

Witness Name: Roderick Mark Ismay

Statement No: WITN04630200

Dated : 10 April 2024

POST OFFICE HORIZON IT INQUIRY

SECOND WITNESS STATEMENT OF RODERICK MARK ISMAY

I, Roderick Mark Ismay will say as follows:

Introduction

1. I understand that the purpose of this witness statement is to set out matters of fact of which I have personal knowledge.
2. This witness statement was drafted in my own words with my solicitor, DAC Beachcroft's assistance during a process including the preparation of successive drafts after communications between me and those advisers in writing, by telephone and by video conference.
3. The facts within this witness statement are either within my own knowledge, or derive from the records provided by the Post Office Horizon IT Inquiry. However, as it relates to events that occurred in some cases over twenty years ago, there are several areas that I do not recall. Where that is the case, I have said so.
4. This statement responds to the request for a written witness statement

pursuant to Rule 9 of the Inquiry Rules 2006 reference WITN0463R9 (1)/LD/20240226 dated 26 February 2024. My witness statement responds to the questions asked in Annex 1 regarding the Post Office Horizon computer project.

Civil Proceedings against Ms Wolstenholme (Cleveleys)

5. I have considered the following documents:
 - i. **POL00142503** (email to Donna Parker and others on 26 July 2004);
 - ii. **POL00142504** (advice on evidence and quantum by Mr Brochwicz-Lewinski dated 26 July 2004); and
 - iii. **POL00158510** and **POL00158512** (emails from Carol King to me dated 26 July 2004)
 - iv. **POL00142505** (email from Tony Marsh to me and Tony Utting on 27 July 2004); and
 - v. **WITN00210101** (report of Jason Coyne in *POL v. Wolstenholme*).

6. I do not recall having direct involvement or giving instructions in the case of *POL v Wolstenholme*. It was not my role to instruct POL legal team or solicitors – my recollection is that there was a process or a policy for the management of cases and liaison with internal (POL Legal team) and external solicitors, and this is what appears to have happened in the most recent email in POL00142505. I believe that there was a role called a Prosecution Authority who worked closely with the Head of Criminal Law

and with internal legal teams, who would in turn have managed the relationship with external solicitors.

7. My recollection, twenty years from the date of the documents shared in the Inquiry bundle, is that there was a press cutting service within POL which would have included all sorts of network and product news but which would also have included articles commenting on Horizon. My recollection is that I asked members of the IT Directorate what their view was about such articles and that Cleveleys came up in that conversation, with the IT Directorate firmly of a view that the criticism was unfounded. I have read POL00142504 and WITN00210101 and I see that they are the opinion of the IT expert acting for Ms Wolstenholme on this case and the associated report from counsel and that those documents do raise doubt about Horizon. My recollection, however, is that the Post Office Head of IT, Dave Smith, did not agree with those opinions and that he disagreed with the validity of the approach adopted by the IT expert to reach their opinion. Rightly or wrongly, I trusted that internal opinion, from someone I understood to be an expert on Horizon. In POL00142503 I escalated Counsel's opinion to the Chief Operating Officer, David Miller, via his PA. This was in the absence of the Finance Director. I expect that both would have had more knowledge of the early years of Horizon to take an additional perspective on Counsel's opinion. Later on, in the report I compiled in 2010, POL00088935, I did mention Cleveleys and that "...the defence produced a report which showed how Horizon 'could' have caused an error and POL did not have the audit transaction logs to refute the claim." In hindsight I think that the report I compiled could have been

more complete if it had expanded on Counsel's opinion and the IT expert's opinion from 2004. However, the recollection in the 2010 report suggests that POL saw the lack of available transaction logs as the issue, and had subsequently taken action on that. Consequently, and perhaps wrongly, those external opinions had been rejected in 2004 and were probably a fading memory by 2010. For my own part, I expect that the Head of IT's rejection of them had probably diluted them in the wide range of topics in my head across all aspects of my job. I think that the previous Head of IT had also retired before 2010 and so the "corporate memory" of events in 2004 would have been further diluted. I also stated in my 2010 report that "Systems issues have also arisen but again POL has been able to explain them and rectify them." I said that in recognition that some technical issues had arisen with Horizon however due to the comfort that was given to me by the Head of IT, who would have had a direct point of contact at Fujitsu with respect to Horizon, during the course of compiling this report, I was assured that the issues were resolvable. This position within POL was further amplified by the earlier feedback from the independent IT consultancy Gartner who had described the Horizon Online architecture as first rate.

8. I do not know what more detailed rationale the Head of IT had, although it may have included the transaction logs, but I think the Gartner report on Horizon, which I referred to in the paper I compiled in 2010, may have first been mentioned to me, by him, around this time. I think, also, that I would have felt some reassurance regarding POL IT's stance from forums I attended with the NFSP (people who were users of the system and

representatives of users) wherein my recollection is of a focus on branch conformance and training, not on doubt about Horizon. Please also see my comments in 13 below. I had also been asked to focus on Financial Services regulatory compliance and branch conformance by the Finance Director when I joined a few months earlier and I don't recall a sense from Director level, during my tenure, that they doubted Horizon, despite them probably having been close to it through the procurement and migration, as well as some being party to the correspondence about this case.

9. I do not know whether it was my question above which led me to become involved in correspondence about this case or whether it may have arisen as a result of the Branch Audit Team reporting to me in 2004, however, I recognise that in POL00142503 I had collated certain information about this case to escalate to the Chief Operating Officer (David Miller, via his PA) in the absence of the Finance Director. I do not recall briefing others on the POL Board nor do I recall meetings with David Miller, Tony Marsh or Mandy Talbot, however, it is clear from the documents provided to me that I did have correspondence with them. I am sorry that I cannot recall whether this was accompanied by meetings. It is, however, the case that I was in my first year of employment with POL and I did have many introductory meetings with staff and that did include all directors at the time.
10. POL00142503 includes correspondence which explains that others had already considered and approved settlement payments to Ms Wolstenholme.

11. I am asked by the Inquiry whether I read the advice of Mr Brochwicz-Lewinski dated 26 July 2004 and Mr Coyne's report. My immediate reaction was that I could not recall either name, nor whether I had even received either of the reports, but based on the emails provided to me I can see that I had at least received the first of those, because I then forwarded it. In the same email that I forward Counsel's Opinion, I ask whether Legal had a copy of the IT expert's opinion, which suggests to me that I did not have a copy of it, but probably wanted the recipients of the email to be clear about who had it if they needed it. I do not know whether I read either document and indeed I am unclear whether in any other correspondence I actually received the latter. Whether or not I did, it is my recollection that the IT Team had referred to the IT expert's opinion and had indicated that they disagreed with it, as I explained above.
12. My understanding was that there had been a large team of experts involved in developing the Horizon system, that it had undergone extensive testing and that the independent consultancy, Gartner, had reported positively on the deployment of the system. I do not believe that I took any further action in relation to the concerns raised in Mr Coyne's report nor was I asked to. My recollection is that the organisational priorities agreed for me at the time focussed on Financial Services regulatory compliance, network cash reduction, branch conformance and team reorganisations to support company-wide headcount reduction programmes. I believe that if the Horizon system were a priority at the time, then it would have been a responsibility for the IT Directorate.
13. I joined POL with an enthusiasm for the work that Post Office and

Subpostmasters did and with a respect for their roles in the community. I think I would, therefore, have reflected more than once on the sadness of situations involving legal action and on potential outcomes which have been demonstrated so powerfully in the awful experiences narrated by Subpostmasters in the Human Impact phase of this Inquiry. However, whilst prosecution was not my decision, I think I would have rationalised it for reasons including the following:

- 13.1 POL IT team's confidence in the integrity of Horizon and their rejection of criticism of Horizon posed in defence cases and in the press
- 13.2 POL Network Team and NFSP confidence in Horizon, including as users of the system,
- 13.3 The conclusion in 2004 of an earlier case at Sevenoaks post office, for which my recollection is that it was a Crown / Directly Managed Branch, not a sub-post office, wherein the Assistant Manager admitted to theft of more than half a million pounds to support his gambling habits
- 13.4 Feedback from branch auditors giving similar examples where they said colleagues running branches had confessed at audit to using post office cash for such purposes as paying off debts and using it to fund associated loss-making retail operations that they also ran. Such situations sometimes also involved branch requests for one or more cash deliveries to the branch, via Post Office cash delivery vans, where the value and frequency of the deliveries was

disproportionate to the actual cash needs of the location. This topic specifically contributed to work to improve the analysis of gross cash turnover at a branch level (cash inflows and cash outflows) in order to support better decision making centrally about cash needs and better assurance to branches about the actual amount and frequency of cash deliveries that they needed based on their customer transactional activity

- 13.5 Seemingly compelling data about unusual activity in branches and apparent discrepancies in, or unexplained absence of, the expected content in pouches remitted out of branches. These themes included the following:
- 13.6 Cheques on hand – high values despatched for processing significantly late or not at all
- 13.7 Frequent and high value remittance reversal activity in branches at cash account period ends
- 13.8 Extensive cash to cheque reversal and re-reversal
- 13.9 Empty pouches or glued up pouches for returned saving stamps
- 13.10 Benefit transaction fraud
- 13.11 Manipulation of bureau de change exchange rates at a time when manual rates tables were used, and before central automation
- 13.12 “Theft and flight” cases of high value purported cash deposits into online banking accounts in branch followed by attempted withdrawal

at a bank before the alleged deposit could be investigated – such matters were monitored by a member of the Investigations Commercial Security Team in liaison with banks

13.13 Situations of multiple debit or credit cards being run through branch terminals late at night in suspected testing of counterfeit cards

14. I accept that the assertions above and examples of proven instances in certain branches are not proof that it arises elsewhere, however, I am sharing these perspectives to help the Inquiry understand the general context that may have influenced decision making in departments across the organisation during the period of these actions

15. The factors above would have contributed to a general belief, within POL's central teams, that some level of inappropriate activity was being conducted in branches, whether directly managed or franchised. My recollection is that in the routine course of my involvement in work on branch conformance, I met with NFSP, with some subpostmasters and with some representatives of "multiple partners" (retailers who ran many post offices under a franchise) and that there were times when discussing general conformance and cash holdings where those third parties alluded to their own perception of the risk or even examples, that were known to them, of inappropriate activity.

16. My recollection is that criminal prosecution was only followed where there was believed to be sufficient evidence regarding a specific individual and I believe that would have been a decision between the Prosecution Authority and POL Legal. My recollection is that there may have been

other situations wherein a civil action was taken, which I think was an action related to the contract. The issue of responsibility was then influenced by factors including the following:

- 16.1 The subpostmaster contract
 - 16.2 Evidence of password sharing causing doubt about who may have performed a particular action, but with it nevertheless being the responsibility of the Subpostmaster under the contract
 - 16.3 Situations of one subpostmaster owning many (possibly dozens) of branches and choosing to fully delegate the running of the branches to other staff whom they appointed. In these situations, and in cases where there may have been password sharing, then my recollection is that auditors or investigators would seek to find out who had done what, but if that proved not to be possible, then again the subpostmaster would be considered to be responsible under the contract
 - 16.4 This had the potential to mean that a trusted employee, who might even be a trusted family member, might have carried out a suspicious transaction or taken cash, but it might just not be possible, for understandable reasons of friendship, for the subpostmaster to believe that this could have been possible
17. Also, I believe that at some point in time, during this whole sad chain of events, there were comments that allegations about Horizon were generally raised late into proceedings and often as a retraction of previous

confessions about what had happened. I think this was an observation from POL Legal or from Branch Auditors or Investigators involved with cases. I acknowledge that the basis for this perception may now be challenged in hindsight by findings from Phase 4 of this Inquiry

18. In hindsight, I would now challenge my perception at the time, but in my narrative above I seek to explain the context that I and others were operating in at the time.

Response to the Ismay Report

19. I confirm I have read POL00296291 which states that I received praise from the Chair for my report. My recollection is that this happened at a time when either POL had just moved from its Old Street offices to new premises near Moorgate or it was at a time when there had been several new joiners to the organisation. I think I was being given a short tour, either to see the new offices or to meet new people and in the course of this I was introduced to the Chair. My recollection is that it was a very brief introduction, and the only occasion I recall on which I had direct conversation with that Chair. My recollection is that the comment was along the lines of the following "Ah pleased to meet you, so you will be Mr Ismay of the Ismay Report, a very good document".
20. As regards the comment "...and to continually rebut claims..", my recollection is that I was rarely included in correspondence about cases going to court, whereas I believe I was regularly approached by the Freedom of Information Act Team and the Communications Team for input to assist them in their responses to FOI requests and letters of complaint. I

expect that this phrase would, therefore, have been used in respect of my input to assist the response to complaints and other correspondence.

21. POL00296291, my PDR, is a quite tightly packed document spanning three pages and has nothing more in it about that feedback, whereas if it had been a major part of my work I expect that I would have wanted to elaborate more on it. The rest of the document demonstrates that my objectives and the thrust of my work had clearly been about other topics and I expect that I was simply keen to quote what seemed like positive feedback from the Chair for my summarisation in the report.
22. Actual rebuttals of claims in legal cases would have depended on evidence submitted in those cases, not on the content of an internal report. I expect that rebuttal would also have been a decision for POL Legal or the Prosecution Authority based on their assessment of the evidence as it related to the specific branch involved in the specific case. Such evidence could perhaps have been actual examples related to the themes that I summarised from discussions with others in my report, but those examples would have come from relevant areas within POL.
23. The origin of the report had not been to rebut claims – it had been to assist a new Managing Director to develop an understanding of an environment where challenges were being made about Horizon, but where there was no ready document available which pulled together reasons for assurance.
24. POL00296291 also includes a note by me which starts with “Mute button / shut up”. I think I would have written this in the context of development points for the year ahead based on feedback to me from other people in

the preceding year. The nature of the team that I led, was that it involved managing a wide variety of complex processes and such processes were very often impacted by wider business change projects such as new customer products, new channels and new systems. I was therefore often working in the detail, and I felt I had to work in the detail, but I was regularly challenged by line managers and peers to be more strategic and not get meetings bogged down in detail. The fact was, in my opinion, that I did need a grasp of the detail but I had to strike a balance in business meetings where POL had many massive strategic priorities (eg. Funding and separation from Royal Mail) such that I could be concise and effective when giving updates for my area. I, myself, had annual objectives and evolving priorities linked to these other areas – in particular the separation of POL finance processes from group wide processes, FSC input and readiness for IT system upgrades, Back Office Efficiency Programme, tenders and supplier relations around cheques and card processing, team restructuring for headcount reduction and team support for branch cover during strike action.

25. This report that I compiled was a summary of the existing understanding of teams across the organisation. I do not, therefore, believe that the report itself would have been something that POL used or relied on in its response or in devising its strategy to the response, but rather the individual elements of potential assurance noted within it, as communicated by functional leaders across the organisation, would have been matters that would already have caused POL to have belief in Horizon, and would continue to do so.

26. The report has an addressee list at the top of it and my recollection is that my conversations during the compilation of the report would have been with those individuals or with members of their teams that they asked me to speak to. As regards specific members of POL Board, I do not recall which “directors” (members of the POL Executive Team) were also members of the POL Board, however, the ET members that I believe I spoke with in compiling the report were Mike Young and Mike Moores. The report was then primarily addressed to Dave Smith but, as he was the one seeking the understanding from across the business (and was relatively new to the company), I don’t recall that I had much conversation with him about it aside from being asked to compile the report. I believe that the request for me to compile the report arose due to a lack of clarity of Horizon sponsors within POL, but that from a recent visit to Chesterfield it was clear that I and my team had a good knowledge of Branch accounting.

Shoosmiths litigation

27. I have reviewed POL00046944, POL00294879 and POL00027523 and I think I would have been involved in three ways in this matter.
28. Firstly, in light of the then recent document referred to as The Ismay Report, I think that upon the receiving the letter of claim, POL Legal Team would have approached me to assist in suggesting what people or teams would need to be involved in responding to the topics within the letter.
29. Secondly, I would most likely have been involved as the Head of Product & Branch Accounting wherein I or members of my team would have been best able to answer specific questions about accounting processes.

30. Thirdly, I think I was replaying to the Legal Team what they would have told me in the first place – claims would not have been addressed to me, they would have been sent to Legal or Head Office as indeed POL00046944 was. I think it was probably a situation of different members of the Legal Team knowing about different cases and a range of people in other teams providing input to different cases, but no one having a summary of it all. I think I then volunteered to trawl through information to summarise it, in the absence of anyone else volunteering to. I think this is symptomatic of other strands being considered in this Inquiry and perhaps a reflection of the high levels of staff turnover in some teams – I think I might have volunteered or been approached to collate things, and then become a magnet for that, when someone else should have been responsible and should have done it, or indeed it should have been information readily to hand in another team. This probably also led to me gathering addressees' thoughts together in the proposal I made in POL00294879.
31. My recollection is that the POL Legal Team would have then led on the response to the letter of claim. I do not recall that I or others were assigned specific roles or responsibilities, other than that actions may have been agreed such as fact finding about processes or records which may have been relevant actions for me. I do not recall that this was a situation of an “appointment” but rather that in any business situation where you have to gather information, you get the people involved who represent the relevant teams or processes for gathering such information.
32. I do not consider that I can describe a strategy for POL's response. Rather

I would say that the letter of claim set out a situation and I believe the POL Legal Team would have determined how that would be responded to and, in that sense, would have been responsible for strategy.

33. My recollection is that POL Legal Team or the third party lawyers supporting POL advised that correspondence should be headed in a certain way to retain legal professional privilege. My understanding was that this was a common principle in the legal profession for solicitors and their clients, which I presume would be relevant for all legal cases, and so would not be unusual to be used in this situation. At some point in time (I do not recall whether it was before or after this situation) POL issued guidance on document categorisation (eg. Confidential etc) and I believe that this also would be common practice across organisations. I do not believe that I was aware, if at all, of POL seeking to prevent disclosure of documents but rather that it had been felt necessary, corporately, to reinforce to people the importance of document categorisation in a solicitor / client context.

Response to Private Eye Inquiry

34. I have considered POL00294843 and do not recall this specific inquiry, but I think that I was asked to provide input from time to time on enquiries that may have come in to POL. Such enquiries might have been first received as Freedom of Information Act requests or letters to the Managing Director and I think were forwarded to me from time to time by the related teams in London. My recollection is that those enquiries were from individuals not journalists, however, this document shows that there were journalistic

enquiries too. There were obviously also situations of articles in the press which were not a specific question addressed to POL but which were a general comment in the media which may or may not have merited a response.

35. I do recall at some point that I queried with the PR Team whether there was merit in attempting to respond with a summary of POL's reasons for assurance such as training, IT model office and helplines etc but I believe the response was that it would be very hard to provide a simple and concise summary of such matters and that it could rather be interpreted as a "tit for tat" which would just exacerbate the situation. This is potentially the type of feedback which led to the comment I made in POL00296291 about "mute button / shut up" and which is commented on above in paragraph 24 of this statement.

Appointment of Second Sight and its investigation

36. I confirm that I have reviewed the documents the Inquiry has asked me to consider, namely; POL00184724, POL00184725, POL00184726, POL00184727, POL00097548, POL00185683, POL00098035, POL00130162, POL00130163 and POL00130164.
37. I do not believe that I ever met with the JFSA, however, my recollection is that some other colleagues had met with them and that Second Sight had either been proposed by JFSA or had in some way been identified as a firm to consider and that it had then been mutually agreed between POL and JFSA that they would be appointed. I apologise if I am wrong in that, but this is my recollection. Having now read Second Sight's Interim Report,

POL00090567, I see that Second Sight themselves set out a short summary of the origin of their appointment and the remit agreed for their work at the top of the first page of their Interim Report. In their Part 2 Report, POL00029849, Second Sight comment at 1.2 that they were appointed by Post Office at the request of Members of Parliament. I was not involved in commissioning Second Sight or in the preparation of their mandate. I believe, their primary point of contact would have been the Legal Team or Angela Van Den Bogerd.

38. I did not meet with any MPs myself, but I was involved in some information gathering ahead of a meeting with MPs in May 2010. A briefing paper was compiled for that meeting (POL00002082) as shared in Bundle R10 last year. I would have been involved in explaining some of the processes narrated in that briefing paper.
39. I do not recall that I was involved in the appointment and instruction of Second Sight. I did, however, attend at least one meeting with Second Sight and I did correspond with them in response to questions that they asked. My recollection of a specific meeting is of one regarding the Suspense Account. This is expanded on later in this statement.
40. My recollection had been that Second Sight were appointed to look into specific cases put forward by JFSA. My recollection from the one meeting that I recall with them was that they felt some cases merited further investigation by them but that they or JFSA felt some other cases did not have validity. I believe that these cases are what is referred to as "spot reviews". Having been able to read POL00090567 I have then been

reminded of the communication that was sent out to subpostmasters and counter colleagues which invited them to submit issues confidentially to JFSA. That same document explained that the objectives of Second Sight's work were somewhat broader in advising on whether there were any systemic issues or concerns (page 1) but that the approach adopted to develop such advice would be based on spot reviews (pages 2-3).

41. I do not recall who at POL was responsible for deciding the ambit of Second Sight's investigation and the extent of its access to documentation
42. My recollection is that large amounts of information were provided to Second Sight and that large amounts of time were made available for discussion with them. The lengthy correspondence that I was party to with them, regarding the suspense account, is an example of that.
43. My recollection is that Second Sight's initial scope was about spot reviews and my feeling from my recollections is that sufficient information was being provided by POL. The nature of the two Second Sight reports that the Inquiry has shared with me suggests that either the agreed scope evolved or there was a divergence of opinion about what the scope was. In that regard I do not know whether the extent of provision of information was sufficient.
44. My recollection regarding spot reviews is that there would have been specific questions about the transactional history in a branch and perhaps about specific products being transacted. I believe that I would have been providing or gathering the response from a transactional and process sense about such matters. My recollection is that rather than it being a

“strategy” POL would simply have been seeking to fully answer the questions raised during the course of a spot review. My recollection is also that, although I made a proposal for process in POL00184724, there was a point at which it was agreed that spot reviews would be followed up direct by colleagues in London with members of my team, rather than through me. This was potentially due to a broader prioritisation wherein I needed to be focussed on the Finance Roadmap project and other follow-ons to the separation of POL processes arising from Royal Mail privatisation.

45. I cannot recall the Second Sight Weekly Calls, however, given that I believe POL was responding to the spot reviews I would expect that the weekly calls were a status check on the progress of such responses. In that regard, as explained above, I or my team may have been the people best placed to respond to specific topics in the spot reviews.

Second Sight’s interim report and the Mediation Scheme

46. I confirm that I have considered
- i. **POL00022598** (“the Helen Rose report”);
 - ii. **POL00090567** (Second Sight’s Interim Report);
 - iii. **POL00145290** (email to dated 9 July 2013);
 - iv. **POL00191780** (email to Gayle Peacock and Jeff Burke on 11 July 2013);
 - v. **POL00083932** (record of the Horizon regular call on 19 July 2013);

- vi. **POL00139731** (record of Horizon regular call on 24 July 2013);
- vii. **POL00139732** (record of Horizon regular call on 31 July 2013);
- viii. **POL00201858** (email to Angela van den Bogerd on 18 March 2014) and **POL00201859** (attachment);
- ix. **POL00205842** (email from Charles Colquhoun to you on 19 June 2014);
- x. **POL00004439** (Briefing Report Part 1 dated 25 July 2014);
- xi. **POL00206939** (email from Belinda Crowe to Chirs Aujard on 29 July 2014) and **POL00206940**;
- xii. **POL00207085** (email from Belinda Crowe on 1 August 2014);
- xiii. **POL00021762** (email from Belinda Crowe on 6 August 2014);
- xiv. **POL00208183** and **POL00021808** (emails to Andrew Pheasant on 29 August 2014);
- xv. **POL00208299** (Andrew Pheasant's email on 2 September 2014);
- xvi. **POL00021763** (email from Andrew Pheasant on 3 September 2014);
- xvii. **POL00021849** (email to Andrew Pheasant on 9 September 2014);
- xviii. **POL00210892** (email from Belinda Crowe on 15 October 2014) and **POL00210893** (attachment);
- xix. **POL00218260** (email from Paul Loraine on 8 January 2015) and **POL00218261** (attachment);

- xx. **POL00022296** (attendance note of meeting with Second Sight on 9 January 2015);
- xxi. **POL00218910** (email from Peter Goodman to Alisdair Cameron on 16 January 2015);
- xxii. **POL00218920** (email from Chris Aujard on 16 January 2015);
- xxiii. **POL00025788** (email to Andrew Parsons on 26 January 2015) and **POL00025783** (attachment);
- xxiv. **POL00150950** (email to Andrew Parsons on 28 January 2015) and **POL00150951** (attachment);
- xxv. **POL00218943** (email from Belinda Crowe to Andrew Parsons), **POL00218944**, **POL00218945**, **POL00218946** and **POL00218947** (attachments);
- xxvi. **POL00312064** (email to Alisdair Cameron on 12 February 2015), **POL00312065** and **POL00312066** (attachments);
- xxvii. **POL00224476** (email from Mark Underwood to you on 13 March 2015);
- xxviii. **POL00151682** (email to Mark Underwood on 20 March 2015);
- xxix. **POL00225340** (email exchange between you, Alisdair Cameron and others on 23 March 2015);
- xxx. **POL00029849** (Second Sight Part 2 Report dated 9 April 2015);
- xxxi. **POL00226357** (email exchange with Mark Underwood on 9/12 April

2015); and

xxxii. **UKGI00000018** (POL's response to Second Sight's Part 2 report).

47. My recollection is that my involvement in POL's response to Second Sight's reports was, as explained above, to provide or gather the response to specific questions from a transactional and process sense.
48. Whilst I believe I responded to a variety of questions over a period of time, I cannot recall whether they related to the Mediation Scheme as well as to Second Sight's questions.
49. I cannot recall what my views were at the time, on the conclusions reached in the interim report. However, having read that report as part of preparing this witness statement I think that my perception would have been that it was written in a balanced manner, acknowledging all of the following – firstly the fact that the subpostmaster experience was not just about Horizon but also about other aspects of the environment around it such as training and connectivity, secondly that the situations in the spot reviews were not straightforward, thirdly that it was hard for POL to prove the negative, but fourthly that this was the same situation that subpostmasters may have found themselves in too. Aside from the work on Spot Reviews and the work to explain the suspense account, I do not recall how actions were taken forward from the report, but I would expect that this would have been under the direction of those responsible for co-ordinating the Second Sight work, which I believe was POL Legal or Angela Van Den Bogerd.
50. As regards the assertion that “there is often a focus on ‘asset recover

solutions' without first establishing the underlying root cause of the problem" I agree that, in isolation, the explanation of the cases does sound like that. However, in a wider context, I would say that significant effort was already being put into, and continued to be put into, eliminating the scope for errors and complexity in the first place. I would say that the priority given to me regarding loss reduction in my time at POL was by way of eliminating loss making products and making customer transactions and end of day routines (such as cheque despatch) easier to transact. It was not about 'asset recovery' as the priority – it was about prevention in the first place and this spirit was reflected in articles that I initiated in POL's branch publications and in articles that I contributed to the NFSP Subpostmaster magazine. The Back Office Efficiency Programme and other central initiatives had a focus on ceasing certain problem products (primarily Post Office Saving Stamps) and on providing an easier and clearer data flow for "off-Horizon" services (products served through stand-alone equipment), to enable branches to examine, challenge and accept the transaction summaries via "Ping" (a topic that I addressed in my first witness statement). "Off-Horizon" products meant products such as Camelot and PayStation whereby batch summaries could be sent as "Transaction Acknowledgements" (TA's) to branches which the branch could validate against local receipts before accepting the TA, rather than the branch have to remember to do the weekly processes such as Camelot cut-off. These central initiatives directly match to the issues included in some of the spot reviews referred to in POL00090567 as they were already more widely recognised as complicated routines.

51. With the passage of time my view remains that whilst, in isolation, the conduct of the individual cases looked like a prioritisation of “asset recover”, my experience of driving improvements through Back Office Efficiency Programme (BOEP) is very much the opposite – initiatives such as BOEP were focussed on preventing the scope for issues to arise in the first place.
52. Regarding POL00145290 I think that the distinction being made through the word “anomalies” versus “bugs” was an effort, made in good faith, to pre-empt what one might expect the typical layman’s response to be to the word bug. By that, I mean that these bullet points in this email were responding to what were understood to be two matters that affected what was believed to be a small number of offices and which arose due to an unexpected and unlikely sequence of menu options being followed. This is probably why I used the word anomaly. “Bug” on the other hand is a word for an issue that I would suggest one would naturally expect to affect all users in the routine course of operations – a matter which did not apply to the two issues named in that email ie. Only a small and defined number of offices experienced the two issues (the “anomalies”).
53. Further, in response to POL00145290, I did not say that the Interim Report referred to anomalies. What the first bullet point of my email was meant to convey, and which I feel it does convey, is that regardless of whether you call them anomalies or bugs, the specific branches who experienced the two named issues were not members of the population of branches making up the 47 cases or the 4 cases.

54. The interim report by Second Sight, POL00090567 states on page 1 that “..the remit of the investigation was later defined as ‘to consider and to advise on whether there are any systemic issues and/or concerns with the Horizon system’...” I believe that the comment “we welcome the conclusion of this interim report that there are no systemic issues with the Horizon system” would have been made in the context of that remit stated on page 1 and Second Sight’s preliminary conclusion at 8.2(a) which says “We have so far found no evidence of system wide (systemic) problems with the Horizon software.”
55. I cannot recall the Horizon regular call, however, as I explained earlier in this statement, I would expect that weekly calls were a status check on the progress of responses to the spot reviews. In that regard, as explained above, I or my team may have been the people best placed to respond to specific topics in the spot reviews.
56. As regards notes and/or minutes I have read POL00083932 including the specific comments. I can’t recall anything to add to what already exists in that document and which has been highlighted in the question to me. I do not know what was discussed to lead to those notes being made, other than what is stated within the document itself. The notes of my own input to that meeting, included in POL00083932, do not touch on that topic.
57. I do not know what discussion, if any, there was of the Helen Rose report on 31 July 2013. However, I presume that the Inquiry asks about 31 July 2013 in this section on the basis that there may have been a Horizon call on that date. If so, then based on the comment on page 1 of

POL00083932 that “No minutes circulated, but we will be taking notes” then the note taker for POL00083932 might have prepared a similar note regarding whatever was discussed on 31 July 2013.

58. I do not believe that I was aware, during my tenure, of allegations that a person within POL had made instructions to shred or otherwise destroy notes of calls. In subsequent years, after leaving POL, I have, however, seen comments in the press and on social media about shredding.
59. I cannot recall reading what has become known as the Helen Rose report and I cannot recall, during my tenure at POL, hearing of a document with that name. I apologise if this is not the case and if I have simply forgotten. However, as a result of reading the bundle of papers shared with me to assist in preparing this statement, I have now read that report. I would imagine that at the time it was first prepared and shared it would have simply been called a report on the specific spot review, or perhaps referred to by the name of the specific post office if it were not sensitive to mention the name of the office. I do, however, note that this report refers to a transaction recovery situation and I do recall that I asked questions about the transaction recovery process during my tenure at POL as “recovery” did seem like a complex area. I don’t know if my question would have been prompted by general experience or perhaps by this very report and the response to spot reviews. My recollection is that detailed guidance had been given about the process for branches to follow in a recovery situation but my recollection is that I felt this could have been complex for a branch to follow. I think this was both in terms of how to describe the technologically complex recovery situation in straightforward intuitive terms

and also how to enact such processes in what might be a stressful situation as there could quite likely be a dis-satisfied customer and one or more counter staff upset that they had not been able to deliver the service they would wish for that customer. I think I sought to get simpler guidance on recovery issued but I cannot recall whether that was, in the end, appropriate or agreed or enacted.

60. Regarding the FactFile, POL00201858 shows that I felt several sections needed rewording or expanding and that the owners (presumably meaning the reviewers too) needed revisiting for some sections. Based on the dates of the emails I expect that I received the draft on Thursday 13th, reviewed it on Friday 14th and sent back my summary comments first thing on Monday 17th but the document had already been shared in the meantime. I am unclear whether POL00201859 is then the version showing exactly what I proposed as edits or whether it includes any other people's proposed amendments to the same areas.
61. Regardless of whether it is or isn't, my suggested additions would have been based on my understanding at the time, and likely to have been subsequently considered and reviewed by Angela Van Den Bogerd as per POL00201858. This may have involved me checking with other people on the Friday or in whatever time gap I was suddenly given to respond in light of the urgency conveyed by the email in POL00201858.
62. The text at paragraph 33 is consistent with the understanding that I had at the time of the report to the Managing Director in 2010 and consistent with my continued understanding from the IT directorate at the time. I think I

would have felt that Transaction Corrections and Transaction Acknowledgements needed referring to in that section as at some point in time there had been questions suggesting that people thought TCs and TAs were a mechanism to directly insert records into Horizon without the branch seeing them and being able to review and formally accept or reject them; a perspective that was not the case.

63. My recollection is that I was involved at various times in providing input or identifying other relevant teams for input, in response to a wide range of questions and reviews. Some questions included reports related to the matters in this Inquiry but other questions would have related to reviews such as for strands of the Back Office Efficiency Programme, for lean process improvement work, for central system migration projects, for P&BA areas impacted by Horizon upgrades (including an aborted attempt to explore an alternative point of sale system), for process understanding related to tenders and new suppliers for cheque processing and card processing, for routine internal and external audit, for POL separation as part of Royal Mail privatisation and for process reviews linked to headcount reduction programmes. I think there were other reviews too, again not related to Horizon.
64. Given the range of process reviews mentioned above, I am sorry that I cannot remember how to differentiate my involvement with considering and responding to Second Sight's interim report or to the establishment and running of the Mediation Scheme, but I would expect that my involvement would have been in just the same way as I have already explained in several sections above, wherein I or my team may have been

the people best placed to respond to specific topics. In that regard, the documents shared with me by the Inquiry show that I had significant involvement in responses to questions about suspense accounts. Other topics that I appear to have had input on include transactional processes for several products served at the counter or in branch.

65. I cannot recall the nature and extent of any involvement I had in POL's response to applications made to the Mediation Scheme. As above, I would, however, expect any involvement again to be due to me or my team being the people best placed to respond to specific topics.
66. I cannot recall, and do not know if I knew at the time, who at POL was responsible for its strategy responding to applications to the Mediation Scheme.
67. In addition to the areas underlying the questions which I have answered above, I do not recall what other input, if any, I may have made to POL's response to complaints made by subpostmasters concerning the Horizon IT system. However, I do recall that I had other direct dialogue with subpostmasters which may have been initiated as a consequence of the work with Second Sight. At some point, a forum of a small number of subpostmasters was convened and I think this group had at least one meeting, and maybe more, in Chesterfield and possibly in London. I cannot recall for sure what the group was called (possibly the Branch Forum?) nor whether the subpostmasters in the group had been chosen as part of some wider exercise. Nevertheless the group did meet and I believe I introduced several of my team to them, such that we could

explain more about the processes in Chesterfield and about how the P&BA team (or subsequently the FSC team) worked with branches. Moreover, during one family holiday we happened to have a cottage near to the post office run by one of the group and I agreed with my family for me to spend some time in branch with the particular subpostmaster to consolidate on what was probably a recent meeting of that forum.

68. I was briefly asked about suspense accounts in the questions for my first witness statement, which involved review of document POL00022297. I was not able to recall the related discussions, however, I noted that it appears that I set out the breadth of scenarios that arise across different products and that it was not a short or simple thing to explain all those variations. The implication appeared to be that I could not give a short answer.
69. The bundle shared with me this year includes several more documents which I can now see originate from a question asked by Second Sight in an email included in POL00205842. I can see that I was then involved in a number of iterations of explanations to respond to the question.
70. I believe that the one meeting that I do remember attending with Second Sight, was also with Alisdair Cameron, in POL's London offices. I think this was probably the meeting being anticipated in POL00218943 where there was a reference to putting me "through his paces."
71. I cannot recall what preparatory meetings, if any, may actually have taken place to put me "through his paces" and I would like to think that I had a clear enough understanding of what appears to have been a technically

complex account, in order to fully assist in explaining the account and answering questions about it on the day. However, as has been noted in POL00296291 I had previously been challenged in annual appraisals about droning on and not being succinct enough (ie. I would sometimes confuse the listener or the reader with repetition and unnecessary detail, rather than succinctly get to the point). This was clearly a learning point I had attempted to take on board from that previous year's annual review and probably from ongoing feedback – I expect that this was the origin of others suggesting that I should be put “through his paces.”

72. As regards other meetings on this, I cannot recall meeting with Second Sight again but I think I was involved in several iterations of a document that other items in the bundle show as an expanding piece of work. I may have corresponded direct with Second Sight or I may have corresponded via one or more of the other Post Office staff mentioned in the emails.
73. I do, however, believe that I met with Alisdair Cameron in Chesterfield and in London to explain this and other unrelated topics. Those other unrelated topics included understanding supplier invoices and the status of central IT system projects following on from POL separation after Royal Mail privatisation. I don't recall the content of the conversations but I do recall that the style of the conversation was positively probing. I explained in paragraph 24 above regarding POL00296291 that I was regularly challenged by line managers and peers to be more strategic and not get meetings bogged down in detail – I do believe that I felt somewhat reassured but also positively challenged that Alisdair, who had a strong strategic focus, wanted to work through the detail of how such things as

suspense and supplier invoices worked. I think that he felt POL needed to be able to respond faster and more clearly to Second Sight and that he wanted to be able to give the necessary level of detail in the answers to save Second Sight from having to ask follow up questions that we might be able to anticipate, given that the work had already been going on so long. In working with Second Sight, I believe I was neutral. I can see that the situations were complex and I would have probably felt that there were helpful process improvements that might come to light even if Horizon was not faulty. My sense from the documents shared with me is that there were indeed such areas being noted in the Spot Reviews eg. The understanding of "Recovery" and the understanding, rationale and review of receipts printed by Horizon.

74. Second Sight posed the question as to whether SPMs may have paid for alleged shortfalls that became profits in POL's or its clients' suspense accounts. I was involved in compiling POL's responses to that question and POL00025783 included product examples, process explanations and a rationale for why this was considered not to be the case.
75. In my role as Head of Finance Service Centre, I felt I had a good understanding of the accounting processes, including client data matching routines and associated inquiry routines, which were overseen by my team in Chesterfield. The specific examples in POL00025783 supplemented by my wider understanding of the routines across my team would have been the reason for my view that SPMs were not paying for profits in POL's or its clients' suspense accounts.

76. I do acknowledge the fair point that Second Sight made at the end of POL00218946 wherein they respond to a comment about data from Regulated and Audited Entities and they say “We therefore reject the assertion that data emanating from such entities can be so heavily relied upon that there is no need to check it.” What I would like to add here is that teams in the FSC did not assume that client data was always right – the results from comparing branch data against client data via the central data matching routines could lead to enquiries being raised with either party (the client or the branch or both). There was, for example, a suspense balance some years before the period that Second Sight asked about wherein POL was confident that it owed funds to another national institution but the other institution disagreed. A National Audit Office report into that institution then came to light which I believe had challenged the accounting processes at that organisation and this, with further discussion between the parties, led to a conclusion that POL data should be relied on and that the client data was not right. This is an example that supports Second Sight’s challenge but also shows that POL had proven examples of identifying and challenging such matters itself, not simply leaving a balance in suspense to be taken to profit.
77. As regards the question of whether analysis of POL’s or its client’s suspense accounts could identify whether any SPMs had paid to settle illusory losses generated by Horizon, it was not mine or POL’s view at the time that there were illusory losses. However, if we do explore the premise of illusory losses then if an illusory transaction and a consequent illusory accounting double entry were to have happened in branch (or if a

transaction and double entry that should have been recorded failed to be recorded) then we would have to explore whether the same illusory transaction or lost transaction would manifest itself in the same way in the data or paper stream to the client (and potentially to the method of payment processor for cheques or cards) as well as to the transactional data stream being harvested from Horizon to the FSC. The investigation process would vary between client transaction types and whether there was an additional off-Horizon device involved, or customer paperwork to be sent off or method of payment batches to be sent off. The central matching processes should have enabled an issue to be identified if it affected just one data stream, but if there were an illusory transaction reflected in both the POL data stream and in the client data stream, or if a genuine transaction were missing from both, then the FSC matching routine would not raise an issue as both data streams would be the same.

78. I apologise that, despite my development point to be more succinct, I have had to use lengthy narrative above. This is, however, a necessary reflection of the complexity and diversity of the products and processes that SPMs had to manage in branch and that similarly confronted central processing teams. My recollection is that such processes were well documented, and were believed to run effectively, but were subject to regular update due to changes in products and branches as well as to matters such as LEAN process improvements, and therefore the related documentation would need regular update as expanded on further in a later section of this statement. It was complex and it again reinforces the challenge that Second Sight acknowledged of how hard it is to disprove a

negative.

79. At the time, based on the general but perhaps misplaced confidence in Horizon and in its related processes, and in light of the credits or write offs agreed for the known issues disclosed to Second Sight and referenced in their Interim Report, my recollection is that neither I nor POL believed that there were illusory losses nor that SPM's were paying for alleged shortfalls that generated profits for POL.
80. Whilst my memory of process detail has inevitably faded, I would have continued to hold the same view purely from my recollection of FSC processes and from my re-reading of the documents that I was originally involved in preparing, which are now included in the bundle for this witness statement. However, I would be less confident to say that now, with hindsight, in light of the increased concern about Horizon that has arisen through this Inquiry.
81. I cannot recall how involved I was in respect of what documentation was provided to Second Sight, however, the indication that I was being challenged about my ability to present a simple answer for the Suspense Account suggests that I was tending to produce extensive detail.
82. As explained earlier, I was involved in preparing or reviewing a wide range of documents for a wide range of projects across the company. I cannot therefore recall exactly what I was responding to and the extent of my involvement in each one individually, however, from review of the documents shared with me for this statement I can see that I was heavily involved in responses to the suspense account aspects of the Second

Sight reports and that I reviewed the Factfile POL00201859 which I presume arose as part of responding to a Second Sight paper. I believe that in making any responses about accounting processes I would have satisfied myself due to mine and my team's experience of the branch and client facing processes in FSC.

83. I cannot remember whether I was consulted as part of the decision making to terminate Second Sight's engagement, but I was not the owner of the relationship with them, I did not initiate their appointment and I would certainly not have been in a position to terminate it. It is clear from the documents in my bundle that I was involved in responses to their review for at least a two year period. I was, however, operating as a respoondee to questions, not as an owner of the relationship with Second Sight.

Project Zebra

84. I confirm I have read the following documents:
- i. **POL00105635** (Deloitte Project Zebra – Phase 1 Report: Draft – For validation in advance of Board discussion on Wednesday 30th April);
 - ii. **POL00031384** (Deloitte – HNG-X: Review of Assurance Sources – Discussion Areas re: Phase 2 – Draft For Discussion);
 - iii. **POL00031391** (Deloitte HNG-X: Review of Assurance Sources – Phase 1 – Board Update at 13/5/14, subject to completion and delivery of our final report on 16th May 2014);
 - iv. **POL00029726** (HNG-X: Review of Assurance Sources Board

Update, as at 16/05/2014, subject to completion and our final report on 23rd May 2014).

- v. **POL00028062** (Deloitte – Horizon Desktop Review of Assurance Sources and Key Control Features, Draft for Discussion, dated 23 May 2014);
 - vi. **POL00028069** (Deloitte Board Briefing, Document, further to our report “Horizon: Desktop review of assurance sources and key control features” dated 23/5/14, responding to five specific matters identified by POL as critical to POL’s legal position); and
 - vii. **POL00031410** and **POL00031411** (Chris Aujard’s papers on Project Zebra).
85. The purpose of Project Zebra appears to be set out in point 2.1 of POL00031410. As I said in my first statement, I cannot recall anything to cause me to suggest any other description for their involvement than is given in the introduction to that document.
86. I clearly became involved in providing information for this project and in responding to documents associated with it, but I do not recall that I was involved in proposing this project or in defining its scope, except for the proposal referenced as A4 which I made and which then became part of POL00031410. As I have explained in earlier paragraphs related to other reports, I was typically involved where I or my team may have been the people best placed to explain particular accounting processes.
87. I was not involved in proposing this project or in defining its scope, I do,

however, believe that at some point I was asked by the then Finance Director or by a peer in Finance Lead Team for my thoughts on which firm from a shortlist of the largest audit firms would be most independent from POL and therefore best able to be seen to give the most independent and objective view in a non-audit project. I think that question arose in a process which led to Deloitte being selected for the piece of work and in light of the documents in this bundle I expect it was for Project Zebra

88. I don't recall and I don't know if I knew at the time, why POL commissioned a review of assurance sources. Point 2.1 of POL00031410 sets out who commissioned Project Zebra. Point 3.2 of POL00031410 states that Deloitte did not test any of the relevant Horizon features. I do not recall being asked to consider commissioning them to do testing and I do not know what the actual commissioners of the report considered.
89. I recall that I met members of an engagement team from Deloitte in Chesterfield and I presume that would have been to do with this project. On that presumption, I think I would have given them an overview of the processes of the FSC and of the data flows from Horizon into FSC systems.
90. I cannot recall what my views were on the reports produced by Deloitte, however, I clearly felt that a recommendation referenced as A4 in POL00031410 needed editing. Nine years on from that report I cannot recall exactly what I thought at the time, however, I have read my proposed edit and I continue to believe that it was an appropriate interjection for the following reasons. I believe that the wording of Deloitte's

draft recommendation in the table in Appendix 1 of POL00031410 could be read as suggesting that FSC could make adjustments to SPM ledgers and that FSC did reconciliations to the Audit Store, whereas I believed at the time (and my view has not changed) that FSC could only propose Transaction Corrections and Transaction Acknowledgements which would be sent to SPMs for their review and their acceptance or rejection in Horizon, rather than it being the case that FSC directly put an adjustment into Horizon. If FSC had been able to make adjustments into Horizon this would have undermined the principle of branch ownership and would have meant that FSC could become a bad actor or be accused of being one. It was always held as important that it should only be the SPM or their own staff who make the entries in Horizon (including formally accepting or rejecting TCs and TAs). FSC might spot an issue and notify the branch of it, but this had to be done in a way where the branch had control of any actual entry into Horizon. I believe that I would have seen it as fundamental to make that distinction and I continue to believe, based on the documents shared with me, that this was a wholly appropriate and wholly constructive proposed amendment. My proposed edit also explained what I understood to be the format difference between data in Horizon versus data in the Audit Store versus data batched by client for settlement routines in FSC – FSC did not do reconciliations against the Audit Store and I must have felt strongly that this needed clarifying too. I feel that I then set out an onerous and open commitment for FSC involvement in documentation of processes and controls in FSC and in the data pipeline from point of sale to central finance systems. I continue to

believe that this was an open, constructive and extensive proposal. FSC already had lots of documentation of processes and it had been reviewing them as part of LEAN process improvement work and as part of routine business continuity work. Given the frequency of new product deployment in branches and online, and changes to central systems such as on separation from Royal Mail, it was recognised that there was an ongoing need to maintain and update business process documentation. This was common business practice and would have benefits for training new staff, maintaining process knowledge when people leave, for good governance and for general business continuity.

91. Deloitte produced detailed reports and recommendations. I don't know whether it met its intended purpose and I think that would be a matter for the commissioners of the report to comment on.
92. I do not recall and I don't know if I knew at the time, how POL used the Project Zebra reports. That said, the edited proposal for ensuring comprehensive documentation of key processes in FSC was very much a priority within FSC anyway as it was important to the ongoing LEAN process reviews within the team and indeed was good practice for any organisation. This would therefore have continued regardless of Project Zebra.

Tim Parker's Review

93. I was clearly involved, as a key process owner, in responding to a succession of reviews and reports. I do not recall having been in a meeting with Tim Parker for such a review and I do not recall being involved in

instructing Sir Jonathan Swift – that would have been a matter for the Legal team. My recollection is that I met Tim Parker on two occasions. Firstly in a general POL Leadership Forum which would have been of the nature of a strategic update generally on company performance, not about this topic. Secondly as part of a series of Exec Member visits to POL administrative sites around the country – he visited Chesterfield en route to Dearne and my recollection is that this was for general staff Q&A sessions and to walk the floor to meet the teams.

94. I do not recall what report became called the Swift Review nor whether I read it. I presume that it was a follow on to the matters noted in POL00006356. I left the Post Office about a month after the date of that document and I do not recall whether I received further reports for input or review in that time.

General

95. With the hindsight of reading the many documents shared with me for this Inquiry and having reflected on my time at POL, I continue to believe that I and my teams were focussed on making branch and client transaction processes as easy as possible from point of sale through to FSC and on to clients themselves. This was intended to be of benefit to Subpostmasters and other colleagues in branch and to be of benefit in central POL processes. For Subpostmasters, it was intended to help them get it right first time and to save them time when serving customers and when doing administrative routines. For central POL functions, it was intended to have benefits in terms of reducing enquiries, reducing the need for interventions

such as Transaction Corrections and to improve the experience for customers and for corporate clients. I and my team received positive feedback for my work on that from POL management, from NFSP, from unions and from individual branch operators including subpostmasters and other franchise partners. This was done against a wider backdrop of enormous change for POL with new products, new systems, new partners, new funding, network restructuring, Royal Mail privatisation, exploration of mutualisation, change of suppliers and frequent strike action.

96. That said, it is also very clear that an awful chain of events took place for the subpostmasters who have suffered in this scandal, and that pain continues. I am sorry for that.

97. In hindsight, I wish that I could go back and do the following to have helped change the sequence of events:

97.1 Challenge IT to explain why they rejected the IT expert's opinion in the Cleveleys case

97.2 Challenge the corporate over-confidence in Horizon and in its support processes in light of the allegations against the system in various cases and in various items of media comment

97.3 Challenge the Legal Team, in the West Byfleet case, regarding exactly what was needed, if anything, in response to the request that I received third hand about a possible defence visit to Chesterfield. I would always have wanted to ensure that everything was done that needed to be done, but in this case a third hand

request was vague. I and my teams were always very stretched, with our roles supporting many transformational programmes, and so additional unclarified requests for more work would be unlikely to have been the most welcome developments, but if something needed doing we would absolutely have done it. We just needed to know and, in this case, it would have needed the POL Legal Team to be clear about what had been agreed by POL and what needed doing.

97.4 Agree and document a terms of reference for the report that I compiled in 2010, and make clear to the audience for that report, and to future readers if necessary, that it was simply a summary of the reasons for assurance at the time, as had been requested, and was not an investigation of the allegations being made or an audit of the reasons for assurance and that I would not be compiling ongoing updates if any new information emerged and, if these others were wanted then proper consideration needed to be given as to how and from whom that would be commissioned as a separate properly resourced exercise.

97.5 Challenge IT about the visibility and understanding of what was evidently a much longer list of issues than I had understood to be the case when compiling the report in 2010

98. I do not recall how an audit and investigation would have panned out in detail, and I don't know how they are conducted today, but with the benefit of hindsight I would say that it is imperative that there is an environment

and a culture whereby an SPM or other branch manager feels absolutely supported and knows what to do to raise an issue.

99. Then, if a situation arises whereby the SPM feels that the Horizon accounting record is not accurate (presumably due to an actual transaction not having been recorded at all, not having been recorded properly, perhaps having been recorded in duplicate, being delayed or perhaps a feeling that a transaction which did not happen at all is actually featuring in the records) then I would suggest that between the SPM and a POL support team there needs to be a prompt and thorough analysis to pinpoint the following:

99.1 The last date and the balances when the SPM was happy with the records – given that branches typically “cash up” each day, this could therefore become an almost real-time process

99.2 The full list of transactions, remittances and other events recorded in Horizon since that date

99.3 Exactly which of the transactions, remittances and other events in the list were felt by the SPM to have been recorded wrongly, or which such items had failed to be recorded

99.4 This would then enable a prompt investigation and response to the concerns noted. This would be an improvement on the situation described by some SPMs where they felt that there had been a long period of no support and where everyone’s memories would probably have been challenged by the prospect of proving what

exactly had happened over a long period of time.

- 99.5 This would inevitably carry a significant resource cost and so it would be of additional priority that a baseline be reached whereby all colleagues across the network do feel confident in the processes applied to the point of sale system throughout its development, testing, upgrades and incident management. This is a large challenge and may require some sort of representative groups that all parties can have trust in.
100. Some SPMs have explained that they felt they had little or no training on the accounting aspects of running a post office, perhaps as opposed to other matters such as sales training which may have been part of their induction. It seems to me that it is imperative that SPMs should feel they receive adequate training and support in such matters and that either they then feel equally confident to train their own members of staff or that some other model of training is developed by POL to encompass SPMs own employees as opposed to just SPMs.
101. There appears to have been no clear owner of Horizon and, although there were probably many people in support roles (eg. Contact centres) and in project roles (eg. For Horizon Online development) there does not appear to have been a sponsor or owner for the live system. Consequently, situations appear to have arisen where other individuals such as myself who had an understanding of certain discrete related processes such as product and branch accounting, were called on (or volunteered in the absence of others) to collate information about wider areas when a proper

system owner should have been in place and responding. There needs to be clear ownership and Board sponsorship in future. At the same time, it should be ensured that there is clear documentation, communication and ownership of any related policies and processes that relate to Horizon including matters such as training, support, maintenance, audit and investigation.

102. Bearing all the above in mind, I apologise for the misplaced confidence that I and others had in Horizon, for the seeming corporate naivety and the absence of clear ownership. I believe that the sad chain of events which panned out, with such awful impacts on subpostmasters, was a sad outcome from a variety of teams across the whole of POL having misplaced confidence in Horizon and taking assurance from the availability of a wide range of support processes without proper recognition of the complaints that were evidently being made about those processes. It was a failure of not listening, a failure of not working together and a failure of ownership in an organisation that simply had too many issues on too many fronts.

103. The cash context may also merit reflection in the relationship between POL and SPMs. POL has had strategic ambitions at various times to be the banking hub for UK citizens and to be central to cash supply to the nation. There has indeed been much progress in those matters. It builds on the longstanding “cash equilibrium” which underpinned the operational model of the Post Office in the late 20th century wherein a large part of state benefits were paid out in cash in post offices and a large part of retailers’ cash deposits were made into Girobank via post offices. As a

consequence, POL's business has been heavily cash focussed and that is in stark contrast to the situation in most other retail franchises where there may well be a requirement to manage cash and stock and there may be important compliance responsibilities, but there is unlikely to be the need to provide security for tens or hundreds of thousands of pounds of cash. That cash environment could, in a minority of cases be a temptation, but it can also be a stressful and potentially unexpected aspect of the job for someone whose main aspiration is the friendly service of their community. Somewhere, in the learnings from this Inquiry, that cash environment and the decisions around it need reflection.

104. Sadly, and probably due to the now ceased model of POL prosecutions, this whole situation has had and continues to have an adversarial context and needs to move to a collaborative context for the future success of the Post Office network and of the people that are that network.
105. I also provided earlier reflections in my first witness statement.
106. There are no other matters that presently occur to me which I would like to draw to the attention of the Chair.

Statement of Truth

I believe the content of this statement to be true.

Signed:

GRO

Dated: 10th April 2024

Index to Second Witness Statement of Roderick Mark Ismay

<u>No.</u>	<u>URN</u>	<u>Document Description</u>	<u>Control Number</u>
1.	POL00142503	Email from R Ismay to D Parker, M Talbot and others; 'Legal case - Cleveleys PO 153 405 Mrs J Wolstenholm'	POL-BSFF-0001779
2.	POL00142504	Advice on evidence and quantum by Mr Brochwicz-Lewinski dated 26 July 2004	POL-BSFF-0001780
3.	POL00158510	Julie Wolstenholme Case Study: Email chain from Carol King to Rod Ismay re: Re: Cleveleys PO 153 405 Mrs J Wolstenholme	POL-0147328
4.	POL00158512	Julie Wolstenholme Civil Case Study. Email from Carol King to Rod Ismay RE: Mrs Julie Wolstenholme former Subpostmistress Cleveleys PO - FAD 153405	POL-0147330
5.	POL00142505	Email chain from Tony Marsh to Tony R Utting, Rod Ismay, cc'ing Carol King and others re: Legal case - Cleveleys PO 153 405 Mrs J Wolstenholme	POL-0143796

6.	WITN00210101	Letter from Jason Coyne, Best Practice Group PLC to Susanne Helliwell at Weightman Vizards with Opinion (20.01.04) in the matter of POL v Wolstenholme CR101947	WITN00210101
7.	POL00088935	Report from Rod Ismay, Head of Product & Branch Accounting to Dave Smith, Mike Moores and Mike Young regarding Horizon - Response to Challenges Regarding Systems Integrity	POL-0085993
8.	POL00296291	2012/23 - Pre Year End PDR - Rod Ismay	POL-BSFF-0134341
9.	POL00046944	Letter from Shoosmiths to The Post Office re: Julian Wilson	POL-0043423
10.	POL00294879	Memo from Rod Ismay to Angela Van Den Bogerd and others on 12/10/11 re: JFSA and Shoosmiths / Access Legal - Response to Challenges - Proposed Steering Group and Purpose.	POL-BSFF-0132929
11.	POL00027523	Post Office Significant Litigation Report November 2012 RE:	POL-0024164

		Claims over £500k or those of a sensitive nature- Horizon Claims	
12.	POL00294843	Email from Rod Ismay to Hayley Fowell re: Private Eye inquiry - Horizon - latest draft response?	POL-BSFF-0132893
13.	POL00184724	Second Sight - Agenda proposal email sent by Rod Ismay.	POL-BSFF-0022787
14.	POL00184725	Second Sight - Agenda Proposal (for pre-meet w/c 11 Feb)	POL-BSFF-0022788
15.	POL00184726	Email from Ron Warmington to Simon Baker, Ian Henderson, Rod Ismay re Fwd: Bracknell site address	POL-BSFF-0022789
16.	POL00184727	Email chain between Rod Ismay and Ron Warmington re: Bracknell site and Fujitsu	POL-BSFF-0022790
17.	POL00097548	Email from Simon Baker to Craig Tuthill, Dave Posnett, Gareth Jenkins and others RE: First Three Spot Reviews	POL-0097131
18.	POL00185683	Email from Simon Baker to Susan Crichton, Alwen Lyons, Rod Ismay and others RE: notes from today's phone meeting *re-	POL-BSFF-0023746

		issued*	
19.	POL00098035	Email from Andrew Parsons to Simon Baker, Lin Norbury, Gareth Jenkins re: Spot Reviews (1, 11, 12 and 13) - Confidential drafts - legally privileged	POL-0097618
20.	POL00130162	Spot Review 1 - Response (Draft) v.2	POL-0120371
21.	POL00130163	Spot Review 11 - Response (DRAFT) v3.	POL-0120372
22.	POL00130164	Draft Spot Review 1 - Response Report for 2013, Version 2	POL-0120373
23.	POL00090567	Interim Report into alleged problems with the Horizon system	POL-0090088
24.	POL00029849	Initial Complaint Review Mediation Scheme: Second Sight Briefing Report - Part Two	POL-0026331
25.	POL00002082	RE: Second Sight part two - amendments/adjustments to introductory section.	POL-BSFF-0046362
26.	POL00022598	Horizon Data Lepton SPSO 191320 by Helen Rose (v.1 draft)	POL-0019077

27.	POL00145290	Email from Rod Ismay to POL FSC Team . Re. focus online special: Horizon Report. Addressing " a bug", Horizon and Second sight.	POL-BSFF-0004417
28.	POL00191780	Second Sight Interim report follow on.	POL-BSFF-0029843
29.	POL00083932	Meeting Minutes for Regular Call RE: Horizon Issues on 19/07/2013.	POL-0080863
30.	POL00139731	Meeting: Regular Call re Horizon Issues	POL-0141432
31.	POL00139732	Regular Call Minutes re Horizon Issues including action points dated 31/07/13	POL-0141433
32.	POL00201858	Emails regarding changes to the fact file "v7 Rod review"	POL-BSFF-0039921
33.	POL00022297	Email chain from Andrew Parsons entitled "suspense document"	POL-0018776
34.	POL00201859	POL Initial Complaint Review and Mediation Scheme. Overview of Horizon and branch trading practices (DRAFT)	POL-BSFF-0039922
35.	POL00205842	Emails regarding Errors that	POL-BSFF-0043905

		arise between POL and its clients and others.	
36.	POL00004439	Initial Complaint Review and Mediation Scheme - Briefing Report - Part One - Prepared by Second Sight	VIS00005507
37.	POL00206939	Emails re: Paper from finance which deals with Second Sight's questions relating to suspense accounts.	POL-BSFF-0045002
38.	POL00206940	Initial Complaint Review and Mediation Scheme - Suspense Account	POL-BSFF-0045003
39.	POL00207085	Suspense Account paper Second Sight. RE. requiring "details of month end balances for this account for the last 3 years together with details of amounts released to P&L".	POL-BSFF-0045148
40.	POL00021762	Minutes: Project Sparrow-Chairman's Report Recommendations - POL and Deloitte meeting	POL-0018241
41.	POL00208183	Rod Ismay's feedback to SS doc.	POL-BSFF-0046246

42.	POL00021808	Email chain from Rod Ismay to Andrew Pheasant: RE: SS Doc - Rod's feedback - 29/8 2.30pm update [BD-4A.FID20472253]	POL-0018287
43.	POL00208299	RE: Second Sight part two - amendments/adjustments to introductory section.	POL-BSFF-0046362
44.	POL00021763	Email from Andrew Pheasant to Rod Ismay re: Second Sight Part Two - ATM and other bits of sections 2	POL-0018242
45.	POL00021849	Email chain between Rod Ismay and Andrew Pheasant re: Part 2 response - cash remittances.	POL-0018328
46.	POL00210892	Emails re: Suspense account paper Second Sight. Attachments including further questions from Second Sight and Andy's suggested response.	POL-BSFF-0048955
47.	POL00210893	Initial Complaint Review and Mediation Scheme - Suspense Account. Prepared for Second Sight in response to questions raised.	POL-BSFF-0048956
48.	POL00218260	Email regarding answers	POL-BSFF-0056323

		provided to Second Sight ahead of the meeting	
49.	POL00218261	Complaint Review and Mediation Scheme- paper prepared by POL to assist Second Sight with the finalisation Briefing report - part 2	POL-BSFF-0056324
50.	POL00022296	Notes on meeting held with Second Sight on the 9th of Jan 2015	POL-0018775
51.	POL00218910	Emails RE: Working Group meeting of Complaint and Mediation Scheme request for info. from POL's suspense account.	POL-BSFF-0056973
52.	POL00218920	Email from Chris Aujard to Rod Ismay, CC Belinda Crowe and Patrick Bourke re: Suspense accounts	POL-BSFF-0056983
53.	POL00025788	Email from Rod Ismay to Andrew Parsons re: Suspense Document	POL-0022267
54.	POL00025783	Initial Complaint Review and Mediation Scheme - Suspense	POL-0022262

		Account - Second Response	
55.	POL00150950	Email from Rod Ismay to Andrew Parsons re: FW: Suspense Account [BD-4A.FID20472253]	POL-BSFF-0010062
56.	POL00150951	Initial Complaint Review and Mediation Scheme. Suspense Account - Second response	POL-BSFF-0010063
57.	POL00218943	Email thread from Belinda Crowe to Andrew Parsons, Angela Van-Den-Bogerd cc'ing Mark Underwood RE: FW: Suspense accounts – legally privileged for the purpose of seeking advice.	POL-BSFF-0057006
58.	POL00218944	Email from Belinda Crowe to Ruth Phillips, CC Chris Aujard and Belinda Crowe re: suspense accounts - concerning information requested by Second Sight	POL-BSFF-0057007
59.	POL00218945	Questions raised re Second Sight's Briefing Report - Suspense Accounts.	POL-BSFF-0057008
60.	POL00218946	Email thread from Belinda	POL-BSFF-0057009

		Crowe to Andrew Parsons cc'ing Patrick Bourke, Chris Aujard and others RE: FW: FW: Errors that arise between Post Office and its clients and others.	
61.	POL00218947	Initial Complaint Review and Mediation Scheme - Suspense Account	POL-BSFF-0057010
62.	POL00312064	Email RE: Suspense - independent firm - scope & procedures drafts. Including Suspense - Scoping doc for Independent review and Suspense agreed upon procedures attachment	POL-BSFF-0150114
63.	POL00312065	Suspense - Scoping document for Independent review.	POL-BSFF-0150115
64.	POL00312066	Agreed upon Procedures template response for Client Suspense Account during financial years 2010/11 to 2013/14.	POL-BSFF-0150116
65.	POL00224476	Email Re: Second Sight's Part Two Report and assertions made in relation to Suspense	POL-BSFF-0062539

		accounts.	
66.	POL00151682	Email from Rod Ismay (POL) to Mark Underwood (POL) and Alisdair Cameron (POL) CC Belinda Crowe (POL) & Others Re: Second Sight's Part 2 Report and assertion made in relation to Suspense accounts	POL-BSFF-0010794
67.	POL00225340	Emails Re: Second Sight outstanding request for information in relation to Suspense Accounts.	POL-0147330
68.	POL00226357	Emails RE: Second Sight's Final Part 2 Report.	POL-BSFF-0064420
69.	UKGI00000018	POL response to Second Sight briefing report - Part Two as part of the Complaint Review and Mediation Scheme	VIS00000979
70.	POL00105635	Project Zebra - Phase 1 Report - HNG-X: Review of Assurance Sources	POL-0104595
71.	POL00031384	HNG-X Review of Assurance Source concerning: Phase 2 Drafted by Deloitte.	POL-0028286
72.	POL00031391	Deloitte's HNG-X Review of	POL-0028293

		Assurance Sources : Phase 1- Board Update AT 13/05/2014	
73.	POL00029726	Deloitte HNG-X: Review of Assurance Sources Report v2	POL-0026208
74.	POL00028062	Report: Horizon Desktop Review of Assurance Sources and Key Control Features - draft for discussion, Deloitte	POL-0023065
75.	POL00028069	Deloitte Draft Board Briefing document further to report on Horizon desktop review of assurance sources and key control features	POL-0023072
76.	POL00031410	Report: Horizon review by Deloitte	POL-0028312
77.	POL00031411	POL Risk and Compliance Committee Horizon review by Deloitte (Project Zebra) - Paper 2	POL-0028313
78.	POL00006356	Minutes: Project Sparrow- Chairman's Report Recommendations - POL and Deloitte meeting	POL-0017624