

Witness Name: Lynn Pumford Hobbs

Statement Number: WITN09010100

Dated: 6 July 2023

Post Office Horizon IT Enquiry

FIRST WITNESS STATEMENT OF LYNN P HOBBS

I, Lynn Hobbs, will say as follows...

Introduction

1. I am completing this statement at the request of the Horizon Inquiry following receipt of a Rule 9 request dated 6 April 2023, relating to Phase 4 of the Inquiry and my involvement in action taken against Subpostmasters by Post Office Limited and my witness statement is in response to the questions asked in the annex attached to that request.
2. I am a former Post Office employee having officially left the business in March 2011. I started work in the Post Office in January 1972 as a counter clerk and during my career I covered numerous roles at various levels from clerical to senior management. At the time I left and from October 1986 I worked within Post Office Ltd (POL) previously Post Office Counters (POCL).
3. This witness statement is based on my personal recollection of events, policies and processes and to this end I should add that my role in POL ceased in

December 2010 and I have limited recollection of the specifics of my roles within the business. I would also add that my memory has not only been affected by the passage of time but also by health issues I experienced during the last few years I was employed and I must therefore apologise if some of my responses appear vague.

4. I was given access to a very large number (93) policy, process and other documents by the enquiry to assist me in compiling this statement. During my discussion with a member of the inquiry solicitor team I queried why I had been asked to review documents dated after December 2010, the date I ceased working in POL. The inquiry accepted my point that to review documents dated after I had left the business may distort my recollection of events, policies and processes. I have therefore not reviewed any documents in my egress pack with a date later than December 2010 or any undated documents unless, on opening the document, it was immediately obvious that it was applicable to the period prior to December 2010; this reduced the number of documents I reviewed to 43, still, I believe, a substantial number. I have therefore limited my reading to certain paragraphs where these were specified.

5. After considering my personal known commitments in April and May, I requested a further five weeks to complete this statement, however, I was granted an additional two weeks.

6. I would also wish to make the inquiry aware that I took a conscious decision not to watch any broadcasts or read anything related to the Horizon Inquiry so this statement is my first and I trust my only involvement in the inquiry.

7. I have not sought legal representation in the drafting of this statement.

Relevant Background

8. During the time I worked for the business there were a number of re-organisations including the major reorganisation setting up Post Office Counters (POCL) and Parcelforce as separate businesses within the Royal Mail Group. POCL later became Post Office Ltd (POL) and there followed a number of internal reorganisations during my employment. As it is over twelve years since I left the business my recollection of job titles both my own and others may not be accurate.

9. I started working for the Post Office after leaving school when I was sixteen. I began my career working on the counter and held a number of clerical, junior and middle manager roles until I was promoted to my first senior manager role as Personnel and Services Manager, Leeds District, in 1989.

10. Following a business re-organisation in 1993/94 I became Head of HR for North East Region, followed by Head of Network Support and finally Head of Retail Network in 1999.

11. Head of Retail Network North (NE Region) 1999-Sept 2001 – I was one of two Heads of Retail Network in the North East Region and my area covered Newcastle, Darlington and York. I managed a team of Retail Network Managers (RNMs) who in turn were responsible for supporting around 1000 Directly Managed, Franchise and Sub Post Offices.

12. Head of Network Reinvention (Sept 2001- April 2005) – I was responsible for a team which designed and delivered a radical programme to change the structure of the Post Office branch network.

13. General Manager Service (April 2005 - Sept 2006) – this was a transitional role. I was responsible for delivering a range of support services to all branches and enabling the development of a revised organisation structure.

14. General Manager, Network Support (previously Head of Outlet Support) (Oct 2006- Dec 2010) – responsible for delivering performance standards, regulatory compliance, agents' contract management, staff training and latterly, following the merger of the training and audit teams, assuring business assets and compliance with 'in branch' transaction processes across the franchise / sub office network and for the completion of financial audits at Crown branches. During this time I also had responsibility for a several 'one-off' business projects for example the conversion of Crown branches to WH Smith franchise branches, the rollout of paypoint terminals to branches and providing in-branch support for the roll-out of Horizon On-line. I had 7 senior manager direct reports who were accountable for delivering the above Network

Support responsibilities on a day to day basis which they did through a core team of 200 staff which increased when projects were undertaken.

Contractual liability of subpostmasters for shortfalls

15. I have been asked about my understanding of the contractual position relating to franchisees, and subpostmasters in terms of their responsibility for losses identified in their branches. My understanding was that they were responsible for making good losses in their branches although there were a number of circumstances in which full or partial relief could be granted. This differed from that of employees working in Crown (Directly Managed) branches in that employees were responsible for declaring any losses or gains over a specific amount (I think this may have been £5 but I cannot be certain) and there was a process, which I believe formed part of the discipline code, for managing how excessive numbers of misbalances were dealt with.

The audit process and the policies / practices in place

16. I've been asked to provide an account of my role as General Manager, Network Support and also to provide information on policies and procedures in place relating to audit practices. I was accountable for delivering performance standards, regulatory compliance, contract management, staff training and latterly, following the merging of the audit and training teams, I was responsible for delivering audit processes which were in place to ensure business assets and monitor compliance to specific processes, across a network of over 11,000 sub post office and franchise outlets. I was also responsible for providing audit resource to complete financial audits in the

Crown network. I had a team of senior managers working to me and they and their teams were responsible for the day to day delivery of each of these accountabilities. In terms of policies and practices I am unable to provide any detail on these and can only say my recollection is that the Network Support team would have operated in line with policies, processes and practices in force at the time. I was specifically asked to consider seven documents in relation to this and other questions on organisational structure, however only document [POL00083966] – Audit Charter was relevant as the remainder were created after I left the business therefore my responses are mostly based on my recollections.

Organisational Structure

17. I have been asked to summarise the changes to the organisational structure of the audit team and to explain my understanding of the reasons behind them. There were a number of reorganisations during the time I was employed and I am unable to say how any of these impacted on the organisational structure of the audit team. I can however say that around 2008 (I am not clear of the exact date but it would likely be March / April to coincide with the year-end) the audit team were merged with the training team to become the field support team with team members given additional training to upskill them to enable them to carry out audit and training tasks. Prior to this merger the audit team had, I believe, worked in the Risk and Compliance team which I believe was part of the Finance Directorate. Following the merger the team became part of the Network Support team which was part of the Network Directorate. The reason for the merger was in line with the business requirement to deliver the best

outcome whilst also aiming to maintain and, where possible, reduce costs; merging these two teams and multi-skilling team members enabled more efficient use of resources.

18. In terms of the relationship between the audit team and other teams in POL my recollection is that on occasions the audit team received requests to audit specific branches from both the security and debt recovery teams when Post Office funds were considered to be at risk. Findings would be reported back to these teams and also the relevant contract manager if shortages in Post Office funds were discovered.

19. I have been asked whether I considered it important that the audit team had organisational independence. I was of the view that whilst the merging of the audit and training teams created a bigger team capable of completing audits at branches and being more responsive to training needs the team remained independent in terms of its requirement to confirm business assets and compliance with specific internal and external policies and processes.

20. I have also been asked whether I can recall any concerns being raised about the independence of POL's auditing activities and I cannot recall any concerns being raised with me about the integrity or independence of the audit process. I would add that the Risk and Compliance committee were fully aware of the proposed change before the merger took effect and the Network and Finance Directors were required to agree the structural change before it could proceed.

The audit process

21. I have been asked a number of questions about specifics of the audit process.

In my role as General Manager, I was not involved in the day to day activity of the audit team and my responses are therefore based on my limited recollection of discussions with Network Support Managers about the processes followed by the team.

22. I have been asked about the sources of information an auditor would have

been expected to consider when completing an audit and also to discuss whether information varied according to the type of audit being conducted.

From memory I am unable to say what specific information was considered by an auditor when completing an audit. However, I have been given access to the document catalogued as [POL00084801] which is Chapter 3 of the Audit Process Manual and is entitled "Performing a Branch Audit". This covers this particular point in detail. I have already stated that the Network Support team would have operated in line with policies, processes and practices in force at the time and I therefore do not feel I can add anything to this document or that spending a significant amount of time summarising that document in this statement would add value.

23. My understanding is that if a discrepancy was discovered during an audit the

auditor would recheck their work and have a conversation with the subpostmaster to try and identify other areas to check. My understanding was that the auditor would aim to identify the cause of any shortfall before finalising the audit in branch and would involve the subpostmaster in trying to identify

the cause of any shortfall. I am unable to provide any further details on additional enquiries or investigations the auditor would carry out.

24. I have been asked if I was aware auditors had been given instructions on taking payments from subpostmasters. I was not aware of any such instructions. My understanding was that if the outcome of the audit was a shortfall in funds the subpostmaster was asked if he/she was able to make good the shortfall or asked for proposals for making good the shortfall. If the shortage was over a specific amount or the subpostmaster had concerns about making good the shortfall the auditor contacted the relevant Contract Manager for advice.

25. I have been asked about whether a subpostmaster could carry out their own investigations if a shortfall was discovered. My understanding is that on the day of the audit the auditor would discuss the shortfall with the subpostmaster to try and identify possible causes and also that the subpostmaster would have access to the Horizon system to carry out checks to try and identify the reason for any shortfall. However, in a case where the contract advisor determined the subpostmaster should be suspended pending further investigation, I do not think the subpostmaster would be able to access Horizon data after the suspension.

26. I have been asked about what information was communicated to subpostmasters while an audit was in progress. Subpostmasters were expected to remain in the secure area whilst the audit was being conducted to

ensure they were satisfied with the process being followed and to answer any questions the auditor had. I am aware that in reality this did not always happen as the majority of subpostmasters had other business activities running alongside their post offices. However, my recollection is that when any discrepancies were identified these were discussed with the subpostmaster or their representative and they would have an opportunity to check what the auditor had found to ensure they were satisfied with the findings.

27. I have been asked whether there was an opportunity for subpostmasters to raise issues or concerns during an audit and my recollection is that anything the subpostmaster raised as a concern would have been relayed to the relevant contract manager.

28. I have been asked whether it was possible to conduct a branch audit when the Horizon system could not be accessed. I have read document [POL00084003] which provides detailed instructions on completing a post incident audit in circumstances where the Horizon equipment in branch is damaged and this confirmed my recollection that a full audit could not be completed without access to the Horizon system in branch.

29. My recollection of a Crown Office audit is that this did not necessarily involve a check of every individual stock in the branch whereas a sub post office audit did. I believe the reason for this was because Crown Office branch managers checked individual clerks' stock units on a rotational basis.

30. I have been asked about involvement Fujitsu had in the audit process and I am unable to say whether Fujitsu had any involvement in the audit process. In providing my response I have considered the document [FUJ00001894] Fujitsu Services Audit Trail Function Specification (v8.0), however, as this is a document I cannot recall ever seeing my answer is based only on my recollection.

31. I have been asked about information an auditor may have when conducting an audit that was not available to the subpostmaster. I believe the only information an auditor may have had would have been information related to specific reasons for the audit if it had been requested by another team from POL e.g. the Security team.

32. I have been asked about my understanding of the Audit Global User Account and been asked to consider document [POL00002841] in giving my response. This document is dated September 2016 so I have not considered it and can say that I have no recollection of the Audit Global User Account and therefore cannot comment on the specific workings of the tool or information contained within it.

Reporting and oversight

33. I have been asked about the role of the Risk and Compliance Committee and about my involvement with the committee. From recollection and by referencing relevant documents I would say that the role of the Risk and

Compliance Committee was to review business performance in relation to financial, legal and operational compliance, and specific business projects, to enable current and potential business risks to be identified and understood and to direct future activity to enable business risks to be minimised. I became a member of the committee in March 2008. I assume I would have remained a member of this committee until the latter part of 2010 but am unable to confirm that.

34. I have been asked to comment on my involvement in the analysis or review of the actual audit process. My involvement was in the merging of the audit and training teams. I cannot recall any specific involvement in any analysis or review of the audit process.

35. I have been asked to say whether I considered the audit process to be fit for purpose and also to comment on whether I now feel the process was fit for purpose. I am able to say that during the time I had overall responsibility for the audit process I was satisfied that it was fit for purpose otherwise I would have initiated a review of the process. I would add that it is easy to say with hindsight that any process could be improved.

36. I have been asked to explain my involvement in error notices, transaction corrections and acknowledgements, branch discrepancies, "corrective action" taken against subpostmasters and recovery of agents' debt and to explain policies and practices in place at the time. I have been asked to clarify my response by roles I covered, dates and policies relevant at the time. I have

been asked to address a number of documents as part of my response. I am unsure of the level of detail I am expected to provide, however, having read the documents I have been asked to refer to [POL88904], [NFSP00000043], [NFSP00000169], [POL00085794], [POL00030562], [POL00083951], [POL00083952], [POL00005888], [POL00105417], [POL00003060], [POL00084012], [POL00084075], [FUJ00091215], [POL00001642], [POL00088904], [POL00086845], and [POL00088867] I can see there is significant information in these in relation to how the above items were dealt with and where the responsibility lay for dealing with such items. I have therefore provided a brief summary of my involvement as I cannot recall specifics related to each of the above. I would also add that in carrying out my role and responsibilities I would have referenced appropriate policies and operated within the processes in force at the time, however, with the passage of time, I am unable to refer to specific policies and practices.

37. Between 1989 and 1993 I was Personnel & Services Manager at Leeds District and part of my role was to support Area Managers who were responsible for managing subpostmasters and Crown branches in their area. I would provide advice and guidance related to subpostmaster contractual matters which may have included issues related to error notices and agents debt.

38. Between 1999 and 2001 I was Head of Retail Network in the North East Region. I managed of team Retail Network Managers (13 or 14 I think) who were responsible for providing support to the branches in their area. As part of

my role I had responsibility for the write off of agents' debt up to a level of my financial authority.

39. Between 2005 and 2006 I was General Manager Services and from 2006 until late 2010 I was Head of Outlet Support / General Manager Network Support and in these roles I had responsibility for the write off of agents' debt up to a level of my financial authority.

40. In terms of my involvement in error notices, transaction corrections and acknowledgements, branch discrepancies, "corrective action" taken against subpostmasters and recovery of agents debt I am unable to provide specific details of my involvement but I would say I would probably have seen reports containing information, data and statistics and would also have provided advice and support if required by my direct reports on issues related to any of the above in my role as line manager.

Error notices, transaction corrections, transaction acknowledgements and branch discrepancies

41. I have also been asked very specific points about error notices, transaction corrections, transaction acknowledgements and branch discrepancies and in each instance my response would have to be simply to search through documents and retype the statement in the document as I cannot add anything more to what is in the relevant documents I have been referred to.

42. I have been asked what role the suspense account had in the accounting process followed by subpostmasters. I believe the suspense account was

used by subpostmasters to hold losses following a misbalance pending further investigation and to 'settle' transaction corrections the subpostmaster wished to query. I think that by using this facility the cash account could be completed without the error showing as a loss or gain. This was a short term measure (I think items should have remained in suspense for no longer than 8 weeks) to enable further investigations.

43. I have been asked whether the only option available to a subpostmaster who received a transaction correction ("TC") they didn't understand or wished to challenge was to telephone NBSC Helpline. I do not understand this question as I have read the document "Debt Recovery Processes under Branch Trading" [POL 00085794] which clearly states that if a subpostmaster receives a TC they don't understand or they wish to challenge they should contact the telephone number given on the TC. Having looked at the example TC in the document I can say that I believe the telephone number on that example TC was not the NBSC Helpline number but a telephone number in what I knew to be the Product and Branch Accounting team in Chesterfield.

44. The document indicates that "Accept and Settle Centrally" was a facility available if a subpostmaster was not able to identify the reason for the discrepancy identified in the TC to enable further investigations to take place.

45. I cannot say with any certainty that the "Accept and Settle Centrally" facility was the only option available to a subpostmaster if they considered the error was a result of a systems error but from recollection I would have to say I

believe such a challenge would be treated as an error requiring further investigation and that the subpostmaster would be advised to “Accept and Settle Centrally”.

46. From recollection I would say that “Accept and Settle Centrally” was used to indicate further investigation was required and did not signify acceptance of debt liability as the investigation may have resulted in the TC being cancelled.

47. I cannot recall a block on steps to recover centrally settled debt, this may have been after I left POL so I am unable to say whether there was anything to distinguish disputed from undisputed debt.

48. I was not involved in the process for investigating challenged TCs and had no reason to think that the process for challenging errors was anything other than acceptable and designed to ensure TCs could be disputed and investigated. At the time I considered the process to be acceptable. In response to the question about whether I now consider the “settle centrally” process to be satisfactory again I would say that it is easy to say with hindsight that any process could be improved.

49. I would accept that TCs were issued to branches on the assumption that the error had been created in branch and that the onus was on the subpostmaster to challenge TCs they considered were wrongly issued.

Recovery of current and former agents' debt

50. I have been asked to explain the role of the P&BA team (later to be known as FSC) and also to explain my role in the recovery of current and former agents' debt. I have been asked to address a number of individual points as part of this question.
51. My understanding of the role of P&BA is that they were responsible for all matters related to branch transaction accounting and reconciliation to enable settlement with clients and for managing errors resulting from branch transactions with branches and with clients. I appreciate this may be a simplistic explanation of the role of that team. I cannot comment on whether the role changed after 2010.
52. If a subpostmaster chose the 'settle centrally' option to manage a shortfall or a transaction correction this allowed time for further investigation. If further investigation did not resolve the shortfall the subpostmaster was required to make good the shortfall. I believe there was a follow-up process for outstanding amounts but I am unable to provide detail on that process. I've specifically been asked about the "dunning" process but I have no recollection of that process so am not able to comment.
53. If a subpostmaster would not or could not pay a debt I would expect this would have been referred to the Contract Manager to discuss next steps with the subpostmaster.
54. In some instances current subpostmasters were given the opportunity to repay debt by deductions from remuneration. This was dependent on the amount of

the debt and subject to levels of scrutiny related to the number of occasions the subpostmaster had made use of this facility.

55. I'm unable to comment on the circumstances which would result in P&BA raising concerns about a branch although I would have expected that they would have certain triggers which would prompt such action.
56. In terms of recovery of debt from former subpostmasters my recollection is that this was the responsibility of a team in P&BA who also engaged with other business teams such as Security & Investigation and Legal Services. I am unable to describe the end to end process from memory however, from reading document [POL00084977] I can see that it involved attempts to recover the money by telephone, letters and further escalation to Security & Investigations and Legal Services always being mindful of the cost of recovery versus the actual cost of the debt.
57. I cannot say with certainty but would not have expected P&BA to have any role in recovering debt from current or former crown office employees.
58. In terms of teams in POL involved in debt recovery and branch conformance in addition to P&BA and Network Support teams I believe Business Development Managers and Security and Investigation would also be involved. There may have been other teams with some involvement but I am unable to name these teams.

Relief from accounting losses / Write off processes

59. I have been asked to explain the circumstances in which relief could be granted from accounting losses and / or debt written off. The most obvious circumstances were following robberies or burglaries when the full amount of the debt was written off unless there was very strong evidence of contributory negligence on behalf of the subpostmaster. New subpostmasters who had not previously run a Post Office branch were able to have losses written off during their first six weeks of trading. There were other instances where relief could be granted and there were policies in place to facilitate this [POL00088904], [POL00086845] and [POL00088867].

60. I have been asked how frequently a subpostmaster's debt was written off by POL. I am unable to answer this question as subpostmaster debt could be written off by a number of people in roles across the business.

Civil claims and other debt recovery proceedings

61. I have been asked about the circumstances which would result in civil claims or other debt recovery proceedings being instigated against current or former subpostmasters and against current or former Crown Office employees including whose decision it was to bring such proceedings and what role if any I had in the process. I have assumed this question refers to the involvement of processes external to the business and I cannot recall being part of the decision making process related to civil claims or other external debt recovery proceedings being instigated against current or former agents or current or former Crown Office employees.

62. I am unable to comment on either the mediation scheme or any review undertaken by Second Sight as I understand these were undertaken some time after I left the business.

Suspension and termination

63. I have been asked to explain my involvement in policies and practices in place in respect of suspensions, terminations and the appeals process. I was involved to varying degrees with suspensions, terminations and the appeals process from 1989 to when my role ended in December 2010. I was trained as an Appeals Manager around 1993/94 (apologies I cannot remember the exact date) and remained a member of the Appeals panel until December 2010. During that time I would have heard appeals from subpostmasters whose contracts had been terminated and employees who had been dismissed. Whilst I cannot provide specific details in respect of policies and processes I would have followed the policies and processes in force at the time. I would add that it is likely I was involved to some degree in reviews of relevant policies and processes but I am unable to recall specific reviews or level of involvement.

64. I have been asked a number of questions relating to the suspension of subpostmasters and the termination of subpostmasters contracts. I was asked to consider a number of documents as part of the response, however the vast majority of these documents were dated after December 2010 or were undated and from information contained in the undated document it was clear they were dated post December 2010. My responses are therefore based on my

own recollection and the following documents: [POL00084993],
[POL00089004], [POL00084002], [POL00005856], and [NFSP00000511]

65. I have been asked a number of questions about the Contract Manager role in relation to discrepancies or shortfalls discovered at audit and about the process followed by them. If a discrepancy or shortfall above a specified level was discovered at audit the auditor would contact the Contract Manager to advise them of the outcome of the audit and inform them of their findings including any comments made by the subpostmaster in relation to the discrepancy / shortfall. If the audit had been specifically requested by another POL team they may also have information from that team about the reason for the audit. The Contract Manager would fully question the auditor to ascertain all known facts before making their decision in respect of next steps. They could consult with a more experienced colleague or their line manager if they felt they required further guidance. The Contracts Manager had the authority and was responsible for making the decision related to next steps and he / she would advise the auditor of that decision. If the decision was to suspend the subpostmaster my recollection is that the Contract Manager would either speak to the subpostmaster to advise them that they were being suspended, the reasons for the suspension and discuss what would happen next in respect of the branch and their contract or if for some reason that wasn't possible then the auditor would be asked to convey the same information. The Contract Manager would then take steps to maintain service by appointing a temporary subpostmaster to run the branch (the appointment of a temporary subpostmaster would be on the basis that the current subpostmaster was

prepared to let a temporary subpostmaster operate the branch from their premises). The Contract Manager would then follow the conduct process to its conclusion which would either result in the re-instatement of the subpostmaster or the termination of his/her contract.

66. In terms of whether a subpostmaster had the opportunity to make representations about the decision to suspend them then they could do so by speaking to the Contract Manager and, if they felt it appropriate, they could make representations to more senior managers in the Network Directorate.

67. My recollection is that a subpostmaster was not remunerated during their period of suspension. If a temporary subpostmaster was appointed they could negotiate a payment with the temporary subpostmaster for use of their premises.

68. Contract Managers made the decision to terminate a subpostmaster's contract after a full investigation and an interview where the subpostmaster could make personal representation and could be accompanied by an NFSP representative or a colleague at that meeting who could also make representations / provide information on their behalf.

69. If the decision was made not to terminate a subpostmaster's contract after a period of suspension the subpostmaster would be re-instated.

70. My recollection is that subpostmasters who had been suspended because of cash shortages and whose contract was subsequently terminated were summarily terminated without notice.

71. I have been asked about whether subpostmasters had the right of appeal against the decision to suspend them. The suspension was precautionary to enable a full investigation to take place and to my knowledge a subpostmaster did not have a right of appeal against the decision to suspend them.

72. I have been asked about whether subpostmasters had the right of appeal against the decision to terminate their contract and about the process. All subpostmasters whose contracts were terminated either with or without notice had the opportunity to appeal that decision. The subpostmaster had a period of time in which to lodge an appeal and then the appeal was allocated to a member of the appeals panel who would have been a senior manager trained to handle appeals.

73. The individual had all the previous investigation information used to make the decision and any new information they requested. The role of the manager allocated to hear the appeal was to investigate and rehear the case. It was usual for a subpostmaster to attend an appeal meeting and for them to be accompanied at that meeting by an NFSP representative or a colleague. At that meeting the subpostmaster had every opportunity to put forward reasons why their contract should not be terminated and the person accompanying them could also make representations on their behalf. The appeals manager

could request additional information if they felt that would be helpful in making their decision on whether or not to uphold the appeal. The appeal manager would ensure they had fully reviewed all of the evidence plus information provided by the subpostmaster and their representative before making their decision.

74. I have been asked to explain about changes made as a result of the Network Transformation Programme. I can confirm that the programme introduced the concept of Core and Outreach and that a number of branches were closed as part of the programme, however, I am unable to recall other changes made as a result of the programme.

75. The appeal decision was final; however, a subpostmaster could always contact the Network Director or the Chief Executive if they wished to do so. Whilst this was not a formal part of the appeal process that avenue was always open to any subpostmaster.

76. I have been asked about my role in reviewing policies and guidance applicable to suspensions, terminations and the appeals process. I cannot recall a specific role I had in reviewing any of these processes; however I may have been asked to comment on proposed changes to one or more of these processes.

Knowledge of bugs, errors and defects in the Horizon system

77. I have been asked whether I was aware of a trend of increasing debt and average audit loss and whilst I am unable to recall being aware of such a trend I note from [POL00107129] that year on year from April 2007 to June 2010 the percentage of agents suspended and audit shortages to audits completed was declining .

78. I have been asked if I had, or was aware of, any concerns relating to the robustness of the Horizon system during the time I worked for POL. I can confirm that from my perspective, as an operational manager, I did not have concerns about any aspect of the Horizon system in terms of its operation, accuracy or integrity. I am aware that there were a small number of challenges around the integrity and accuracy of the system, however, there were assurances being given from within the business that the system was robust. I note from document [POL00105565] that I was asked to provide information to enable the business to consider a response to a Channel 4 programme. I assume with input from my team that I would have provided the information requested but cannot recall the programme or whether the business provided a response to the programme. I have also read Rod Ismay's report at [POL107129] and from information in this report I can see that at Appendix 3 there is a report from Fujitsu that covers a number of points related to Horizon data integrity and describes failure scenarios and measures in place to ensure data integrity in each scenario. I had no reason to consider that the assurances being given by the business were not accurate and I

certainly did not have the technical expertise to question these assurances given by the business or Fujitsu.

79. I have been asked if I can recall auditors being instructed to disregard possible problems with Horizon as a possible cause for shortfalls or audit discrepancies. I cannot recall such an instruction being given.

Other Matters

80. I have been asked if there are any other matters I consider the Chair of the Inquiry should be aware of and can confirm that in relation to my own recollections there are no further matters I think need to be considered.

Statement of Truth

I believe the content of this statement to be true.

Signed:

GRO

Dated: 6 July 2023

Index to First Witness Statement of Lynn Hobbs

No.	URN	Document Description	Control Number
1	POL00083966	Audit Charter (version 4.0, undated)	POL-0081024
2	POL00084801	“Performing a Branch Audit”, Chapter 3 of the Audit Process Manual (version 5.1, 2010)	POL-0081859
3	POL00084003	Post Incident Auditing without Horizon, Chapter 14 of the Audit Process Manual (version 1.0, 1 November 2006)	POL-0081061
4	FUJ00001894	Fujitsu Services Audit Trail Function Specification (v8.0)	POINQ0008065F
5	POL00088904	Post Office Ltd Policy on Losses and Gains within the POCL Agency Network – Version 1 (20 November 1998)	POL-0085962
6	NFSP00000043	Negotiating Committee for Horizon debt recovery (18 November 2004)	VIS00007491
7	NFSP00000169	Letter circulated to the National Executive Council enclosing correspondence regarding debt recovery process (17 December 2004)	VIS00007617
8	POL00085794	Post Office - Debt Recovery Process under Branch Trading – October 2005	POL-0082852
9	POL00030562	Post Office Ltd – Losses Policy – Overarching (Branches) (version 9, effective date April 2006)	POL-0027044
10	POL00083951	Appendix 3: Process for Awaiting TC (Transaction Correction) - Multiples – Version 1	POL-0081009
11	POL00083952	Appendix 4: Process for awaiting TC (Transaction Correction) - singletons – Version 1	POL-0081010
12	POL00005888	Dealing with discrepancies revealed at audit – Version 1 (undated)	VIS00006956
13	POL00105417	Summary of discussion on compliance, conformance, losses and debt (3 March 2008)	POL-0104525
14	POL00003060	Post Office Limited - Process Documentation - Branch Correction Process (TCs) – Version 2.0 (undated)	VIS00004074
15	POL00084012	Transaction Correction / Debt Recovery Process (undated)	POL-0081070
16	POL00084075	Post Office Ltd Mandatory Losses & Gains Policy in the Crown Office Network (September 2008)	POL-0081133

17	FUJ00091215	Feasibility Study carried out on Interfacing Client Data into POL Systems (Project PING) (25 March 2009)	POINQ0097386F
18	POL00001642	Review of the Creation and Management of Transaction Corrections in POLFS to Correct Accounting Errors in Horizon – Version 1.0 (10 February 2010)	VIS00002656
19	POL00088867	Post Office Ltd: Liability for Losses Policy for agency branches – Version 2.0 (January 2004)	POL-0085925
20	POL00084977	Post Office, Former SPM End to End Debt Review v.0.5	POL-0082035
21	POL00088904	Post Office Ltd Policy on Losses and Gains within the POCL Agency Network, dated 20 November 1998	POL-0085962
22	POL00086845	Post Office Ltd Security Policy: Accounting Losses Policy for Agency Branches	POL-0083903
23	POL00088867	Post Office Ltd: Liability for Losses Policy for agency branches v2.0 January 2004	POL-0085925
24	POL00084993	Contract Advisor Process - Audit Discrepancy flowchart	POL-0082051
25	POL00089004	Managing Agents Contracts : Guidelines for the line manager Version 3	POL-0080965
26	POL00084002	Outlet Support – Audit Contact Points (Version 2, September 2006)	POL-0081060
27	POL00005856	Post Office Ltd - Appeals Handbook - 2001	VIS00006924
28	NFSP00000511	National Federation of Subpostmasters Report of a Meeting of the National Executive Council on 15-17 June 2009	VIS00008969
29	POL00107129	Memo from Rod Ismay to Dave Smith Mike Moores and Mike Young Re Horizon - Response to challenges regarding system integrity, 2 August 2010	POL-0105437
30	POL00105565	Email from Lynn Hobbs to Adrian Wales, John Breeden and others re Channel 4 programme, 21 July 2010	POL-0104561