

Witness Name: John Gerard
McKenny

Statement No.: WITN10440100

Dated: 27 December 2023

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF JOHN GERARD MCKENNY

I, *John Gerard McKenny*, will say as follows...

INTRODUCTION

1. I am a former employee of Post Office Limited. I joined the business in June 1980 and began work as a Delivery Postman, delivering mail in the Omagh County Tyrone locality where I was based. In May 1982, I applied for a position as a Postal Officer to serve customers on the Post Office Counter. I was successful and continued in that job for approximately eight years, again in Omagh County Tyrone. In 1990, (not sure of the exact date) I joined the Northern Ireland Internal Audit team, based again in Omagh but managed from a Regional Office in Belfast. I worked within that Audit Team for seventeen years conducting Accounts and Systems audits at Crown and Sub Post Offices throughout Northern Ireland.
2. In 2007, (again not sure of the exact date) Post Office Limited set up a closure programme team where 2500 Sub Post offices were identified for

closure or restructuring. I joined that team as a Network Change Advisor and we had to conduct surveys in the areas where the identified Post Offices were. We then drew up plans to maintain a Post Office service in the areas even though some were closing. We also had to visit the Offices and inform the Subpostmasters ('**SPMs**') of the Post Office plans. That was my last job with Post Office Limited and I left the business in January 2009.

3. In all my time with the business and in the various roles that I had, I was never involved in any disciplinary matters or interviews in relation to criminal offences or proceedings. I was required to attend court as a witness a small number of times due to my findings at Audits. But as far as I remember the Post Office Investigations Team dealt with all the disciplinary matters and criminal proceedings.

BACKGROUND

4. In all my time with the Northern Ireland Internal Audit Team as an Auditor, all my work and instructions were given to me by my managers within the Team. I conducted audits on my own and as part of a team of auditors depending on the size of the branches. We would have been advised on a Friday what the audit schedule was for the following week and we would prepare accordingly. I do not recall any changes to that way of working.
5. I do not recall ever seeing any of the following documents which I have been asked by the Inquiry: 'Assurance Review – Recruitment (Vetting and

Training)' [POL00032698], 'Network auditing approach, methods and assurance (2013)' [POL00086765], 'Training and Audit Advisor' [POL00088453] and 'Audit Advisor' [POL00088557].

6. In respect of the recruitment of auditors, as far as I remember they were recruited internally and had worked on Branch Counters for a reasonable period of time.
7. I never knew of any minimum level of qualification and/ or experience required when becoming an auditor. In my case, I had worked on a Post Office Branch Counter for eight years when I was approached by a Manager to join the Audit Team. I had gained quite a bit of experience of what was required when it came to Post Office Accounting.
8. As far as I remember, I "shadowed" experienced auditors for a period of time prior to leading an audit myself. Any refresher training would have been conducted during team meetings.
9. I think as auditors we had the necessary experience and tools to conduct audits at various types of Post Office Branches.
10. I've been asked by the Inquiry to consider the document called 'Audit Plan & Scheduling, Chapter 1 of the Audit Process Manual' [POL00084650]. I do not recall ever seeing this document.

11. I was never involved when it came to scheduling Post Office Audits.
12. I have no idea how promptly audits were completed after scheduling.
13. When I was preparing for an audit of a branch, I would have examined the previous audit paperwork and any report that was completed.
14. I do not know how frequently branches were audited.
15. Again, I was not involved in any scheduling of audits of any kind.
16. I have been asked by the Inquiry to consider the following documents:
 - i. "Audit Charter" (version 4.0, undated) [**POL00083966**];
 - ii. "Performing a Branch Audit", Chapter 3 of the Audit Process Manual (version 5.1, May 2010) [**POL00084801**];
 - iii. "Core & Outreach Audit Process", Chapter 3a of the Audit Process Manual (version 1.0, 27 May 2011) [**POL00085534**];
 - iv. "Follow Up Audit Process", Chapter 3b of the Audit Process Manual (version 3.0, May 2015) [**POL00087627**];
 - v. "Performing a Cash Centre Audit", Chapter 7 of the Audit Process Manual (version 5.0, Aug 2016) [**POL00088252**];
 - vi. "Quality Assurance", Chapter 11 of the Audit Process Manual (version 5.0, Apr 2015) [**POL00087672**];
 - vii. "Post Incident Auditing without Horizon", Chapter 14 of the Audit Process Manual (version 1.0, Nov 2006) [**POL00084003**];

- viii. "Condensed Guide for Audit Attendance" (version 2, Oct 2008)
[POL00084813];
- ix. "Requirement of Network Field Support Advisors at audit, following discovery of discrepancy" (version 1.0, Oct 2011) **[POL00085652];**
- x. "Network auditing approach, methods and assurance" (2013)
[POL00086765];
- xi. "Training Guide: Compliance Audit Tool" (Sep 2015)
[POL00087688];
- xii. "Training-Aide for Branch Asset Checking" (version 1.7, Nov 2014)
[POL00087716];
- xiii. "Terms of Reference Audits" (version 1, April 2015) **[POL00087614].**

I do not recall seeing any of the aforementioned documents during my time as an auditor.

17. With regard to sources of information, the remittances of cash and stock in and out of the branch for the week previous to the audit visit and the current week were always verified with the Cash Centres. There was no variance, that was completed at every audit.
18. Again, as far as I remember, when a discrepancy or shortfall was discovered at an audit and when all necessary checks were completed, I would have contacted my Line Manager, who in turn would have contacted the Area Manager responsible for the Branch. I would then have awaited further instructions.

19. If my memory serves me right, we would have asked the SPM if they could make good any discrepancy which wouldn't have been considered too large. I cannot remember what the limits on discrepancies were prior to calling in Management. However, I do not recall any practice as such for making good discrepancies.
20. I was not aware of any instructions on taking payment.
21. If my memory serves me right, all enquiry avenues would have been considered, including input from the SPM.
22. I think I always kept the SPM fully informed on how the audit was progressing and made sure that they or a member of their staff were present, especially when the value stock and cash were being audited.
23. I do not recall any processes in place that allowed the SPM to raise issues or concerns during an audit.
24. I don't think it would have been possible to conduct an audit at a branch if the Horizon IT system was not accessible.
25. I do not recall any variation between audit processes in Crown Office Branches and others.

26. I have been asked by the Inquiry to consider **FUJ00001894** and **POL00002841**. I do not recall ever seeing either of these two documents.
27. I do not recall Fujitsu having any involvement in the audit process.
28. I do not remember having any access to information that wasn't available to a SPM.
29. I have never heard of an Audit Global User Account in my life. I do not know what Audit Global User Accounts are.
30. I have been asked to consider **POL00104821**. I do not recall ever seeing this document. My only recollection of investigators attending an audit would have been when the audit was requested by their team, and they would have attended and waited for the result of the audit checks.
31. My only involvement with the Security and Investigation Team would have been when they requested an audit of a particular branch, and they accompanied us at the audit.

Prosecution of Maureen McKelvey

32. I have considered the following documents provided to me by the Inquiry:
- i. The call logs pp.19 - 24 [**PNI00000001_071**];
 - ii. The intervention logs p.6 & pp.15-18 [**PNI00000001_071**];

- iii. The audit report, sent to Ms McKelvey, dated 29 August 2001 pp.8-11 [PNI00000001_071];
- iv. The letter from Denise Reid, contract manager, to Ms McKelvey dated 1 November pp.12-13 and response from Ms McKelvey p.14 [PNI00000001_071];
- v. The record of interview dated 4 April 2002, starting at 11:35 pp.50-66 [PNI00000001_062];
- vi. The record of interview dated 4 April 2002, starting at 12:22 pp.67-78 [PNI00000001_062];
- vii. The record of interview dated 27 May 2005, starting at 14:45 pp.79-104 [PNI00000001_062];
- viii. The report of Suzanne Winter pp.3-12 [PNI00000001_082];
- ix. The letter from DS McAuley to the Legal Registrar confirming there is sufficient evidence to proceed with the prosecution dated January 2004 p.1 [PNI00000001_082];
- x. The statement of complaint p.3 [PNI00000001_062];
- xi. The witness statement of Una Kelly dated 26 September 2002 pp.6-7 [PNI00000001_062]
- xii. The witness statement of John McKenny dated 25 September 2002 p.16 [PNI00000001_062]
- xiii. The witness statement of Una Kelly dated 6 January 2004 p37 [PNI00000001_062]
- xiv. The witness statement of Una Kelly dated 6 January 2004 p4. [PNI00000001_050]; and
- xv. The list of exhibits pp.43-48 [PNI00000001_62].

33. My recollection and involvement in the prosecution of Maureen McKelvey is as follows-:

34. The Security and Investigation Team requested an audit of Maureen McKelvey's branch in April 2002. Back then, Pension and Allowances were paid to Post Office customers via "Dockets" which were issued to them by Social Security, Pensions Branch and other Government Departments. On cashment of these Dockets, the Subpostmaster would have to input the docket amounts into the Horizon System, pay the customer accordingly, and then retain the paid dockets in their till. At the end of an accounting week (usually a Wednesday), these Dockets would have to be "addlisted", verified with the Horizon System, and of course included in the office balance. These addlisted Dockets would then be dispatched to Lisahally in County Londonderry.

35. Lisahally was a centre where all paid Pension and Allowance Dockets from throughout the United Kingdom were sent. At this centre staff undertook periodical checks of the paid Dockets, and it seems that a check of Maureen McKelvey's Dockets revealed discrepancies, which in turn would have been reported to the Security and Investigation Team.

36. As part of the Security and Investigation Team's work, they would have requested the audit of Maureen McKelvey's branch which was conducted on 4 April 2002. I was instructed to undertake the audit and I was accompanied by Suzanne Winter of the Security and Investigation Team. On completion

of the audit, I reported my findings to Suzanne Winter and that was my work complete.

37. My only other involvement with the case was attending court as a witness, because I had completed the audit. I do not remember what the outcome of the case was.

Statement of Truth

I believe the content of this statement to be true.

Signed:

GRO

Dated:

27/12/2023

Index to First Witness Statement of JOHN GERARD MCKENNY

<u>No.</u>	<u>URN</u>	<u>Document Description</u>	<u>Control Number</u>
1	POL00032698	Assurance Review - Recruitment (Vetting & Training) (version 1.0, 27 October 2009)	POL-0029633
2	POL00086765	Network auditing approach, methods and assurance (2013)	POL-0083823
3	POL00088453	Training & Audit Advisor (undated)	POL-0085511
4	POL00088557	Audit Advisor (undated)	POL-0085615
5	POL00084650	Audit Plan & Scheduling, Chapter 1 of the Audit Process Manual (Version 8.0) (2010)	POL-0081708
6	POL00083966	Audit Charter (version 4.0, undated)	POL-0081024
7	POL00084801	Performing a Branch Audit, Chapter 3 of the Audit Process Manual (version 5.1, May 2010)	POL-0081859
8	POL00085534	Core & Outreach Audit Process", Chapter 3a of the Audit Process Manual (version 1.0, 27 May 2011)	POL-0082592
9	POL00087627	Follow Up Audit Process, Chapter 3b of the Audit Process Manual (version 3.0, May 2015)	POL-0084685
10	POL00088252	Performing a Cash Centre Audit, Chapter 7 of the Audit Process Manual (version 5.0, Aug 2016)	POL-0085310
11	POL00087672	Quality Assurance, Chapter 11 of the Audit Process Manual (version 5.0, Apr 2015)	POL-0084730
12	POL00084003	Post Incident Auditing without Horizon, Chapter 14 of the Audit Process Manual (version 1.0, Nov 2006)	POL-0081061

13	POL00084813	Condensed Guide for Audit Attendance (version 2, Oct 2008)	POL-0081871
14	POL00085652	Requirement of Network Field Support Advisors at audit, following discovery of discrepancy (version 1.0, Oct 2011)	POL-0082710
15	POL00087688	Training Guide: Compliance Audit Tool (Sep 2015)	POL-0084746
16	POL00087716	Training-Aide for Branch Asset Checking (version 1.7, Nov 2014)	POL-0084774
17	POL00087614	Terms of Reference Audits (version 1, April 2015)	POL-0084672
18	FUJ00001894	Audit Trail Functional Specification (version 8.0, 18 October 2004)	POINQ0008065F
19	POL00002841	Global User Account (September 2016)	VIS00003855
20	POL00104821	Condensed Guide for Audit Attendance (version 2, October 2008)	POL-0080453
21	PNI00000001_071	Letter from J McCleery to PPS Belfast chambers regarding further documentation disclosure on R V Maureen McKelvey	VIS00013112_071
22	PNI00000001_062	Notice of Intention to Request Court to Conduct a Preliminary Inquiry. Plus associated court papers: statement of complaint, list of witnesses, exhibits, ROTI	VIS00013112_062
23	PNI00000001_082	Letter from PSNI re R V - Maureen McKelvey re alleged theft	VIS00013112_082
24	PNI00000001_050	R-v-Maureen McKelvey Additional Statements bundle: Michael Scarlett, Una Kelly, Sonia Cassidy	VIS00013112_050