

HNG

Mandy Talbot  
30/09/2004 10:49

To: Karen Hillsden/e [GRO] Manish  
Patel/e [GRO] Lester  
Chine/e [GRO] Dave  
Posnett/e [GRO] Rob G  
Wilson/e [GRO] Deborah  
Helszajn/e [GRO] Dave  
Pardoe/e [GRO] Tony R  
Utting/e [GRO]

cc:  
Subject: Trading Statement - Changes in Post Office Limited Accounting Practices

I wasn't able to attend a meeting which was held earlier this year to discuss the proposed changes in Post Office Limited accounting practices. However Mrs Clare Wardle did and we have discussed the content of that meeting with a view to preparing this commentary.

Under the new proposed system postmasters will be required to print off copies of the monthly audit and sign them. They would be required to keep these documents but if they do not create and sign the same there is no facility within the system for Post Office Limited to acquire the information which should be contained in the account or to re-create it.

At present when a sub-postmaster resigns or the contract is terminated Legal Services use the final cash account and the information declared on it by the auditor as almost the sole piece of evidence to demonstrate what the losses were in term of cash and stock at the post office on the day the final audit occurred. It would enhance the status of the monthly account in the eyes of postmasters if auditors required to see these documents. It would also strengthen arguments that they are an accounting document. If the auditors do not use the monthly audit reports completed by the postmasters it weakens the argument of Post Office Limited that the monthly audits should be viewed as an accounting record.

Under the new proposed system where there is an error is notified by Pol to the Postmaster the debt has to be dealt with by getting permission to move it into a suspense account, reaching agreement that the debt will be paid through remuneration or declaring that it will be repaid in cash. Where the latter occurs there is no way in practice of checking that this has been done until and unless there is a spot audit. This may well lead to losses to the business increasing given the limited number of auditors.

There is absolutely no provision under the existing contract permitting Post Office Limited to require a postmaster to accept an error and require it to be made good out of his remuneration. To do so would require a substantial amendment to the contract or a supplemental agreement.

I understand further that no formal training will be given on the new system of errors being deducted from remuneration unless challenged or specific permission given. This may also lead to postmasters alleging that they were coerced into accepting errors which were not proper to them. Without the business having access to the data and with no agreed policy in place this would be a difficult allegation to refute. Undoubtedly this will lead to more claims being made by postmasters that they did not understand the new procedure and that they did not appreciate the importance of printing out the documents, signing and retaining copies of the same.

If POL is going to rely on data produced by the Horizon system in court then it will need to put in place a standardised witness statement signed by a party who can confirm that the system was working accurately during particular periods of time and that the information supplied by the same is reliable. Post Office Limited and Horizon will have to identify named individuals who are prepared to undertake this task and if necessary who are prepared to attend court.

The Error Resolution Team at Chesterfield have become specialists in dealing with various types of errors. They have not been called upon to attend court to give evidence upon the methods used by Post Office Limited in receiving notice of an error from say National Savings Bank, drawing it to the postmaster's attention and the evidence that is provided to the postmaster to enable him to check his systems and recognise whether or not an error is valid. With the advent of the new proposed system it is undoubted that more postmasters will challenge and as such the members of the Error Resolution Team should be prepared to attend court to give evidence as and when necessary.

The information relayed about the keeping of records in respect of cash pouches is welcome news as there have been occasions in the past where it has been very difficult if not impossible to identify the precise amount of money which has been sent out to postmasters in particular remittance pouches.

In summary I believe that the new processes will be beneficial in that they will eliminate errors which occur when data about transactions is transmitted to third parties which can lead to erroneous error notices being returned. However I believe the system will cause difficulty in terms of trying to prove to the satisfaction of the courts what a particular debt involved when all the documentary evidence will be in the possession of the postmaster assuming he has printed out the appropriate reports and where access to similar material may not be possible from Horizon or if available only at a price and in a different format.

The new deduction from remuneration procedure is something that if at all possible should be agreed with the Federation or be incorporated into a new draft of the postmaster's contract.

Mandy Talbot  
Royal Mail Legal Services

**GRO**

Jennifer Robson  
01/10/2004 10:37

To: Karen Hillsden/e/ [GRO]  
cc: Dave Pardoe/e/ [GRO] Dave  
Posnett/e/ [GRO] Deborah  
Helszajn/e/ [GRO] Lester  
Chine/e/ [GRO] Manish  
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Utting/e/ [GRO] Torstein  
Godeseth/e/ [GRO] Sue M  
Harding/e/ [GRO] Mandy  
Talbot/e/ [GRO] Victoria  
Noble/e/ [GRO]  
Subject: Re: Trading Statement - Changes in Post Office Limited Accounting Practices

Karen  
Thank you for the opportunity to comment  
I have added my comments in blue on the message below.  
Happy to discuss  
Regards  
Jen  
Debt Recovery Section manager  
Post Office Ltd  
Finance

1st Floor West , No 1 Future Walk, West Bars, CHESTERFIELD, S49 1PF

Postline: [GRO] STD Phone: [GRO] Mobex: [GRO] Mobile: [GRO]  
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----- Forwarded by Jennifer Robson/e/POSTOFFICE on 01/10/2004 09:31 -----

 Karen Hillsden  
30/09/2004 14:19

To: Mandy Talbot/e/ [GRO]  
cc: Dave Pardoe/e/ [GRO] Dave  
Posnett/e/ [GRO] Deborah  
Helszajn/e/ [GRO] Lester  
Chine/e/ [GRO] Manish  
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Godeseth/e/ [GRO] Sue M  
Harding/e/ [GRO] Jennifer  
Robson/e/ [GRO]  
Subject: Re: Trading Statement - Changes in Post Office Limited Accounting Practices

Mandy,

Thank you for you e mail regarding the changes in accounting practices I have added my comments below.

I have copied to Sue Harding (Impact programme manager) Torstein Godeseth (Head of Design Authority Impact programme) and Jennifer Robson (Debt Recovery Manager) in case they have any further comments they may wish to add

If you wish to discuss please do not hesitate to contact me.

Regards,

Karen

Process Architect  
Post Office Ltd  
IT

1st Floor East, 1 Future Walk, West Bars, CHESTERFIELD, S49 1PF

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Mandy Talbot

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I wasn't able to attend a meeting which was held earlier this year to discuss the proposed changes in Post Office Limited accounting practices. However Mrs Clare Wardle did and we have discussed the content of that meeting with a view to preparing this commentary.

Under the new proposed system postmasters will be required to print off copies of the monthly audit and sign them. They would be required to keep these documents but if they do not create and sign the same there is no facility within the system for Post Office Limited to acquire the information which should be contained in the account or to re-create it.

Under the proposed system postmasters will be required to produce a branch trading statement at the end of each trading period (approx monthly) and print, sign and retain within the branch. If they do not create the statement within 3 days of the end of period an exception report will be produced in the MIS and the branch will be contacted and requested to carry out the period end process. All the information for that period will already have been received within the PO financial system via daily interfaces, the only missing piece will be the period end discrepancy which will only be created when the branch does carry out the process. When this is carried out the discrepancy will be visible in MIS and the sub-postmaster will need to either make good at the point or commit to central recovery via the debt recovery team.

At present when a sub-postmaster resigns or the contract is terminated Legal Services use the final cash account and the information declared on it by the auditor as almost the sole piece of evidence to demonstrate what the losses were in term of cash and stock at the post office on the day the final audit occurred. It would enhance the status of the monthly account in the eyes of postmasters if auditors required to see these documents. It would also strengthen arguments that they are an accounting document. If the auditors do not use the monthly audit reports completed by the postmasters it weakens the argument of Post Office Limited that the monthly audits should be viewed as an accounting record.

When a sub-postmaster resigns or contract is terminated a final branch trading statement will be produced and will show losses in terms of cash and stock at the post office on the day this occurred. This should be made good at the time or committed to central recovery.

Auditors can ask to see the monthly statement when they visit and can re-print the previous period from Horizon.

Under the new proposed system where there is an error is notified by Pol to the Postmaster the debt has to be dealt with by getting permission to move it into a suspense account, reaching agreement that the debt will be paid through remuneration or declaring that it will be repaid in cash. Where the latter occurs there is no way in practice of checking that this has been done until and unless there is a

spot audit. This may well lead to losses to the business increasing given the limited number of auditors.

Under the new system the postmaster will not be able to move to unidentified loss or gain in suspense as these options are being removed. They will have to make good at the time or commit to central recovery. The agreement for debt to be paid through remuneration is already being used by the debt recovery teams. If the sub-postmaster agrees to repay in cash the risk that they do not put the cash in the till is no higher than at present.

There is absolutely no provision under the existing contract permitting Post Office Limited to require a postmaster to accept an error and require it to be made good out of his remuneration. To do so would require a substantial amendment to the contract or a supplemental agreement.

I believe this process is already in place.

The current process does not demand that the amount is made good via remuneration. I do not believe the new process does either. In the new process we will be offering "make good" or "settle centrally" --this could be by direct debit or credit card or as a last resort from remuneration. JR I understand further that no formal training will be given on the new system of errors being deducted from remuneration unless challenged or specific permission given. This may also lead to postmasters alleging that they were coerced into accepting errors which were not proper to them. Without the business having access to the data and with no agreed policy in place this would be a difficult allegation to refute. Undoubtedly this will lead to more claims being made by postmasters that they did not understand the new procedure and that they did not appreciate the importance of printing out the documents, signing and retaining copies of the same.

When a transaction correction is sent to the branch the sub-postmaster has the opportunity to request further evidence to support the error. The transaction correction is created in the PO financial system and therefore the business must have access to the data in order to know that an error has occurred. When the sub-postmaster either accepts or requests further evidence that will flow back to the financial system and therefore there is end to end visibility.

Basically the change is from paper based error notices to automated transaction corrections rather than a change of process.

Agreed, as above.

The point about awareness (if not formal training) is a valid one, however, in the sense that postmasters need to understand the consequences of their actions and what happens next. Presumably this will be discussed with the NFSP. I own the current policy on deduction from remuneration and all related processes --happy to help in supporting this comms. JR

If POL is going to rely on data produced by the Horizon system in court then it will need to put in place a standardised witness statement signed by a party who can confirm that the system was working accurately during particular periods of time and that the information supplied by the same is reliable. Post Office Limited and Horizon will have to identify named individuals who are prepared to undertake this task and if necessary who are prepared to attend court.

I thought this was already the case and the changes should not adversely impact on this.

See comments below JR

The Error Resolution Team at Chesterfield have become specialists in dealing with various types of errors. They have not been called upon to attend court to give evidence upon the methods used by Post Office Limited in receiving notice of an error from say National Savings Bank, drawing it to the postmaster's attention and the evidence that is provided to the postmaster to enable him to check his systems and recognise whether or not an error is valid. With the advent of the new proposed system it is undoubted that more postmasters will challenge and as such the members of the Error Resolution Team should be prepared to attend court to give evidence as and when necessary.

Again the basic process is the same but the method of communication different. The sub-postmasters will no longer be able to simply ignore a paper based error notice and will have to action the transaction correction.

Not sure here if Mandy is referring to potential instances where the postmaster continues to dispute after the initial challenge. Currently we ensure we have evidence to support our claim (not always as robust as we would like) when we seek concurrence for deduction from remuneration. If the products remain as now our process in Debt Recovery would be the similar to now. As Karen says there is less

opportunity to resist the TC. Equally we, POL, need to ensure our evidence stands up or we cancel the TC and write off --again this does happen now... I can imagine this being a discussion point for the NFSP --see final comments in blue.....

In respect of attendance at court ,there are instances where members of CACM ( from the Exceptions teams ) are called to give witness statements or attend court. For example, a member of staff attended court on 21st Sept 04 regarding "cheques to procesing" fraud case. JR

The information relayed about the keeping of records in respect of cash pouches is welcome news as there have been occasions in the past where it has been very difficult if not impossible to identify the precise amount of money which has been sent out to postmasters in particular remittance pouches.

This change has been received very positively and ensures that the liability for cash remains in the branch until collection by carrier and that when a remittance is delivered the liability moves to the branch immediately upon receipt.

In summary I believe that the new processes will be beneficial in that they will eliminate errors which occur when data about transactions is transmitted to third parties which can lead to erroneous error notices being returned. However I believe the system will cause difficulty in terms of trying to prove to the satisfaction of the courts what a particular debt involved when all the documentary evidence will be in the possession of the postmaster assuming he has printed out the appropriate reports and where access to similar material may not be possible from Horizon or if available only at a price and in a different format.

All transactions carried out at the counter will flow to the financial system and the MI system. The events of rolling the period and any resultant discrepancies will be in the MI system. Transaction Corrections are created in the financial system and automatically sent to Horizon and resultant action sent back to the financial system.

The new deduction from remuneration procedure is something that if at all possible should be agreed with the Federation or be incorporated into a new draft of the postmaster's contract.

Again my understanding is that this is current process.

The NFSP would be unlikely to acknowledge that they have "agreed" our current deduction from remuneration process. However I *did* consult with them ( and Mandy ) throughout and make amendments where we were able to meet their requests. The current process is accepted by them as our policy and is logged on our POL database. I would envisage similar consultation in respect of the revised process. I cannot comment on whether it is a contract change --I leave that to Mandy and John Legg. JR

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## REPORT 1

I have been asked to advise on the problems associated with the current paper based accounting processes and Horizon procedures in relation to the prosecution of offenders.

The main offences prosecuted by this Office are:

- 1 False Accounting
- 2 Theft of amount equating to unexplained audit shortage.
- 3 Theft – pension and allowance overclaims cases.
- 4 Theft – pension and allowance laundering cases.

In relation to numbers 1 and 2 above, the cash account is relied on as a central piece of evidence. It is used to prove the cash on hand declared by the offender as against the actual cash on hand when the office is audited. Cash accounts play an important role in relation to 3 above. Whilst the prosecution rely on the checks of the actual orders dispatched to Lisahally to prove the overclaims themselves, the cash accounts remain a significant piece of evidence. The fact that the overclaims are deliberate, as opposed to accidental is demonstrated by the lack of a corresponding surplus in the cash account. The cash account itself is rarely relied on in pension and allowance laundering cases.

In the absence of a signed, datestamped account, difficulties can occur in proving whether the sub postmaster, assistant, or counter clerk completed the account; these cases are however rare.

The most prevalent cause that leads to this office advising that there is insufficient evidence to secure a realistic prospect of the conviction of an offender is where the perpetrator (usually in cases of numbers 3 and 4 above) of the fraud cannot be identified. The cause is usually the lack of security of passwords, an error that has been brought to the attention of the Business, but which it has failed to address.

In circumstances where there is no security of passwords, and the suspect denies being responsible for the fraud, unless any other evidence can be secured to prove a specific individual conducted the fraudulent transaction, there will be no case to answer. Unfortunately, in cases where passwords are known to all staff, or are communally used, other evidence can prove to be equally unreliable, e.g. no datestamp book, communal use of datestamps, no leave records, etc.

Where the identity of the perpetrator is known, transaction logs etc often provide valuable and necessary supporting evidence to prove that the fraudulent activity itself occurred. In those circumstances, it is essential to go back to the system provider. The problems encountered here are not with the documentary evidence itself, but the timescales involved in obtaining the information and the difficulty in obtaining witness statements from an appropriate person.

Finally, the time period covered by the charges is on occasion restricted because the documentary evidence is no longer available.

Whilst the above is a somewhat simplistic summary of the more prevalent problems, I trust that it fulfils your needs. If you would like a more in-depth analysis of the problems encountered, I would be more than happy to provide it. Alternatively, if you have any specific query, perhaps you could contact the writer.



## REPORT 2

The Criminal Law Department was involved in advising against the abolition of the current paper based cash account. In a meeting with Jennifer Robson in June 2002, the importance of this document was recognised, as was Criminal Law's main opposition to an electronic account, namely the lack of password security within post offices. The main thrust of our argument was that the non-compliance with password procedures should be addressed before rather than after the abolition of the paper based cash account.

I understand that the decision has now been made to move to a monthly electronic trading statement and have been asked to advise on any difficulties that the business may face in pursuing criminal and civil action after its introduction.

The importance of password security being resolved at the lowest tier of security (i.e. the counter) cannot be over-emphasised. Without it cases where the evidence is insufficient to support a prosecution can but rise. If password security is complied with, then an electronic signature would not be any more or less valid than its pen and ink counterpart. The authenticity of the signature would be for a Court to determine based on the available evidence.

From an evidential point of view, a digital signature would be the preferred option. When an electronic communication is digitally signed, the author creates an encrypted summary of the communication using a "private key", which is available only to the user by use of a password. However, I understand that the use of digital signatures has previously been discussed but rejected because of the cost implications. Clearly, similar problems would in any event arise if the additional password was not kept secure.

Criminal and Civil Litigation have made a number of assumptions and must give a number of caveats in preparing this report

- That the system is due to be used by all post office outlets and not merely those branch offices which remain under the control of Pol

- We appreciate that most errors occur as a result of incorrect input by parties within Pol who transmit details of transactions to the end customer but our objective is to identify and prove deliberate/negligent errors made by the postmaster
- That “client “ refers to the postmaster whilst “customer “ refers to the Banks, DWP, UKPS etc
- If losses occur from a failure to make good errors then if they agreed with the postmaster it is permissible to deduct them from the remuneration for the office at which the losses were sustained. If the sums are disputed then these sums cannot be deducted from remuneration

### **Branch Trading Statement and Balance Report**

Given that the Branch Trading Statement can only be completed after linked activities have been undertaken, including as I understand it the balancing of all stock, it is at this point that offences of false accounting are likely to be committed. Shortages/surpluses can no longer be declared [although shortages over £250 will with authority be held in suspense account], but must be made good or subject to a minimum amount and with authority, be placed in the suspense account. This fact is likely to lead to an increase in fraud. At present an all too familiar scenario is that of a sub postmaster who borrows money to prop up his ailing retail business in the belief that he will be able to repay it at the end of the cash account or the following one.... The fact that losses need to be made good monthly rather than weekly is likely to lead to borrowings escalating out of control quicker.

If the trading statement is a “control” process only it may be difficult to argue that it is an accounting document. If, however, it is a document that has to be printed and retained in the office and is looked at routinely during an audit, it may be argued that it is in fact an accounting document. We would like to see the process demand that a copy of this document is printed out and retained at the office. At present A4.1.7.6 merely queries the necessity for a signed copy of the report to be printed and retained locally. To make auditors request sight of these documents as part of their routine audits will serve a double purpose of increasing their perceived importance in the eyes of the

postmaster and strengthening the argument that the auditors final report and the documents upon which it is based such as the Trading Statement and balances are accounting documents for the purpose of evidence.

Currently, false accounting charges are primarily based on the weekly cash account. In future the charge may have to relate to the balance produced at stock unit level. I do not anticipate any problems with the fact that this will include stock volumes held as opposed to stock values. I understand that the value of each individual stock item, e.g. cost of a television licence at the time of the original entry will feature on the report.

I note reference is made in A4.1.7.5 to the fact that a report is produced which "he/she can check, sign and store." The word "can" should presumably be replaced with the word "must." I am pleased to note that the retention period is two years rather than one.

In our view it will be necessary for a declaration to appear above the space for the signature on the balance. Provided this happens, in theory false accounting charges, would remain viable. The following wording would be acceptable to both civil and criminal

"I ( identity of signatory ) certify that this balance prepared on the ( date ) is an accurate reflection of the stock and cash held at ( name of office ) "

However, in practice, a dishonest sub postmaster, branch manager etc may fail to either sign or retain the final balance report. How will this type of breach be policed? The problems could be circumnavigated if duplicate reports could be produced by the system. Is this possible? Civil Litigation would have extreme difficulty in proving losses in respect of the artificial inflation of stock/cash without admissions and with no signed electronic documents available.

In the absence of admissions, the Prosecution would have to prove beyond reasonable doubt who the author and sender of the account is. Back to password security!

Returning to the trading statement, I note that in A4.1.7.6 under the heading "Automation", reference is made to the user being presented with a textual message which describes the liability and responsibility which the postmaster is accepting. May I be advised of the wording – it is extremely important.

Clearly, the tool, that enables the data warehouse to monitor who has or has not done a trading statement is useful.

There is mention of a completed indicator "on the system." In what format would this be?

#### **Other areas that may cause difficulty**

##### SUSPENSE ACCOUNT

By permitting errors to be rolled over into a suspense account and cleared by a declaration that they have been made good, or by the permission of the suspense account team the following consequences are likely to arise;

- suspense account team members will be called to court as witnesses more often unless it is possible to add a step to the system which records their electronic authorisation or refusal of a request
- if the above is not possible then the recording of telephone conversations between the postmaster and team member will have to be preserved and recalled
- litigation costs will increase if additional witnesses/ reports have to be called and obtained
- if reports are not available there will be a decrease in the number of successful civil actions.

##### MUTE

You will be aware of the problems involving this working practice. There is a suggestion that there will be even greater flexibility in the use of stocks. Is this the case? How will this be recorded and monitored? The password issue is of paramount importance here.

##### Migration of data

It will be necessary to keep all migrated data clean. Difficulties are likely in new cases which will rely on data from the old system; human error is inevitable and may reduce offences from theft to false accounting. In civil litigation we have to prove the exact amount of losses claimed for any court

action to be successful. Corruption of data would probably mean that the element of the claim which relied on that data would have to be abandoned.

How is the data to be transferred from the old to the new system?

#### Integrity of data

I note that items in the suspense account can be written off via central. How? If someone can manipulate/override data, the prosecution would have to prove the data presented to the Court was in the format entered by the Defendant. Digital signatures which create the encryption of information would prevent this problem arising. In the absence of this, it may be necessary to have a standard statement to confirm that the data presented to the Court was not manipulated.

#### Access to data

Both the Non-compliance and the Remuneration Reports seem to offer benefits to investigation subject to the format. The data needs to be readable. Is it? Are investigators going to have access to the data? If not, the appropriate persons needs to be identified who can provide the data and make witness statements. This needs to be addressed sooner rather than later.

It will also be necessary to identify someone from Fujitsu who has an expert overview of the system and can explain it in plain English. Arrangements will also have to be in place to allow expert access to the system (the Defence).

#### Training records

These will be crucial. Helpdesk logs are often relied on in prosecutions – is Remedy still going to be used?

In civil litigation it is common to face a defence based upon the fact that Pol did not supply adequate training when the new Horizon system was installed. It is very difficult to disprove this argument in light of the less than satisfactory records maintained by Pol in terms of the dates of the training and the identity of the trainers. Hopefully this lesson can be learned when the new system is rolled out.

The clarity of the operational manual will be essential and we should be obliged for a copy of the draft for our input.

### **Conclusion**

The above is a summary of some of the difficulties that we may face once the system is live. The evidential issues will initially be difficult, but not insurmountable. The level of difficulty cannot accurately be assessed on unseen formats. I have to state, that given I am not an expert in understanding conceptual design, that I may not have appreciated all the implications of the system.

If you have any queries regarding the above, or would like to discuss this matter further, perhaps you could contact the writers.

The Problems associated with proving civil cases associated with the current paper based accounting processes and Horizon procedures.

The major concerns of both civil litigation and prosecution is that the new proposals assume that Postmaster will comply with the proposed system and we believe that it is not robust enough where through neglect or fraud he/she does not. Where such neglect or fraud is suspected if recovery is to be achieved under the current system, one must be able to call on documentary or electronic evidence, which on the balance of probabilities demonstrate that the Postmaster or one of his employees was responsible for the loss. Despite the wording of the contract it is not adequate to issue proceedings on the basis of losses unless one can prove their existence if challenged in Court. The Courts assume that POL has a large number of auditors and accountants who are capable of demonstrating exactly how deficiencies occur. They are unlikely to find in favour of the business in cases that are predominantly brought against litigants in person where they are not satisfied by the proof. The consequence of having brought a civil claim that one is incapable of proving will result in having to pay the legal costs of the Postmaster whilst bearing ones own.

At present under the paper based system civil litigation experience problems in obtaining the basic underlying documents such as P & AG foils which have a limited retention period of one year at Lisahally unless the error resolution team or security have requested their preservation.

Other underlying documentation such as till receipts are sometimes missing leaving witnesses open to the allegations that they have made errors in creating reports, in counting up the number of foils present against the declarations and till receipts.

Error notices are sometimes very badly scanned and the content is very difficult to read, as the original scanned documents seem to be prone to fading quickly.

There are different retention periods for different types of error notices and sometimes they have been disposed of before the case is referred to civil litigation.

With claims based on the loss of remittance it is sometimes impossible to locate adequate evidence under the current system and those elements of the potential claim have to be abandoned.

The staff at the error resolution team at Chesterfield are not experienced in attending Court as witnesses for the business. Their predecessors in the regions were used to such appearances and could each give evidence as to the procedures to be followed in accounting for a whole range of errors. The current staff specialise in one type of error and I understand that more specialism is to occur which will result in an increased number of witnesses being called to court, in cases where each element of the claim is denied.

The high turn over in retail line managers and the lack of adequate records of meetings with postmaster's means that it is sometimes very difficult to challenge allegations made by postmasters in defence documents that they were permitted to make extraordinary arrangements by their retail line managers. E.g. rolling over vast numbers of errors into suspense accounts.

In cases involving robberies it is common practice for postmasters to declare that they have raised concerns about security arrangement with retail line managers which are some times very difficult to disprove because of the factors set out above.

The less than perfect arrangements made for the storage and recall of letters of appointment and contracts of appointment means that it is sometimes impossible to prove that postmasters are bound by the terms of the contract at all. It is sometimes possible to issue proceedings in these cases based on statements by retail line manager but again see the problems set out above.

We have to call upon auditors to provide evidence as to the stocks and cash in the office on the date of the final account. This has become more difficult in late due to the number of auditors who have left and the difficulty in persuading them to attend Court even if it possible to track them down.

Under the Horizon system it is common for postmaster to blame all their errors on a lack of training. Civil Litigation finds it very difficult to obtain details of who gave the training in the first place as in the early days of the Horizon roll out records were not well kept and even when they were the staff are often no longer employed by the business. We understand that the prosecution team can obtain access to full records of all calls made by postmasters to the help desk but we have experienced great difficulty in obtaining access to full records with neither Dearne Valley or Fujitsu being particularly helpful, and nobody being prepared to take responsibility in either organisation.

To date we have not dealt with a postmaster recovery case where the records were held in anything other than paper form but with the anticipated reduction in the amount of paper used we will have to call on horizon. If our experience with the call logs is duplicated we anticipate great difficulty with this.