

Witness Name: Iain Murphy

Statement No.: WITN08630100

Dated: 10 May 2023

POST OFFICE HORIZON ENQUIRY

FIRST WITNESS STATEMENT OF IAIN MURPHY

I, Iain Murphy, will say as follows...

1. This witness statement is made to assist the Post Office Horizon IT Inquiry (the 'Inquiry') with the matters set out in Rule 9 Request dated 14 April 2023 (the 'Request').

Background

2. I am a security professional with over 25 years security experience, mainly in Physical & People Security management.
3. I worked at the Post Office for a very brief period in my career over 10 years ago. Given the passage of time, I may struggle to remember/recollect but will try to answer the questions as accurately as I can where I can.

4. I started employment with the Post Office on 14 Jul 2008 as a Senior Security Manager. I left on 26 Feb 2011, still as a Senior Security Manager having taken voluntary redundancy. So, I spent two and a half years employed with the Post Office.
5. I was brought in by John Scott (Head of Security) to lead the 'Security Crime Risk Team' which I did for the first year. The Security Crime Risk Team was a small team of security analysts and our role was to develop a risk-based methodology to the external crime threat facing the Post Office. Essentially, directing the wider security teams to where we thought crime was most likely going to happen. Crime as in external crime – robberies, thefts, etc from malicious outsiders.
6. I think it was around August 2009 that John Scott asked me to lead his Fraud Team, taking over from David Pardoe who I believe had led this strand for a number of years previously. For note, I was surprised that John asked me to take this role on as I believe I was the least qualified and the most junior of his Senior Managers. There were far more experienced and qualified senior managers he could have chosen. I also do not recall being given any training to prepare me for the role.
7. I decided to take Voluntary Redundancy and left the business in Feb 11. So, I would estimate I led the fraud strand for approx. one and a half years. During this time, I relied heavily on a Senior Security Manager called Andrew Hayworth (he was essentially my deputy), who I recall delegated a lot of the running of the Team too. Andrew was a seasoned Fraud Team Senior Manager and had far more experience than me to manage the team, so I was happy to delegate to Andrew.

8. Given my brief spell with the Fraud Team and my experience and understanding of its activities, I apologise in advance for my limited responses to your questions below.

The role of the Security team and the policies/practices in place relating to criminal investigation and prosecution

9. I have been asked to provide an account of the role which the security team played, for the period of time I worked within it, and the policies / practices in place relating to criminal investigation and prosecution of SPMs/Crown Office employees. Including where the role / policies / practices changed over this period of time and in particular to address the rationale behind the practice of bringing private prosecutions.
10. My recollection was that the Security Team played a key role in the investigating and prosecution of SPM's and Crown Office staff on behalf of the Post Office. It certainly felt like it was a key objective of John Scott to investigate crime and prosecute where evidence of criminality was found.
11. I do not recall the policies or any change to policies. I also do not recall any changes to the practices of investigating crime.
12. I also do not recall any private prosecutions. I was only aware of cases being submitted to criminal courts and where applicable, assets recovered back to POL (from crime) by the Fraud Team's specialist Financial Investigators using the POCA.
13. I have been provided with the document entitled "A Brief History of Investigations, Prosecutions and Security in Royal Mail" URN LCAS0000124 and asked to explain

why Royal Mail Group Ltd (before the separation of the Post Office) and later POL (after the separation) had a practice of bringing private prosecutions against its agents / staff where they were suspect of financial crime, rather than referring the matters to the police / the CPS. I do not recall any private prosecutions. I also do not recall any policies relating to this.

Policies governing the conduct of criminal investigations by the Security team and organisational structure

14. I have been asked to consider the following documents and explain my role in the development, authorisation, management and/or assurance of any of the policies listed below.

- i) "Royal Mail Group Ltd Criminal Investigation and Prosecution Policy" (1 December 2007) (POL00030578, which appears to be substantially the same as the policy of the same date with a variation on the title at POL00104812) (see, in particular, section 3);
- ii) "Royal Mail Group Security – Procedures & Standards – Standards of Behaviour and Complaints Procedure" (version 2, October 2007) (POL00104806);
- iii) "Royal Mail Group Crime and Investigation (S2)" (version 3.0, September 2008) (POL00031004);
- iv) "Royal Mail Group Crime and Investigation Policy" (version 1.1, October 2009) (POL00031003);
- v) "Post Office Ltd – Security Policy – Fraud Investigation and Prosecution Policy" (version 2, 4 April 2010) (POL00030580);
- vi) "Post Office Ltd Financial Investigation Policy" (4 May 2010) (POL00030579);

- vii) "Royal Mail Group Security - Procedures & Standards – The Proceeds of Crime Act 2002 & Financial Investigations" (version 1, September 2010) (POL00026573);
- viii) "Royal Mail Group Security - Procedures & Standards – Initiating Investigations" (September 2010);
- ix) "Royal Mail Group Ltd Criminal Investigation and Prosecution Policy" (version 1.1, November 2010) (POL00031008);
- x) Post Office Ltd Financial Investigation Policy (version 2, February 2011) (POL00104853);
- xi) Post Office Ltd Anti-Fraud Policy (February 2011) (POL00104855);
- xii) "Royal Mail Group Policy Crime and Investigation S2" (version 3.0, April 2011) (POL00030786).

15. I do not recall having any input, development, authorisation, management and/or assurance of any of the policies listed above.

16. The organisational structure of the Security team including the different divisions within the Security team and their respective functions when I held relevant roles I have outlined, to the best of my knowledge. My recollection was that the Security Team was split into 4 x specialist teams. A Security Crime Risk Team, a Fraud Team, a Commercial Security Team and a Physical Security Team.

17. The Security Crime Risk Team was tasked with developing a risk based security strategy and looking ahead for threats and trends.

18. The Fraud Team was tasked to investigate crime, interview suspects, prepare case files for criminal court and support POL lawyers with prosecutions. It also had a small team of financial investigators who would try and recover assets for the company that were gained from the Proceeds of Crime (using POCA legislation).
19. I cannot recall what the Commercial Security Team did.
20. The Physical Security Team were responsible for implementing physical security controls like CCTV, Alarms across the POL estate. In an effort to detect and deter crime.
21. I cannot recall any major changes to this structure whilst I was there.
22. I do not recall who within the investigation team determined how a criminal investigation would be conducted.
23. I believe the role of the Financial Investigation Unit was to recovering assets via the Proceeds of Crime Act, where someone had been found guilty.
24. I do not recall which other teams within the Post Office were involved in criminal investigations and prosecutions, what their roles were in the process and how the Security team worked with them in this area.

25. I do not recall specific legislation, policies or principles or any changes that governed the conduct of investigations conducted by the Security team during the period I worked within it.
26. I do not recall what the process was for dealing with complaints about the conduct of an investigation by the Security team. I would assume any complaint would have been directed to POL Legal and/or John Scott.
27. My recollection is that Andy Hayward performed a supervisory role to the fraud managers (and their case files) and John Scott having oversight of all investigations.
28. I have been asked to explain the Post Office's approach to suspected fraud and the responsibilities of the Security team in combatting fraud. I believe Fraud was an important risk area for the Post Office and the Security Team was tasked to reduce fraud where possible.
29. I do not recall how Post Office policy and practice regarding investigation and prosecution of Crown Office employees differed from the policy and practice regarding investigation and prosecution of SPMs, if at all. I do not recall if this changed over the period of time I held relevant roles within the Security team. I do not recall how and when the Security team became involved in an investigation.
30. I have been asked to explain the circumstances in which an auditor would be sent to conduct an audit at a Post Office branch. I do not recall.

31. I have been asked to consider the document “Condensed Guide for Audit Attendance” (version 2, October 2008) (POL00084813) and to explain in what circumstances would an investigator attend an audit of a branch and what was an investigator’s role on attendance. I do not recall.

32. I do not recall who an auditor would report a shortfall or discrepancy to if a shortfall was identified during an audit of a branch.

33. I have been asked, where a shortfall was identified following an audit of a SPM’s branch: i) What and who determined whether an investigation into potential criminality was conducted by the Security team or the case was taken forwards as a debt recovery matter by the Financial Services Centre and / or the relevant legal team? And did this change during the period I worked within the Security team. I do not recall this information. I also do not recall whether the SPM’s local contract manager had any input into this decision-making process. Nor do I recall whether this changed during the period I worked within the Security team.

34. I have been asked to consider Appendix 1 to POL00104825. I do not recall what were the triggers / criteria for raising a fraud case following the identification of a shortfall / discrepancy in a SPM’s branch. I do not recall if the triggers / criteria for raising a theft or false accounting case were different and whether they changed during the period I worked within the Security team.

35. I have been asked to consider the memo dated 15 December 2009 at POL00104825 and answer the following questions:

- a. What was the rationale for conducting cash verification exercises in all branches “(except Crowns)” ahead of the migration to Horizon online? I do not recall.
 - b. To your knowledge, what was the impact of this requirement and the migration to Horizon online more broadly on the work of the Fraud team? I do not recall.
 - c. Appendix 2 within POL00104825 sets out three levels of officer status for members of the Security team. Did the requirement that cash verifications be carried out at all non-Crown branches impact upon the decision making around what level of officer should be involved in potential fraud investigations? I do not recall.
36. I do not recall how decisions about suspensions were linked to decisions about whether to raise a fraud case.

Involvement of the Security team in the suspension process

37. I have been asked to consider the following documents: i) “Royal Mail Group Security – Procedures & Standards – Suspension from Duty” (version 1, November 2005) (POL00104809); ii) “Royal Mail Internal Information – Criminal Investigation Team – 7.11 Suspension from Duty” (version 1.0 final, May 2012) (POL00105231).
38. I do not recall what was the Security team’s role in suspension decisions where a shortfall was identified by an audit.
39. I do not recall how the decision-making around suspension differed as between Crown Office employees and a SPM at an agency branch.

The process followed by Security team investigators when conducting a criminal investigation following the identification of a shortfall at an audit

40. I have been asked what process did the Security team investigators follow in conducting their investigations once a decision had been made to conduct a criminal investigation and I do not recall what the process was.
41. I have been asked to consider the documents referred to in paragraph 14 of my statement above and URN POL00105223 which is from February 2013 and sets out a process for Security team investigators to follow and to comment on how this process differed prior to this date but I do not recall.

Decisions about prosecution and criminal enforcement proceedings

42. I have been asked to consider the following documents:
- i) "Post Office Internal Prosecution Policy (Dishonesty)" (December 1997) (POL00030659);
 - ii) "Royal Mail Group Policy Prosecution (S3)" (created September 2008, version 3 effective from April 2011) (POL00030800);
 - iii) "Royal Mail Group Prosecution Policy" (version 2.1, October 2009) (POL00031011);
 - iv) "Post Office Ltd Fraud Investigation and Prosecution Policy" (4 April 2010) (POL00030580);
 - v) "Royal Mail Group Ltd Criminal Investigation and Prosecution Policy" (version 1.1, November 2010) (POL00031008) (see, in particular, paragraph 3.2.9);
 - vi) "Royal Mail Security – Procedures and Standards - Prosecution Decision Procedure" (version 2, January 2011) (POL00030598);

vii) "Royal Mail Group Prosecution Policy" (version 3.0, April 2011)
(POL00030685).

43. And to explain my role in the development, authorisation, management or assurance of any of the policies listed above. I do not recall having any input, development, authorisation, management or assurance of any of the policies listed above.
44. I have been asked to describe the Post Office prosecution policy, the rationale behind it, its aims and any ways in which it changed during the period you held relevant roles within the Post Office. I do not recall this policy.
45. I do not recall who, following an investigation, made the decision as to whether a SPM or Crown Office employee should be prosecuted by the Post Office or what considerations would determine whether a prosecution was brought.
46. I do not recall whether the SPM's local contract manager had any input into the decision-making process or whether this changed during the period I worked within the Security team.
47. I do not recall, when a decision was made to start a prosecution, what test was applied or what factors were considered at the public interest stage.
48. I do not recall what advice, legal or otherwise, was provided to those making decisions about whether to prosecute.

49. I have been asked to consider the emails at POL00015527, POL00010125, POL00008515, POL00010929, POL00010488 and POL00010039 and address the following queries.

i) Please explain what a “DAM Authority” was; I believe DAM stood for ‘Duty Authorisation Manager’. I have very little recollection of what my ‘DAM’ role was, however I can see from the email’s that I approved (to proceed) some cases based on legal recommendations.

ii) Was there a time when you were responsible for all “DAM Authorities”?;

I do not recall. Based on the files, it looks like I approved 4 x DAM authorities during my time leading the fraud strand, although I have no recollection of doing these. I can see that Andy Hayward also approved DAM’s.

iii) When and why did you take on this role?; I do not recall. I don’t even remember taking this role on to be honest. I assume it was part of being a Senior Security Manger and we all had to take our turn?

iv) What training (if any) were you given to assist you in making decisions on “DAM Authorities”? I don’t recall any training being provided to me to support me with this responsibility.

(v) Did you ever deviate from the legal advice on whether to prosecute an individual? I do not recall. If I did, it would not have been intentional or deliberate. I can see in the files that I approved based on legal recommendation. If Legal hadn’t recommended I believe I wouldn’t have approved these DAM authorities.

50. I do not recall whether the legal advice on prosecutions was provided by internal or external lawyers, or both.

51. I do not recall whether there was a particular approach applied to cases where a shortfall was identified on audit.
52. I do not recall in what circumstances steps to restrain a suspect's assets by criminal enforcement methods such as confiscation proceedings were considered.
53. I have been asked who decided whether criminal enforcement proceedings should be pursued and what factors did they consider when making decisions around this. I do not recall who decided this.

Training, instructions and guidance to investigators within the Security team

54. I have been asked to consider Appendix 2 of POL00104825 and POL00104805 and to set out what training, qualifications and / or experience were required for an investigator within the Security team to be able to conduct investigations where a SPM / SPM's assistant / Crown Office employee was suspected of a criminal offence and whether the requirements change over the period I worked within the Security team. I do not recall this information.
55. I do not recall what instructions, guidance and / or training were given to investigators within the Security team about interviewing a SPM / SPM's assistant / Crown Office employee who was suspected of a criminal offence.
56. I do not recall whether any of the following documents were provided to investigators within the Security team.

- i) "Royal Mail Group Security Investigation Guidelines – Group Security Investigation Circular 5- 2008: Written Records of Tape Recorded Interviews" (20 November 2008) (POL00104818);
- ii) "Royal Mail Group Security Investigation Guidelines – Group Security Investigation Circular 5-2008: Written Records of Tape Recorded Interviews" (version 5, June 2010) (POL00104836);
- iii) "Royal Mail Internal Investigation Team – Criminal Investigation Team – 7.4 Interviewing Suspects" (version 1.0 final, March 2011) (POL0014867);
- iv) "Appendix 1 to P&S 7.4 Interviewing Suspects on tape – Quick Reference Guide England and Wales" (version 1, March 2011) (POL00104859);
- v) "Appendix 4 – Interviewing Suspects Using Notes of Interview Quick Reference Guide – England & Wales" (version 1, March 2011) (POL00104861);
- vi) "Royal Mail Internal Information – Criminal Investigation Team – 8.6 Written Record of Tape Recorded Interviews" (version 1.0 final, June 2011) (POL00104875).

57. I do not recall what instructions, guidance and / or training were given to investigators within the Security team about taking witness statements in the course of an investigation.

58. I do not recall whether any of the following documents were provided to investigators within the Security team:

- i) "Royal Mail Group Security – Procedures & Standards – Witness Statements" (version 2, January 2010) (POL00104827);

ii) "Royal Mail Group Ltd Security – Procedures & Standards – Appendix 2 to P&S 5.4 – Managing the Witness and Structure and Contents of Witness Statements" (version 1, January 2010) (POL00104826).

59. I do not recall what instructions, guidance and / or training were given to investigators within the Security team about conducting searches in the course of an investigation.

60. I do not recall if any of the following documents were provided to investigators within the Security team.

i) "Royal Mail Group Security – Procedures & Standards – Searching" (version 5, January 2009) (POL00104828);

ii) "Royal Mail Group Security – Procedures & Standards – Searching" (version 6, January 2011) (POL00104849).

61. I have been asked what instructions, guidance and / or training were given to investigators within the Security team about the duty on an investigator to investigate a case fully. I do not recall this information.

62. I do not recall what instructions, guidance and / or training were given to investigators within the Security team about obtaining evidence in the course of an investigation.

63. I do not recall whether the Security team were ever given guidance on whether and in what circumstances evidence should be sought from third parties who might hold relevant evidence and, in particular, Fujitsu, where shortfalls were identified in branch.

64. I do not recall what instructions, guidance and / or training were given to investigators within the Security team about an investigator's disclosure obligations.

65. I have been asked were any of the following documents provided to investigators within the Security team.

i) "Royal Mail Group Ltd Security – Procedures & Standards – Appendix 1 to P&S 5.4 – Rules and Continuity of Evidence" (version 1, January 2010) (POL00104891);

ii) "Royal Mail Group Ltd Security – Procedures & Standards – Appendix 1 to P&S 9.5 Disclosure of Unused Material & the Criminal Procedure and Investigations Act 1996" (July 2010) (POL00104848);

iii) Royal Mail Internal Information – Criminal Investigation Team – Appendix 7 to 7.4 Dealing with Defence Solicitors & Complaints by Suspects (version 1, March 2011) (POL00104893).

66. I do not recall if any of the above documents were provided to investigators.

67. I do not recall what instructions, guidance and / or training were given to investigators within the Security team about drafting investigation reports to enable a decision to be made about the future conduct of a case.

68. I have been asked to confirm whether any of the following documents were provided to investigators within the Security team.

- i) “Royal Mail Internal Information – Criminal Investigation Team – 8.2 Guide to the Preparation of Suspect Offender Reports, England, Wales and Northern Ireland” (version 1.0 final, June 2011);
- ii) “Royal Mail Internal Information – Criminal Investigation Team – Appendix 1 to 8.2 Suspect Offender Reports, Preamble Guide, England, Wales and Northern Ireland (version 1.0 final, June 2011) (POL00104879).

I do not recall this information.

Analysing Horizon data and requesting ARQ data from Fujitsu

- 69. I have been asked to consider the last heading on page 6 of the document entitled “Security Operations Casework Review” (February 2013) at POL00105223. Prior to the introduction of the tool Credence (which the Inquiry understands to have been introduced in 2009), and to answer what analysis was done by Security team investigators of Horizon data when a SPM / SPM’s assistant / Crown Office employee attributed a shortfall to problems with Horizon. I have also been asked to consider document at POL00105213 and its relevance to this question and if I can assist with the likely date of the document. I do not recall.
- 70. I do not recall for the period of time I held relevant roles within the Security team, the process for requesting Horizon data from Fujitsu and how that process changed over time.
- 71. I do not recall whether prior to the publication of “Security Investigations Data Handling Process (Fujitsu Horizon Data Request)” in September 2013 (see POL00105222), there was a formalised process for requesting ARQ data from Fujitsu.

72. I have been asked to consider the email chain from 2010 at POL00004708. I have been asked what action I understood the Post Office to have taken against the SPM in question and which teams had been involved by this point. I do not recall. It looks like I had very little involvement in this other than asking one of the investigators 'to take a look'.
73. I do not recall what I understood or whether I agreed with Mark Dinsdale's comment that sending in an auditor who sat with the SPM in question "clearly made matters worse".
74. I do not recall whether I considered that an auditor "corroborating" a SPM's account that there were problems with the operation of Horizon equipment at the branch was supportive of her assertion that the shortfall was caused by the Horizon system.
75. I do not recall what ARQ logs were and do not recall what I understood their use to be. I do not recall what other logs there were and how they differed.
76. I do not recall whose decision it was whether ARQ data was requested from Fujitsu in any given case.
77. I have been asked why the decision was made to obtain ARQ data in the case referred to in the email chain from 2010 at POL00004708 and I do not recall this information.

78. I have been asked where a shortfall had been identified and the relevant SPM / SPM's assistant/Crown Office employee was attributing the shortfall to problems with Horizon, where the SPM / SPM's assistant / Crown Office employee did not have corroborating evidence of material problems with Horizon, was ARQ data requested from Fujitsu as a matter of course and if not why not. I do not recall.
79. I do not recall why, when ARQ data was obtained from Fujitsu, in circumstances where a shortfall had been identified and the relevant SPM was attributing the shortfall to problems with Horizon, why this data was not provided to the SPM in question as a matter of course. I have been referred to (the emails from Mark Dinsdale dated 24 June 2010, timed at 17.37 and 6 August 2010, timed at 17.43). URN POL00004708
80. I do not recall what (if any) bearing this had on the fact that this SPM had joined with other SPMs in challenging the integrity of Horizon (publicly) or on the Post Office decision-making about this case.

Cases against SPMs

81. I have no recollections of the following criminal cases:
- a. Nichola Arch
 - b. Susan Hazzleton
 - c. Lisa Brennan
 - d. David Yates
 - e. Carl Page
 - f. David Blakey
 - g. Tahir Mahmood

- h. Oyeteju Adedayo
- i. Hughie Thomas
- j. Suzanne Palmer
- k. Janet Skinner
- l. Jo Hamilton
- m. Pauline Stonehouse
- n. Susan Rudkin
- o. Julian Wilson
- p. Peter Holmes
- q. Seema Misra
- r. Allison Henderson
- s. Alison Hall
- t. Joan Bailey
- u. Lynette Hutchings
- v. Grant Allen
- w. Khayyam Ishaq
- x. Angela Sefton and Ann Neild

82. I do not recall any prosecutions (including but not limited to the above).

83. I do not recall, looking back, whether I had any concerns about any criminal cases in which I was involved. I don't recall receiving any advice, guidance or direction from John Scott, the POL Senior Leadership Team or anyone of that matter telling me / us (the Security Team) to stop investigating or to do things differently whilst I was there.

Challenges to the integrity of Horizon and their impact on prosecutorial decisions

84. I have been asked to consider the email chain from August 2010 at POL00012537. I do not recall how the rise in the number of “Horizon Integrity” challenges impacted upon the way such cases were investigated and decisions about whether to proceed with or maintain a prosecution.

The Security team’s role in relation to debt recovery

85. I have been asked to consider the document entitled “Former Subpostmaster End to End Debt Review” and dated December 2009 at POL00084977 and the Terms of Reference for the “BOEP Debt Review” at POL00085009. I have been asked to explain a) my role and b) the Security team’s role in relation to recovery of debt from current and former SPMs. I do not recall.
86. I do not recall how the 2009 review into agent debt and the work of the Back Office Efficiency Programme impacted upon the approach of the Post Office to the pursuit of current and former SPMs for debt owed to the Post Office.

Knowledge of bugs, errors and defects in the Horizon system

87. I do not recall whether I had, or were aware of, any concerns regarding the robustness of the Horizon IT system during my time working for the Post Office. In this context, the term “robustness” includes (a) the accuracy and integrity of the data recorded and processed by the Horizon IT System (b) the extent to which deficiencies in the Horizon IT System were capable of causing and / or caused apparent discrepancies or shortfalls in the branch accounts (c) the ability of the Horizon IT System to identify

errors in data and discrepancies or shortfalls in branch accounts and the cause of the same and (d) the ability of the Horizon IT System continue to operate satisfactorily in the presence of adverse conditions.

88. I do not recall reporting any concerns I had with Horizon or whether if I did, anyone responded.
89. I have been asked to consider section 6 of the “Post Office Ltd – Security Policy: Accounting losses policy for agency branches” (version 1, February 2003) at POL00086845) and the same section in the “Post Office Ltd – Security Policy: Liability for losses policy (for agency branches)” (version 1.7, September 2003) (POL00088867). I have been asked whether the suggestion that system faults with Horizon were “very rare” corresponded with my understanding of the position in 2003. I do not recall.

Other Matters

90. There are no other matters that I wish to bring to the attention of the Chair of the Inquiry.

Statement of Truth

I believe the content of this statement to be true

Signed:

GRO

Dated: 10 May 2023