

Witness Name: Dennis Watson

Statement No.: WITN08430100

Dated: 09 October 2023

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF DENNIS WATSON

I, Dennis Edward Watson, will say as follows ...

Introduction

1. I am a former employee of Post Office Ltd and held the position of Network Field Support Advisor.
2. This witness statement is made to assist the Post Office Horizon IT Inquiry (the “**Inquiry**”) with the matters set out in the Rule 9 Request dated 22 August 2023 (the “**Request**”).

Background

3. I have been asked to set out a brief outline of my role in Post Office Counters Ltd (POCL). In respect of this I would like to point out that I retired from the Post Office on 19th March 2011 and with the passage of time my recollection of times and dates is very limited as I have no records of my own to refer to.

4. I can confirm that I began work, with no qualifications, at the General post Office (GPO) on 24th September 1979.
5. I worked as a postman for two years and then as a PHG (postman higher grade) for possibly a couple of years. I then decided to transfer to the counters side of the business and having passed a written test moved onto the counters side of the business as a counter clerk at Bank Street Post Office in Bradford. There I was trained in the many and various transactions by experienced counter clerks. Having worked there for quite a few years I applied to join the Regional Helpline. Having passed the interview I went to work on the Regional Helpline which was based in City Square Leeds. The job there entailed answering queries from Post Office staff and also the general public. After a few years on the Helpline I heard Training were looking for new trainers so I applied and was interviewed and with all the knowledge I had gained in my previous positions I was accepted.
6. Having worked as a trainer for quite a while it was decided to amalgamate the Training Team with the Audit Team and I think that was when my title changed to Network Field Support Advisor. Trainers then shadowed auditors to learn about auditing and vice versa until both teams were trained in all aspects and became one team. I understood that the role would involve both training and audit work in all offices (branch offices and sub post offices) from that time.
7. My role, from this time on, was to train subpostmasters and counter clerks and audit offices as and when instructed to do in subpostoffices, Branch Offices and Cash Centres.

8. Everyone was placed in small teams of approximately six people with each team having a line manager. In respect of line management I reported to my team line manager which changed from time to time. At the time of my retirement my line manager was Peter Jackson.
9. In all the teams I worked in I found all my colleagues to be highly competent and professional when carrying out their roles, whether it be auditing or training, at all times.
10. I had no role in disciplinary matters or interviewing those accused of a criminal offence. I made no disclosures and was not involved with litigation or liaison with other departments.
11. I have no record of the number of audits that I attended or led. I did more training than audits. The records on this would possibly be held by the Scheduling team, that was the team that allocated all the work to our teams. At the time of my retirement the Scheduling team was based in Salford.

The audit process and the policies/practices in place

12. In respect of the audit process, my role was mainly to assist the lead auditor or audit manager in case of Branch Offices or Cash Centres. I can't explain any changes to policies/practices as I don't remember any that there may have been.
13. I have been asked about the recruitment and training of auditors, and I have considered the following documents: **POL000332698, POL00086765, POL00088453 and POL00088557**. I may have but I do not remember having

seen them before and one of them (**POL00086765**) is dated 2013 and I retired in 2011.

14. I have no knowledge of how auditors were recruited, I can only say that in my case it came about when Training and Audits were merged into one team.

15. There may have been a minimal level of qualification and/or experience an individual was expected to have before conducting an audit. I would imagine that this would be determined by the individual's line manager.

16. My audit training was through shadowing experienced auditors until I was considered competent. As for refresher training I would think that would take place as and when deemed necessary.

17. I felt that auditors had the necessary experience and training.

18. I have been asked about the planning and scheduling of audits. Having considered **POL00084650** I have no knowledge of the scheduling or planning of audits, and I was not aware of any inquiries or investigation conducted before a branch visit.

19. I don't know how frequently branches were audited or any variation between Crown Offices and other branches.

20. I have been asked about the auditing process and I have considered the following documents: **POL00083966**, **POL00084801**, **POL00085534** (May2011), **POL00087627** (May2015), **POL00088252** (Aug 2016), **POL00087672** (Apr 2015), **POL00084003**, **POL00084813**, **POL00085652** (Oct 2011), **POL00086765** (2013), **POL00087688** (Sep 2015), **POL00087716** (Nov

2014) and **POL00087614** (Apr 2015). I am not aware of having seen some of these as they were produced after I retired and I am not sure if there were earlier versions.

21. I have been asked what sources of information I would consider when completing an audit, and whether the sources varied according to the type of audit being conducted. I don't fully understand the question as I only remember doing one type and that was subpostoffices.
22. When a discrepancy was discovered during an audit I would carry on until I was satisfied that all cash and stock had been accounted for.
23. I was not aware of any practice where auditors asked subpostmasters to make good discrepancies on the day of audit.
24. I was not aware of any auditors being given any instructions on taking payment from subpostmasters.
25. If a discrepancy or shortfall was discovered I believe subpostmasters would be able/allowed to provide their own information and undertake their own investigation. I have no experience of this ever happening.
26. The information communicated to a subpostmaster during an audit was just a matter of keeping them up to date on how much we had done and what was still to be done.
27. I don't know of any instances where a subpostmaster raised an issue/concern during an audit so I am not sure how it would be dealt with. I suppose it depend on what the particular issue/concern was.

28. I have been asked if it was possible to conduct a branch audit in circumstances where it was not possible to access the Horizon IT system. I cannot see how it would be possible to perform an audit without full access to the Horizon system.
29. I have been asked to describe any variation between the audit process in respect of Crown Office branches and other branches. Crown Offices have multiple individual stock units and each one has to be checked separately therefore more auditors attend a Crown Office audit. In principle it is the same procedure as auditing a subpostoffice, just on a larger scale.
30. I have been asked to consider document **FUJ00001894** - Audit Trail Functional Specification (version 8.0, 18 October 2004). I don't think that I have ever seen this document before and don't see how it might help in my role as an auditor.
31. I have also been asked to consider document **POL00002841** - Global User Account (September 2016). This is an account that can be obtained to allow an auditor access to the Horizon system in an office where no one with manager access to the system is available, thus enabling the auditor to perform an audit.
32. I have no knowledge of any involvement Fujitsu might have in the audit process.
33. I have been asked whether auditors had access to information to which a subpostmaster did not have access when they were conducting a branch audit. I can't think of any information auditors might have access to that the subpostmaster didn't have access to.

34. I have never had to use an Audit Global User Account, and I don't know what audit measures might be in place.

Prosecution of Mr Khayyam Ishaq

35. I understand that the Inquiry is seeking a full and detailed account of the prosecution of Mr Khayyam Ishaq and I will to my best to assist, but as mentioned previously ~~that~~ with the passage of time my recollection of any times, dates or conversations will be very limited.

36. I have been asked to consider ~~Having viewed the documents~~ **POL00056076**, **POL00057696**, **POL00066747**, **POL00066741**, **POL00066740** and **POL00057078**. I would like to say that with regard to **POL00057696** this witness statement is dated 8th May 2012 and as mentioned previously I retired from the Post Office on 19th March 2011. Also, the 2nd and 3rd pages are headed David Watson.

37. According to document **POL00046324** I would have first met Mr Ishaq on 4th July 2008 to commence his onsite training.

38. I have been asked to describe the circumstances in which the audit of 8th February 2011 was scheduled, and the process by which the audit was conducted. The audit of 8 Feb 2011 was initially a cash check which was probably scheduled in that a request would have gone to the Scheduling team they would then allocate it to an available auditor. Only after performing the cash check and finding a discrepancy did it turn in to a full audit.

39. The process for conducting the audit at Birkenshaw Post Office would be as described in document **POL00056076**.

40. I have been referred to the witness statements of Kathleen Smith at **POL00057701** and **POL00060082** and asked to describe our respective roles. Myself and Kathleen Smith worked together to perform the audit and our roles were exactly the same in that we checked all the cash and stock in the office to enable to see if there were any discrepancy. The only difference in my role was that I would write any reports required at the end of the audit.

41. I am unable to provide any details of any discussions that I may have had with Mr Ishaq apart from what is mentioned in **POL00056076**. I have no memory of anything else it was too long ago.

42. I have been asked to provide details of any documentation I considered during the audit, and I have been referred to the witness statements of Stephen Bradshaw at **POL00057582** and **POL00059887**, together with the exhibits at **POL00105185 p37 – 48**. The documentation that I would consider during the audit would be my own audit sheet(s), Balance snapshots, Stock on hand report and Trading statements.

43. I have been asked to consider documents **POL00105185 p37-48**, **POL00107884**, **POL00060081** and **POL00046325**. My initial enquiries revealed a shortage in the cash because my original purpose for visiting the office was to perform a check of the cash on hand at the office. Only then after informing the Contracts manager that there was a discrepancy in the cash was I asked to

perform a full audit of the cash and stock held at the office. It was then that it revealed that some of the of stock figures had been inflated.

44. I have been asked if the size of the discovered shortfall was unusual and whether I had any concerns about it. I don't know whether I thought it unusual or not and I don't remember having concerns about it.

45. I have been asked to describe any further investigation I undertook to ascertain the cause of the shortfall. I cannot think of any further investigation that may have taken place.

46. I have been asked if ARQ logs were sought by POL from Fujitsu in this case, and if not why not. I am not aware of ARQ logs and I think it would be for someone else to answer that question.

47. I have been asked to provide details of any discussions I had with Stephen Bradshaw, the lead investigator in this case, or with other investigators. I don't remember ever having any discussion with Stephen Bradshaw or any other investigator before, during or after the audit.

48. I have been asked to provide details of the documentation I completed after the audit. Documentation completed after the audit would be the audit report and the result of the audit was reported to Andy Carpenter.

49. The decision to suspend Mr Ishaq was taken by Andy Carpenter.

50. I had no further involvement in the case of Mr Ishaq prior to the decision being made to charge him.

51. I am not aware of any other audits taking place at Birkenshaw Post Office prior to 8th February 2011.

52. With regard to witness statement **WITN01700100**, in paragraph 16 he Mr Ishaq states that he only received 3 days training in Leeds prior to taking over Birkenshaw Post Office, but in the training report **POL00046324** it shows he had 10 days in the classroom. Paragraph 17 states that his onsite training consisted of back-office balances and sales, yet in another statement I seem to remember he states that he didn't receive any back-office training. As he states that he was having issues with the Horizon he could have requested extra training or at least been offered it.

53. I have not been involved in any other proceedings against SPMs, their managers, assistants or Post Office employees involving shortfalls shown by the Horizon IT system before this case.

54. I don't remember ever being asked to give a witness statement in the case against Mr Ishaq. I don't remember having contact or discussions with anyone regarding drafting a witness statement.

55. I have been asked for my view of how the prosecution was conducted by POL. Until now I wasn't aware of how the prosecution was conducted by POL therefore I didn't have a view. I was never informed of the outcome of the case against Mr Ishaq.

56. Reflecting on the investigation done in the case of Mr Ishaq, I feel that he was treated badly and not enough attention was given to his claim that there were problems with the Horizon system at his office.

57. I have been asked about the extent to which, if any, I consider a challenge to Horizon in one case to be relevant to other ongoing or future cases. A challenge to the integrity of Horizon in one case has to be relevant to ongoing and future cases, because if proven that there is a problem with the system this must be taken into consideration in all other cases.

58. I have been asked if I consider the investigation into bugs, errors and defects in Horizon was sufficiently carried out by the Post Office. I have no way of knowing what if any investigations were carried out.

59. I have been asked if I consider sufficient information regarding bugs, errors and defects in Horizon was passed to the Post Office by Fujitsu. I have no knowledge of what if any information was given to the Post Office by Fujitsu.

60. I have been asked if I consider I had sufficient information regarding bugs, errors and defects in Horizon. I was never given any information regarding bugs, errors and defects in Horizon. If such information was available it should have come from Management. I would state that we were always told that if questioned on the integrity of Horizon the Post Office position was that Horizon was a very robust system.

61. I have found this statement very difficult to complete. With the passage of time it hasn't been easy trying to remember dates, times and processes. Some of the documents provided have helped to remind me because as I stated before I have no records of my own.

Statement of Truth

I believe the content of this statement to be true.

Signed:-

GRO

Dated:- 09 October 2023

Index to First Witness Statement of Dennis Edward Watson

No.	URN	Document Description	Control No.
1	POL00032698	Assurance Review - Recruitment (Vetting & Training) (27 October 2009)	POL-0029633
2	POL00086765	Network auditing approach, methods and assurance	POL-0083823
3	POL00088453	POL's advert for training and audit advisor role (undated)	POL-0085511
4	POL00088557	POL job poster for audit advisor role within loss prevention team (undated)	POL-0085615
5	POL00084650	Chapter 1 of Audit Process Manual – Audit Plan & Scheduling	POL-0081708
6	POL00083966	Audit Charter: Branch and Cash Centre Audit Activity – undated. This policy document sets out the standards and code of ethics that apply to those staff performing audits of branches and cash centres within Post Office Ltd.	POL-0081024
7	POL00084801	Audit Process Manual: Chapter 3 - Performing a Branch Audit (v5.1)	POL-0081859
8	POL00085534	Audit Process Manual: Chapter 3a - Core & Outreach Audit Process (v1.0)	POL-0082592
9	POL00087627	Audit Process Manual	POL-0084685
10	POL00088252	Audit Process Manual Volume 4 - Chapter 7 Performing a cash centre audit	POL-0085310
11	POL00087672	Audit Process Manual Volume 4: Chapter 11 - Quality Assurance V5.0	POL-0084730
12	POL00084003	Audit Process Manual for compliance team process for auditing branches without access to horizon	POL-0081061
13	POL00084813	Condensed Guide For Audit Attendance	POL-0081871
14	POL00085652	Requirement of Network Field Support Advisors at audit, following discovery of discrepancy	POL-0082710
15	POL00087688	Training Guide - Compliance audit tool v 6.1	POL-0084746
16	POL00087716	Training-Aide for Branch Asset Checking (v1.7)	POL-0084774
17	POL00087614	Terms of Reference Audits	POL-0084672
18	FUJ00001894	Fujitsu Services Audit Trail Function Specification (v8.0)	POINQ0008065F
19	POL00002841	Global User Accounts Guidance for Sandra McBride	VIS00003855
20	POL00056076	Memo/ Report from Dennis Watson to Paul Williams, Re: Audit of Post Office Birkenshaw Branch Code 163306	POL-0052555

21	POL00057696	Witness Statement of Dennis Watson - Khayyam Ishaq	POL-0054175
22	POL00066747	Note of Interview of Steven Bradshaw	POL-0063226
23	POL00066741	Transcript of Khayyam Ishaq interview. Tape 2 of 2	POL-0063220
24	POL00066740	Khayyam Ishaq case study: Transcribed Notes of Khayyam Ishaq interview - investigation of a criminal offence	POL-0063219
25	POL00057078	Khayyam Ishaq case study: Investigation (Legal) report by Stephen Bradshaw re Khayyam Ishaq	POL-0053557
26	POL00046324	Summary of achievement of performance standards - Birkenshaw Post Office	POL-0042803
27	POL00057701	Witness Statement of Kathleen Smith	POL-0054180
28	POL00060082	Khayyam Ishaq Case Study: Witness Statement of Kathleen Smith	POL-0056561
29	POL00057582	Witness Statement of Stephen Bradshaw dated 2012	POL-0054061
30	POL00059887	Witness Statement of Stephen Bradshaw	POL-0056366
31	POL00105185	Compilation of Witness Statements (draft), Interviews and Branch Audit documents - Kevin Ince	POL-0080810
32	POL00107884	Regina v Khayyam Ishaq, Expert Report of Beverley Ibbotson - Joint Statement of Beverley Ibbotson & Gareth Jenkins with manuscript comments from third party.	POL-0106120
33	POL00060081	Khayyam Ishaq Email from Rachael Panter to Steve Bradshaw re. Cash on hand - counted on day of audit	POL-0056560
34	POL00046325	Summary of achievement of performance standards	POL-0042804
35	WITN01700100	WITN01700100 - Khayyam Ishaq	WITN01700100