104 | Email chain re Tivoli logs including email from Anne Chambers to Stephen Dilley dated 16 December 2006 which refers to one of his queries the week before last | POL-0066667   |
| 31 | POL00069659 | Telephone Attendance Note of Stephen Dilley dated 22 December 2006 re his call to Counsel Richard Morgan   | POL-0066222   |
| 32 | FUJ00152300 | Email from Mik Peach to Brian Pinder dated 29 January 2007 re Mop Up on the Castleton case, and Brian Pinder's reply   | POINQ0158603F |