

Witness Name: Lesley Jessie Sewell

Statement No.: WITN00840100

Dated: 16 April 2024

## POST OFFICE HORIZON IT INQUIRY

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### FIRST WITNESS STATEMENT OF LESLEY JESSIE SEWELL

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I, LESLEY JESSIE SEWELL, will say as follows...

#### INTRODUCTION

1. I am a former employee of Post Office Limited and between April 2010 and November 2015 held positions of Head of IT & Change, Interim Chief Operating Officer, Chief Information Officer ("**CIO**"), and CIO and Operations Director.
2. This witness statement is made to assist the Post Office Horizon IT Inquiry (the "**Inquiry**") with the matters set out in the Rule 9 Request dated 6 March 2024 as amended on 26 March 2024 (the "**Request**").
3. References to "**POL**" in this witness statement are references to Post Office Ltd. References to "**RMG**" are to Royal Mail Group. References to "**SPMs**" are to Subpostmasters, Subpostmistresses, Managers and Assistants. References to "**Separation**" are to POL becoming independent from RMG on 1 April 2012. References to "**Horizon**" are to the Horizon IT System. References to "**HNGx**" are to the second iteration of Horizon that was rolled out from March 2010.

References to “**Crowns**” are to branches owned and directly managed by POL. References to “**Multiples**” are to franchises such as WHSmith. References to “**Bugs**” are to errors or defects with Horizon.

4. A significant period of time has passed since my tenure at POL (2010-2015). In the making of this statement, I have sought to refresh my memory from the contemporaneous documents provided insofar as is possible. I make this witness statement to the best of my recollection, knowledge and belief. I have been assisted in preparing this witness statement by my legal representatives, Reed Smith LLP.

## **BACKGROUND**

5. I have a bachelor’s degree in Applied Computing from Newcastle Polytechnic and an MBA from Newcastle University. I started my career at Newcastle Polytechnic within its Computing department as a trainee Computer Operator. I left in 1985 to join Northern Rock as a trainee programmer. I worked at Northern Rock until 2010. During my 25 years at Northern Rock, I held numerous IT roles and led many major IT programmes. When I left Northern Rock I held the position of Managing Director of IT.
6. I joined POL as Head of IT & Change in April 2010. I held this role until approximately Q1/Q2 2012, reporting to Mike Young, Chief Operating Officer (“**COO**”). In around Q1/Q2 2012, at short notice, Mike Young left POL. I was asked to step in as Interim Chief Operating Officer while a restructure was considered. I held this role until around Q3/Q4 2012, reporting to the CEO Paula Vennells. From this time, I joined the Executive Committee (the “**ExCo**”).

By the end of Q4 2012 I was the CIO, reporting to the Strategy Director, Sue Barton. I reported to her until she left POL at the end of 2013. I then reported to the Chief Financial Officer (“CFO”), Chris Day, until the end of 2014. In around early 2015, following a restructure, I became Operations Director in addition to CIO. I was not part of the Group Executive that was created in late 2014. I reported to the new CFO, Alasdair Cameron, until I left POL at the end of November 2015 (I resigned in early June 2015 and was on gardening leave from 1 October 2015).

7. On joining POL, my understanding was that I had been brought in to oversee the Separation from RMG and the resulting IT transformation and to build the IT capability post-Separation. To provide some context about Separation/POL's IT transformation, from an IT perspective, the scale of the process was enormous. It was probably one of the largest IT transformations in the UK at the time. The professional challenge of overseeing an IT transformation is what appealed to me. Prior to Separation, the majority of IT services used by POL sat within RMG and POL was able to piggy-back off these. The main IT service that sat within POL was the contract with Fujitsu who, at that time, provided front office and network services to the branches along with a couple of smaller systems. My task was to take the shared IT services from within RMG and build those services from scratch within POL. My objective was, with the support of the executives and the Board, to build a holistic IT strategy for Separation. Horizon and the relationship with Fujitsu was one part of the overall IT strategy. The 'IT Strategy Update' of January 2015 in **POL00109859** gives an idea of the scale of the IT strategy, however it broadly included reviewing the IT organisation and its processes and creating

an operating model which could support Separation and the transformation activities. There were a number of systems built during Separation which required significant procurement exercises, including the Fujitsu contract. I provide further detail about the IT strategy I put in place at paragraph 67 below and how Fujitsu fit into that.

8. Initially, during my tenure as Head of IT & Change, the day-to-day operational service management of Horizon and the management of the contractual relationship with Fujitsu was the responsibility of the Managed Services team. Andy McClean led this team and reported into the COO Mike Young. Managed Services at this time was also responsible for the management and oversight of the outsourced business activities and relationships (e.g. Bank of Ireland/HP/Telephony). As Head of IT & Change, in so far as Horizon was concerned, I had responsibility for any IT change activity (i.e. introduction of the Post & Go machines). If there were any significant incidents (i.e. a P1 or P2 as I refer to below at paragraph 18) the IT team would be involved to support any investigation into the incidents. I raised with Mike Young, that the responsibility for the operational management and contractual relationship management of the Horizon contract was in the wrong part of POL and should have been under IT. As I have set out above, if there was a significant incident involving Horizon, the Managed Services team, supported by the separate IT team, would work together to investigate. The issue with this was that the IT team did not have full oversight of Horizon (the contractual relationship with Fujitsu and day-to-day management). This changed when the Head of Managed Services left in Q3/Q4 2011. From that point on, as Head of IT &

Change, I took responsibility for Service Management, which included Horizon (the contractual relationship with Fujitsu and day-to-day management).

9. As CIO, my priorities included: (i) delivery of the IT strategy and new IT operating model; (ii) delivery of RMG/POL separation technology activities; (iii) acting as Chair of the IT Transformation Committee; (iv) procurement and implementation of all IT services post-separation (including the Fujitsu contract which was put to the market for the re-procurement of services which were covered under that contract); (v) management and oversight of the outsourced business activities and relationships (e.g. Bank of Ireland/HP/Telephony); (vi) stakeholder engagement regarding IT matters; (vii) Account Executive engagement with key suppliers, auditors and advisors; and (viii) operational cost reduction. As CIO I was the executive accountable for the contractual relationship with Fujitsu in respect of Horizon. This included overall oversight of any change activity and provision of operational service from Fujitsu (I provide details of my team in the following paragraph). From late 2013 into 2014, I took on additional responsibilities for Information Security which included (i) reviewing the Information Security operating model, policies and procedures; (ii) commissioning a Deloitte maturity review to inform the operating model; and (iii) recruiting a new Head of Information Security. In 2015, while reporting to Alasdair Cameron, and with the additional role of Operations Director, I also took on the additional responsibility for back-office activities for Product and Branch Accounting (“**P&BA**”) and HR. I have considered **FUJ00175161** and agree with the description of my “agenda” as CIO. During my tenure I was not responsible for prosecutions of SPMs. While I was involved in the commission of the Second Sight Report and the Project

Zebra report, I was not responsible for the action points arising from the recommendations of each of these reports, which were dealt with by the Sparrow Working Group (initially set up to manage the Second Sight Report) which I was not a member of and which reported to the Board.

10. As CIO I brought in an experienced IT Programme Lead/Transformation Director, Neil Wilkinson, who was responsible for delivering Separation and then more broadly the IT Transformation (procurements and delivery). I also brought in a Chief Technology Officer, Paul Bleasby, who led the architecture team and was the Chief Architect of POL's IT systems. He worked closely with third party suppliers (including Fujitsu) and the wider business on developing the IT strategy and delivering aspects of the IT transformation programme. I would rely on Paul for technical input. David Hulbert was the existing Head of Service, responsible for the day-to-day operations of all the IT services (including Horizon). All directly reported to me, in addition to a Head of Business Relationships, Head of Quality and Standards, Head of Managed Services and Head of Projects.

11. I have been asked to summarise my professional career since leaving POL. In December 2015, I joined a start-up private equity backed specialist mortgage lender as COO. I led the business build programme and was accountable for technology, change, new mortgage business and account servicing. I left in November 2019 and retired from full-time employment. Since the Covid-19 pandemic, I have supported 'Be the Business' (a small business giving small companies support) and I am a governor of a college.

## THE HORIZON IT SYSTEM

12. I had no knowledge of Horizon before joining POL other than at the interview stage being told about key suppliers, including Fujitsu. On joining POL, I learned more detail about Fujitsu building Horizon and that the contract had been in place since the 1990s. I understood Horizon to be the point-of-sale system at the Post Office counters (SPMs, Crowns and Multiples) which would be used to process and record all transactions performed within a branch. I cannot recall any of the specific details, but during my first few weeks at POL it is likely that I would have been given a walkthrough of Horizon and it is possible that some high-level architectural presentations regarding Horizon were delivered to me. Beyond this, the only formal training on Horizon I recall was for Christmas support for the Post Offices, which was limited training on Horizon and more specifically on the Post & Go machines. I would have had a high-level awareness about how the system was architected, however as Head of IT / CIO I was neither a technical nor a functional expert in Horizon.
13. I do not recall reading the May 2009 Computer Weekly article before joining POL. I was not employed by POL at the time of this article and do not recall being involved in any internal discussions about it when I joined. I do recall reading Computer Weekly articles at some point during my tenure but I cannot recall when I did so or specifically which ones.
14. Around the time I joined POL in April 2010, I recall that the second iteration of Horizon (“**HNGx**”) was in the process of being rolled out. I understood that the changes were primarily as a result of a cost reduction exercise, a refresh of some of the hardware, and application changes to support SPMs. I later

understood that there was a level of resilience removed as part of the HNGx roll out. Previously branches could continue to operate if the branch was unable to connect to the datacentre, however HNGx required the branches to be connected to the datacentre to be operational. Coming from a banking background (where branches could continue to transact if they lost connectivity to the datacentre) I had concerns about this from an operational resilience perspective (i.e., customers could not be provided with services if branches lost connectivity). This issue was addressed in papers to the Board (see **POL00096035** and **UKGI00018115** by way of example).

15. On joining POL I was not aware of either (a) bugs, errors or defects in the Horizon IT system (“**BEDs**”) (b) a lack of integrity in the Horizon IT System or (c) complaints addressing BEDs or concerns with integrity.

16. I had no input into the commission of or production of Rod Ismay's report of August 2010. I received a copy of it due to my role as Head of IT shortly after I started at POL. To the best of my recollection, it was around this time that I first understood that there were challenges to the integrity of Horizon. The report suggested that these concerns were not founded. I took the report at face-value, and it was my understanding from reading the report that there was not an issue relating to the integrity of Horizon and that there were significant business controls in place. I have no recollection of whether the report was used in POL's response to complaints made by SPMs concerning the integrity of Horizon. I do not think I would have been aware of this at the time.

17. I recall an issue shortly after I joined POL which led to the roll out of HNGx being halted. This was not a software fault relating to Horizon, rather a



database issue which was causing performance issues with Horizon. The roll out was halted until this was fixed. The first software fault relating to Horizon I can recall was “the 62 bug” in 2010 (see **POL00134346** which provides an overview of this). I also have a clear recollection of the “Local Suspense Incident” affecting 14 branches in 2013 (see **POL00190016**). My understanding for these faults was that the affected branches were all contacted and that the faults did not result in a negative financial impact.

18. There were two broad categories of technical issues relating to Horizon which I would be made aware of (i) complete Horizon network outages, which I referred to as “P1s” and (ii) technical issues affecting a significant number of branches, which I referred to as “P2s”. There would have been exact definitions of P1 and P2 faults but I do not recall these. The “62 bug” and “Local Suspense Incident” referred to above were P2s. **POL00190037** and **POL00029627** confirms that there was no negative financial impact for SPMs and no prosecutions in relation to these two bugs. More generally, I was not aware that any of the errors or defects that my team investigated were linked to prosecutions.

19. Prior to my taking responsibility for Service Management in Q3/Q4 2011, it was the responsibility of the Managed Services team to inform me of these issues and engage with the IT team. In some cases, these issues would be escalated to the Executive. An Incident Review would then be carried out by Fujitsu, who would provide a written response to POL. Any significant issues would be discussed at the operational and executive supplier reviews with Fujitsu. I understood that operational reviews took place between Fujitsu and Service

Management every week. I was not involved in these meetings. It is my understanding that Executive reviews were not taking place prior to me taking responsibility for Service Management. Once I had taken responsibility for Service Management, I attended Executive meetings either monthly or bi-monthly depending on need with my senior team, a Fujitsu account executive, sales executive and service executive. Service Management, David Hulbert or the Duty Manager would communicate P1s and P2s to all key stakeholders across the business, keeping them updated in relation to the issue, impact and resolution. I would also assist in communicating P1s and P2s at Executive level, often by text message, telephone call or in-person.

20. To the best of my recollection a small number of P1s and P2s occurred during my tenure. Following review of the documents I do recall the 4 significant services failures which occurred over a 9-month period in 2011/2012.

**POL00105585** provides detailed explanations from the technical team of each incident. As a result of these service failures, two reviews were undertaken – a tactical review and a strategic risk and resilience review (by KPMG), both of which were reported to the POL Board. The tactical review examined each individual incident, reviewed the root cause and established lessons learnt and improvements were implemented. The strategic review which was conducted by KPMG considered the resilience in the infrastructure as compared against other retailers or banking. This was an area of concern for me as I have detailed at paragraph 14 above. The strategic review gave the Board clarity on recovery of the datacentres (post implementation of HNGx) and costs to move to a more resilient platform.

21. Technical issues relating to individual branches or a smaller number of branches (i.e. not P1s or P2s) were dealt with by the operational IT service team who were the primary interface with Fujitsu. David Hulbert, the Head of this team directly reported to me from Q3/Q4 2011. P&BA and the National Business Support Centre (“**NBSC**”) reporting to Rod Ismay, were the primary contact points for the SPMs. I would only be involved in dealing with this type of branch IT issue if they were directly escalated to me. I would raise any such escalations with David Hulbert for action and with the Fujitsu Executive, if necessary.
22. I have considered an email thread dated 7 October 2014 (**POL00210241**) in which Kevin Gilliland (Retail Director) escalated a branch Horizon network connectivity issue to me. The documentation shows that I asked Ian Thomas to look into this, copying David Hulbert and Andy Grant. I cannot recall who Ian Thomas or Andy Grant are. I then ask “We do seem to be getting a lot of issues in this area – is there an underlying systemic problem?” By systemic, I meant is this a widespread issue which is affecting many branches. While I do not recall this specific issue today, it appears from the email thread to have been a local branch network issue and not an issue with the Horizon software.
23. I do not recall the specific term ‘ARQ data’. I assume that this refers to the Horizon audit transactional data stored within the audit database. I did not have a low-level detailed knowledge of what data fields were stored, I do recall it being a secure audit log of all transactions performed at a branch, which was described as being stored in a WORM (write once read many) storage and signed with a digital key. I remember attending a meeting with either Second

Sight or Deloitte and Fujitsu (Executives and Fujitsu systems experts) and POL representatives where Fujitsu presented the details of Horizon's architecture and explained how transactions were stored securely and could not be altered given the digital key against each transaction. I refer to this at paragraph 63 below.

#### **OPERATION OF POL AND HORIZON**

24. I was not involved with concerns about disputed shortfalls in branch accounts.

As I recall, the primary point of contact for these queries was via P&BA which was managed by Rod Ismay, or escalated through the Retail team managed by Kevin Gilliland. Only during 2015 (when I took on additional operational functions as referred to above at paragraph 6) did P&BA report through to me. Angela Van-Den-Bogerd became Operations Director/Head of Operations in 2015 and was responsible for P&BA and HR back office. She reported through to me. However, I understand that separate to the work that I had oversight of, she was heavily engaged with and reporting to Sparrow at this time (Sparrow was a Working Group set up to manage the Second Sight review, which I address further at paragraph 47 below). At this time (nor at any other time), was I involved in the day-to-day activities of the support PB&A provided to the branches. I do not recall any escalations during that period with regards to shortfalls in branch accounts.

25. My understanding of how SPMs would raise concerns about the IT system is that concerns were reported to and managed by the call centres, in particular P&BA and a help line in Fujitsu. I had no direct involvement in this process. Day-to-day oversight of the IT help lines was within Service Management and

Fujitsu, and also Atos towards the end of my tenure (I refer to Atos at paragraph 67 below. In short, this company was appointed as Service Integrator in respect of POL's new IT tower model post-Separation (from October 2013)). I was only made aware of any issues in the event of a P1 or P2 issue, or an escalation of a branch issue as described above.

26. I set out here the ways in which reported problems with Horizon could be escalated within POL and/or Fujitsu:

- (i) Escalation from the IT help desk through to the Head of Service Management (David Hulbert) and ultimately onto me. This would be escalated at the same corresponding levels within Fujitsu.
- (ii) Some issues were escalated through POL executive, typically via the CEO, Retail Director or via P&BA.
- (iii) Whilst I cannot recall the specific details, I do recall that SPMs could follow a complaints process.
- (iv) My understanding was that within Fujitsu, concerns could be escalated to them by POL (e.g by the Retail Director) via Service Management. The chain of escalation from there was to a senior manager for service and then through to the executive line.

27. I would not be aware of the volume of complaints about Horizon as this was managed through another business area within POL. I do not recall which.

28. I understood advice and assistance was provided to SPMs by PB&A. I am unable to provide a view of the adequacy of this advice. I recall that general

advice and support was one of the points that came out of the first Second Sight report in July 2013 as needing to be addressed, and I recall this was fed through to the Sparrow project (the Working Group set up to manage the Second Sight review, which I address further at paragraph 47 below).

29. I do not recall which business area handled training on Horizon. I personally do not recall having any involvement with or oversight of this, although it is possible that my team would have been asked to comment on training materials. I cannot, therefore, express a view on whether the training provided was adequate. I recall the Second Sight Interim Report commented on training not being adequate. This would also have been fed through to the Sparrow project.

30. I had no involvement in POL's audit of SPM's branch accounts.

31. I became aware around the time of the Rod Ismay report that prosecutions were taking place, but I did not appreciate the full scale of these until later. I understood that data from Horizon was being used as part of the supporting evidence in those legal proceedings and the importance of the integrity of the data. At some point (I do not recall when) I became aware that there was a contractual obligation for Fujitsu to provide audit data as part of any investigations. I do not recall appreciating that POL could prosecute individuals itself without referral to external authorities until around the time of the Second Sight review. At this time, I did not give this much consideration and would not have been able to comment on the prosecutions themselves. At the time I joined POL, the prosecutions had been ongoing for many years. I did not have involvement with these as they were handled by the legal

department. I can see from the documents provided an occasion in 2013 when Simon Baker (a member of my team) was asked to obtain information on “bugs” in connection with a prosecution (please see **POL00164510** and **POL00060572**) but that was the extent of my involvement.

32. I understood that Gareth Jenkins was a Fujitsu technical expert on Horizon and later a technical witness for POL in legal proceedings. I did not have any professional relationship with Gareth Jenkins, although the documents provided show an occasion where I did have email contact with him following an escalation to an account executive at Fujitsu. In addition, I have also reviewed **FUJ00124536** in which Gareth Jenkins sends me a copy of his final witness statement from the 2010 Misra case heard at Guildford Crown Court on 28 June 2013. I do not recall being aware of the Misra case in 2010. I had not long joined POL. I was not responsible for prosecutions and I do not recall having any active involvement in prosecutions. I do not recall asking for this statement or how it was asked for and it would be extremely unusual as CIO to request a copy of a witness statement. I can only assume (given the timing) that I had been asked to obtain it as part of the Second Sight review or it may have been related to the prosecution referred to in the above paragraph (I have no recollection of this but note the emails are a few days apart).

### **THE ERNST AND YOUNG (“EY”) 2009/2010 and 2010/2011 AUDIT FINDINGS AND ACTION THEREAFTER**

33. Shortly after I joined POL in April 2010, I was asked to attend an end-of-year controls audit final review meeting with EY and other POL employees regarding the 2009/2010 audit. I recall that this audit was being overseen by the Finance team as part of the normal financial year end activities which is

not unusual, but it appeared that Finance had taken a lead role in the IT elements. The operational responsibilities for Horizon at this time were through Managed Services (Andy McClean) reporting into the COO (Mike Young).

34. Coming into POL, I recall being concerned by the findings of the 2009/2010 audit, in particular the number of findings and recurring issues. Having read the summary document to refresh my memory, EY had a number of challenges in identifying an individual within POL who owned the relationship with outsourced providers (including Fujitsu) who could reinforce EY's requests to Fujitsu for evidence required to complete the audit. EY required intervention from senior POL staff and senior Fujitsu UK executives. This was not something I was involved with.

35. I do not recall the date on which responsibility and senior engagement for the IT elements of the controls audit moved to me. I do not recall what involvement I had in the 2010/11 audit other than I can see from the documents provided that my involvement in the 2010/11 EY controls audits appears to start in around March/April 2011. At this point the operational management of the Fujitsu contract was still within the remit of Managed Services. At the time I took responsibility for the audits, I assigned responsibility to one of my team, Andy Jones (Head of Quality and Standards within IT), to co-ordinate between EY & Fujitsu and to track and ensure actions were being completed with appropriate evidence for the auditors. Andy Jones continued in this role for the duration of my time at POL. I also



recall engaging with Internal Audit during my tenure to validate that external audit actions had been completed or were on course to be completed.

36. The EY audit was an annual activity, and I led the move following the 2010/11 report from a standard audit with Fujitsu to an ISAE3402 standard (which superseded SAS70). The main benefit of this for POL was that this was a recognised standard for the controls over a service provider that the auditors could test and POL could rely upon. From my perspective, it appeared that the main issue was that no one within POL had taken ownership of the IT controls in place with Fujitsu. I made Andy Jones accountable for the annual audit process and management of audit actions with clear objectives through his annual performance reviews (**POL00137282**). The audit outcomes needed to be significantly improved so that POL could become comfortable with the controls. It was made clear to the RMG Board that a move to the ISAE3402 standard would take around 2 years; 2011/2012 being foundational and 2012/2013 for completion of the ISAE3402 (**RMG00000003**). I worked closely with EY and the executives at Fujitsu to ensure they knew how important this was. Paula Vennells and Mike Young were also involved in gaining commitment from the most senior levels within Fujitsu. Fujitsu also committed to covering the costs for the ISAE3402.

37. The IT team worked with Fujitsu and EY to define the scope and requirements of the ISAE3402, and Fujitsu engaged a consultancy firm (possibly KPMG) to perform their audit and prepare the ISAE3402 prior to EY performing the annual controls audit. This was presented to the Senior IT team and myself on an annual basis. Whilst I cannot remember the specific outcomes of the

EY audits, I recall that there was a significant improving trend. This can be seen from **POL00021431** and **POL00105629**.

38. Based on my previous experience in a banking environment, I understood and agreed with the importance of the controls described by EY regarding systems access and management of technical or systems changes to Horizon. Having refreshed my memory by reading the management letter from the 2010/2011 audit and the summary of the 2009/2010 findings, I did agree with EY's findings that there needed to be an improvement in the governance of the outsourcing contract and other areas identified. As I set out in paragraph 8 above, my view during 2010/2011 was that the contractual relationship and day-to-day operational management of the Fujitsu contract was in the wrong area of the business, although IT and Managed Services did report through to the same Executive Director (the COO). I agreed with EY that a move to a ISAE3402 standard would be beneficial for POL and would provide a much more structured approach for POL/EY whereby the control objectives (over management of change and access to systems) and required outcomes were clear for all parties. Having read the audit report provided it is clear that as the 2010/2011 audit was the first full year audit following the implementation of HNGx, there was a lot of work to be done by Fujitsu around the control environment and within POL to be comfortable with the controls in place. The documents reference Fujitsu's CISO (Chief Information Security Officer) being involved. I vaguely recall this escalation as part of the resulting actions taken. From the documents provided there were also areas where POL needed to assess the risk and compensating controls, especially for privileged users

which I believe were considered by the Audit, Risk and Compliance Committee (subcommittee to the ExCo).

39. I recall concerns were raised by the Board about the cost of the EY audits as they were expensive due to the additional testing EY had to perform to satisfy the end of year audit requirements and they queried why POL should pay rather than Fujitsu. Fujitsu bore the cost of the ISAE3402 once implemented. Aside from this, I do not recall cost being a factor in relation to the steps POL took in response to EY's findings.

#### **SHOOSMITHS LITIGATION**

40. I recall this threatened litigation but do not recall being actively involved in POL's response to it. At this time, I was Head of IT & Change and reported to Mike Young (COO). From a review of the documents, I can see that it was initially proposed that I would be a member of a Steering Group to manage POL's response to challenges to Horizon from Shoosmiths / Access Legal and the Justice for Subpostmasters Alliance ("**JFSA**") but as seen in **POL00294878** Rod Ismay asked me if I would involve or devolve to David Hulbert and/or David Gray who were both on my team. It is likely that I would have devolved the responsibility to the experts in my team, and document **POL00294844** confirms this. I have no recollection of having direct oversight of my team's work on this. My team would have worked directly with Rod Ismay on this. At this time Separation and the associated IT transformation was my key priority and was taking up the majority of my working day. I have no recollection of what POL's strategy in responding to this litigation was and do

not think I would have had a detailed understanding of this at the time due to my limited involvement.

41. The only thing I can recollect in relation to legal professional privilege being used within POL is that the legal department asked that anything to do with the Horizon IT system in relation to threatened litigation to be marked as privileged and confidential. I have no specific recollection of who in the legal team communicated this or how/when this was communicated.

#### **ENGAGEMENT WITH MPS IN EARLY 2012**

42. I was aware that meetings were taking place between MPs and Paula Vennells. I also recall that Angela Van-Den-Bogerd and Alice Perkins were involved in attending meetings with MPs. I recall being asked to attend the office of Jo Swinson, the then Postal Minister, with Mark Davies (Communications and Corporate Affairs Director) and Alwen Lyons (Company Secretary) at short notice but I do not recall the date. I recall standing outside her office in the corridor while her aides came out and asked us questions. I do not recall any specific questions, only that they were Horizon related. I would have been involved in the preparation for other meetings between MPs and POL executives, together with my team (for example by commenting on briefing papers as seen in **POL00145100**) but I cannot recall specific details of what I did beyond what is seen in the documents. I (or my team) may have been asked to comment on responses to journalists. I can see some examples from the documents (**POL00145113** and **POL00142801**) although beyond this do not recall any specifics.

43. In relation to **POL00105481** I note 3 action points assigned to me “(i) *be ready to present our view on Computer Weekly and what these views are based on;* (ii) *find out the views of the IT industry and the Govt on Computer Weekly (possibly ask Ian Watmore’s new CIO); and (iii) consider who we might suggest as an independent IT consultant who could carry out a review, 2 or 3 possibilities so there is a choice*”. The action points referring to Computer Weekly were in relation to a suggestion made by James Arbuthnot MP that POL should bring them into the business to carry out a review of Horizon. In relation to point (iii) above, I recall that the UK government had set up an area called Government Digital Services. I was tasked with going to talk to government leaders and others in the industry to seek their views on Computer Weekly and if they were able to conduct a review of Horizon. The proposal to bring Computer Weekly journalists into POL to conduct this review was unusual. The appropriate response, in my view, was to bring in an independent expert to carry out a forensic review of whether there was a systemic issue with Horizon (see **POL00137248**). I recall suggesting that Deloitte undertake the independent review as they were on POL’s consultancy panel and could be contracted quickly to do such a piece of work. Second Sight was eventually instructed to carry out this review and I set out my involvement in that review below in paragraphs 46-51.

44. “Remote access” has a specific meaning in IT which is the ability for support staff to access the systems for support purposes i.e., software updates or hardware diagnostics etc. I understand the Inquiry is referring to whether Fujitsu had the ability to alter SPMs transactions when it uses the phrase “remote access”. I recall an occasion early into Alice Perkins’ tenure as Chair

of the Board when I gave a presentation to her walking her through how Horizon worked at a high-level. The Powerpoint presentation would have been prepared by one of my team. Beyond this, I cannot recall providing any formal briefings to senior managers or board members on the integrity of Horizon. Although I do not recall specifics it is likely that there would have been informal discussions around the subject. I can see from the documents that, throughout my tenure, I would be asked to provide feedback and updates to the board as and when required on a number of IT related subjects. They also show I was asked to provide information by Paula Vennells regarding remote access, prior to her attending the Select Committee (please see **POL00150993, POL00311320, POL00151029, POL00311345 and POL00311353** by way of example). As can be seen from **POL00150993**, I would rely on my team to provide technical details. In terms of what information was given, I would be transparent and did not intentionally hold anything back. If something was highly technical, when presenting to the Board or senior management, my practice would be to try and turn that into plain English.

45. I have considered page 10 of **UKGI00016088** and what is meant by "*Lesley Sewell reported that a tactical review was underway to understand the single points of failure within the system. A more strategic review was also needed for re-visiting decisions made on critical back-up for system failures*". I addressed this at paragraph 20 above. As a result of 4 significant service failures over a 9-month period in 2011/2012, two reviews were undertaken – a tactical review and a strategic risk and resilience review (by KPMG), both of

which were reported to the POL Board. The tactical review examined each individual incident, reviewed the root cause and established lessons learnt and improvements were implemented. The strategic review which was conducted by KPMG considered the resilience in the infrastructure as compared against other retailers or banking. The strategic review gave the Board clarity on recovery of the datacentres (post implementation of HNGx) and costs to move to a more resilient platform. To the best of my knowledge none of the incidents covered by these reviews led to prosecutions.

#### **INSTRUCTION OF AND ENGAGEMENT WITH SECOND SIGHT**

46. I recall being involved in early discussions with the General Counsel (Susan Crichton), Paula Vennells and possibly others in the ExCo about how best to conduct a forensic review of Horizon. By forensic review I mean a detailed, low-level analysis of data, audit and system logs, functionality, and potentially application code, which would aim to identify any anomalies within the system. This was an action point arising from the meetings with MPs. Susan Crichton led the review. I refer to para 43 above in which I set out that I recall suggesting that Deloitte carry out the independent review and the reasons for this. I was not aware of Second Sight prior to 2012 and believe it was Susan Crichton who suggested them. I vaguely recall meeting with Deloitte and Second Sight with Susan as part of the selection process. I do not recall who ultimately made the decision to appoint Second Sight or any of the specific details about why they were chosen. I would have commented on and fed into the ambit of the investigation, but do not recall any specifics.

47. As regards the Sparrow Working Group, while I had some involvement in the project for escalations and review of the interim report, I was not a member of this group and had appointed representatives from my team to support Sparrow. This was because I had been asked by the CEO to focus on Separation and IT transformation. I recall that Second Sight were informed of the P1/P2 IT issues and their resolution.

48. All requests for information from Second Sight were managed through Sparrow. My team were involved in actioning IT requests and supporting the working group. Initially there was a Manager, Simon Baker, assigned to support co-ordinating the activities reporting to the working group, who was then later supported by Steve Allchorn. There was also a Manager assigned from the IT team located in Chesterfield (Kevin Lenihan) who was the conduit between Sparrow and Fujitsu for any information requests from Second Sight. I was not involved in the day-to-day activities of the review save for that, as CIO, I was a point of escalation with the Fujitsu Account Executive (if required) as I had the senior Executive relationship with them. I recall one issue that I was asked to escalate to the Fujitsu Account Executive which related to a SPM going into a basement at Fujitsu's offices in Bracknell in 2008. The SPM reported that they had witnessed Fujitsu employees changing transactional data. The purpose of the escalation was to ensure full access to information from Fujitsu for Second Sight and the working group. I recall that Fujitsu were adamant that the basement was a standalone test system not linked into the Horizon network. I enquired of Fujitsu what the physical infrastructure was as can be seen from **POL00029605**. They confirmed that the test system infrastructure was physically separate from the data centre



which processed the live network data. They also told us that it was common practice to invite stakeholders in to see the testing environment. There was no reason to doubt the information provided by Fujitsu as it was all plausible.

49. I am reminded by **POL00099063** that the interim report said that there were no systemic issues with Horizon and that Second Sight were made aware of the 2 incidents as detailed in paragraph 18 above. Other findings were that: (i) where there was a power or communications failure during the processing of a transaction, timely, accurate and complete information about the status of a transaction was not immediately available to SPMs; (ii) support and advice to SPMs in response to concerns needed to be improved; (iii) the lack of an effective 'outreach' investigations function within POL resulted in POL failing to identify the root cause of problems and missing opportunities for process improvements; and (iv) the lack of a 'suspense account' meant it was difficult for the SPMs to deal with disputes.

50. **POL00099153** appears to be a list of suggestions from me to the Sparrow working group about what should happen as a result of the Second Sight report. I had come to POL from a banking background and in a bank environment there would typically be a suspense account at a branch level. By 'suspense account' I mean a branch level account where transaction anomalies could be parked until they were resolved. As I understood it at the time, there was no ability to do this within post office branches and SPMs had to balance at the end of each day. The implementation of a suspense account was one of Second Sight's recommendations, and the action to '*consider a suspense account at branch level*' was to assess what would be necessary to

make this change. While I did not take a leading role on follow-up actions, I did give a view to the Sparrow working group on next steps. This included scoping the 'suspense account' changes and further guidance to the branches on communication failures.

51. I was concerned the initial review by Second Sight was not forensic enough. I would have voiced this to Paula and Susan. As regards the views of others, I vaguely recall others having concerns about how the review was being carried out and how long it was taking, I cannot recall specifically who but am reminded by **POL00145100**. The first review was at a much higher level than I had expected and, in my view, from a technology perspective, Second Sight needed to go into the transactional and low-level system logs to do a deep technical dive. Whilst the initial report said there were no systemic issues with Horizon, I expected a more detailed analytical review of the individual cases.

## **THE INTERIM REPORT AND THE MEDIATION SCHEME**

52. After Second Sight were engaged, my main involvement in the preparation of the interim report related to obtaining material from Fujitsu in relation to the Bracknell matter. As regards any "preparation for and response to" the interim report, as set out above, in **POL00099153** I made suggestions about what could be done in response and how any subsequent actions could be structured. I was not involved in the day-to-day working group action plan. I have no memory of requesting any amendments to the report, but from the documents provided it is clear that I reviewed the interim report and provided comment to Paula Vennells and Susan Critchon (**POL00099088**). I can see from **POL00099088** that I have provided comments on a marked-up version of

the interim report in relation to two areas in which POL and Second Sight had conflicting views (the Bracknell matter and one of the spot reviews which related to a connection failure).

53. I was not actively involved in the Mediation Scheme or the Working Group. As regards **POL00089708**, I am listed as a member of the Mediation Scheme Working group in 2013, but not in 2014. The provenance of this document is not known to me. I was not a member of the Working Group, although as can be seen from the documents, I was copied on emails relating to the interim report. In the second half of 2013/2014 I was focused on Separation and IT transformation. I also was heavily involved with the Deloitte review (see "Project Zebra" below).

54. I recall that Second Sight produced a second report in August 2014, although I do not recall the detail. I was not actively involved in its preparation as, at this time, I was focused on the areas set out above. I can see from **POL00207852** that I had been away on holiday and on my return, David Hulbert provides an update to me about the second report. I cannot recall being involved in POL's response to the second report.

55. As I saw it, Project Sparrow was in place to manage the Second Sight review and any resultant actions, and to oversee the Mediation scheme. As I was not part of the group I am unable to provide any more specific detail. I do not know why the Project Sparrow committee became a formal subcommittee of the board and would expect those who sat on the board could confirm this.

56. I do not recall any policies or strategies POL adopted in responding to complaints made about Horizon, both in the mediation scheme and more widely. I therefore do not recall any factors taken into account when deciding on any such policies or strategies, or any disagreements. By the end of 2014, I did not sit on the Group ExCo. I recall it was meeting daily during this time. I joined a monthly meeting to prepare any board papers. I am therefore unable to comment on this and I imagine most of the discussions about this would have taken place at group executive level.

57. I do not recall being involved in briefing Paula Vennells, Alice Perkins or other senior managers within POL in respect of the Mediation Scheme, whether in readiness for a board meeting or otherwise.

58. I have addressed my involvement relating to the ambit of Second Sight's investigation above at paragraphs 46-51. My team facilitated access to IT documents from within POL and from Fujitsu. As regards POL's approach to disclosing documentation to Second Sight, if my team were asked to collect information it would have either gone directly to Second Sight and/or to the legal team. I would have asked my team to be transparent in terms of providing information.

59. Any knowledge I have regarding the investigation of POL's suspense account and the allegation that POL may have unexplained profits caused by SPM's settling illusory discrepancies post-dates my time at POL, and the source of any knowledge I have will be the media.

## **POL'S RESPONSE TO COMPLAINT'S FOLLOWING THE MEDIATION SCHEME**

60. I understand that the Mediation Scheme ran from August 2013 until the end of Q1 2015. At the time, I would have been aware of the Mediation Scheme and potentially the Working Group closing but I was not actively involved in either. I would have been copied in on emails regarding criticisms of POL in the media (such as the BBC's Panorama episode) and in Parliament. While I do not recall the Bracknell issue re-surfacing in 2015, I can see from **POL00002575** that Nigel Shaw, Account Executive of Fujitsu, wrote to me about it in connection with the Panorama programme. I had dealt with this issue when Second Sight was completing its interim report. I do not recall being involved in any briefing to the POL board and / or more senior managers on the integrity of Horizon following the closure of the Working Group.

61. I cannot recall being directly involved in POL's internal communications regarding challenges to the Horizon IT system. While it is possible I may have been asked to comment prior to communications being issued, I do not recall any specific instances. I am not aware of any POL policy in respect of such communications.

## **PROJECT ZEBRA**

62. To the best of my recollection, the request for a further review of Horizon came from the POL Board. I am reminded by **POL00138190** and **POL00138191** that POL sought legal advice from Linklaters about what an expert report into Horizon should cover. I was not involved in obtaining this legal advice. The

Deloitte report was instructed by the General Counsel (by now Chris Aujard). A Terms of Reference was agreed with Deloitte as can be seen from **POL00108462**. I also had input into this, as can be seen from **POL00147961**, where I commented that there was not enough detail in the first draft. The legal team led the review. Phase 2 was at the request of the Board (I am reminded by the documents that there was a meeting on 30 April 2014).

63. As to why Deloitte were selected, I can only assume it was because they were on POL's consultancy panel and were known to POL having previously completed work within IT and Information Security. I had also recommended them in the past. The review was limited to a desktop review, meaning it was restricted to reviewing documentation and speaking with technical experts. I do not recall why it was limited to assurance work only, although performing a full end-to-end system historic forensic review would have been challenging given the original Horizon system had been replaced by HNGx. I also recall the time and possibly cost of a deeper forensic dive being an issue, in particular time, as if I recall correctly, POL wanted the review to be done quickly. My view was that a forensic review needed to take place but that this was a good start. I recall my team being involved in ensuring Deloitte had access to resources required within Fujitsu (from system architects and specialists) and by engaging with the Fujitsu Account Executive to facilitate this. I remember attending a meeting with either Second Sight or Deloitte and Fujitsu (Executives and Fujitsu systems experts) and POL representatives where Fujitsu presented the details of the systems architecture and explained how transactions were stored securely and could not be altered given the digital key against each transaction. If I recall correctly, Fujitsu stated in this meeting

that correctional transactions could only be added through a facility that required the SPM to accept.

64. I am reminded by **POL00138271** that Deloitte were asked to put more information in the second interim version of the report and to structure it more clearly. The Deloitte summary paper of their initial findings (prior to completion of the full report) was presented to POL Board and they were asked to attend a Board meeting. I attended for this agenda item and the General Counsel was also in the meeting. The full review would have gone to the General Counsel and myself, and most likely to a wider circulation. I was not involved in the wider distribution of the report. I can see from **POL00138432** that a summary of the findings and recommendations of the Deloitte report were presented to the Board Risk and Compliance Committee by the General Counsel Chris Aujard. I was not a member of this committee and do not recall seeing this summary at the time. Having reviewed this document now, I do not think it fully conveys the findings from the Deloitte report and in particular I note that it recommends that there is not a review of the transactions. As I understood it at the time, the key actions arising from the Deloitte report fed into the Sparrow Project and were presumably dealt with by them. Other actions, such as future looking considerations, I would have expected to have been fed into the IT programmes.

65. I am reminded of the findings of the Deloitte report from the documents provided and can recall that I broadly agreed with them. I recall that Deloitte identified that 1 transaction had been added by Fujitsu during the time of the HNGx pilot or early roll out. I immediately escalated this internally within POL

to the CEO and General Counsel. I recall this as I was angry on finding out this information. Fujitsu had consistently contended that data could not be added or amended without the knowledge of the SPM or their consent as the SPM through a system facility called Transaction Corrections. I do not remember the transaction type (the Deloitte report details it as a 'Balancing Transaction') however my understanding prior to this was that any changes of this nature had to be accepted by the SPM and there was a full audit trail. I understood that although the balancing transaction was outside of the normal process, the SPM was aware. I escalated this with Fujitsu who were asked to provide details of this case and to assure POL there had been no other transactions of this nature. I believe confirmation was provided by running a program against all transactions to determine if there had been any other transactions of this type. The Deloitte report makes reference to an email regarding this type of transaction. I would have shared the results with my team.

## **THE FUTURE OF THE HORIZON IT SYSTEM**

66. I took a lead role in any discussions regarding the future use of Horizon at POL and therefore have a clear recollection about this topic. These discussions took place throughout my tenure and it was a constantly evolving process. As set out above at paragraph 7 I was accountable for POL's IT strategy post-Separation with approval at Executive and Board level. I would have taken in views from all key stakeholders across the business about the IT strategy (including the future use of Horizon) and would have ensured it aligned with POL's business strategy. From early on in my tenure, it was clear that the legal team had concerns about the Fujitsu contract as it was originally formed in the



1990s and had never been out to public tender. It was therefore difficult to assess its value for money, particularly from a public purse perspective. I also recall concerns from other business stakeholders (i.e. marketing and retail) about how user-friendly Horizon was and the time it took to change when introducing business changes. In addition, technology had moved on significantly since Horizon was introduced. These concerns were continually raised and discussed throughout my tenure.

67. The IT strategy I was developing was complex. As such, the work was supported by external consultants, primarily Deloitte and Berkerley Partnership who assisted in developing the IT strategy as well as providing support for the numerous procurements that had to take place. The procurements were also supported by external legal representation as well as the internal procurement and legal teams. It was a huge undertaking and was probably one of the largest IT procurements in the UK at the time. The IT strategy put in place was a tower model for IT outsourcing. This model operated with a service integrator (“SI”) sitting at the top which managed specific areas of technology underneath it on behalf of POL e.g. end-user (desk-top), network, front-office, back-office (HR, finance, systems) and digital (website). All parts of the tower model, including for the SI, went out to procurement. Atos were awarded the contract for the SI in October 2013. Prior to the tower model and prior to Separation, by contrast, from an IT perspective, POL’s only material contract was with Fujitsu.

68. The Fujitsu contract was one part of the wider IT strategy landscape. There were numerous discussions with Fujitsu regarding the future of Horizon and more broadly the POL IT Strategy throughout my tenure. These discussions were with the account executives (which changed over time) but I recall Paul Patterson and Helen Lamb in particular. At executive meetings, Fujitsu were given an update about POL's IT strategy, although we had to be careful about what could be said given the ongoing procurements. About a year after I joined POL, Fujitsu made a proposal to extend its services beyond the end of the current contract. The contract ran until March 2015 and the proposal was for a 5-year extension. **POL00114269** (19 September 2012 Board Paper) has refreshed my memory on this topic. Some of the Fujitsu software and hardware was coming to the end of its life. POL had to decide whether it would proceed with the 5-year extension with Fujitsu or to continue with the new IT strategy/tower model. I recall Fujitsu's proposal was discussed at length internally and it was decided not to proceed with it due to legal reasons (i.e. because the contract had not been out to tender and it was difficult to demonstrate value for money) and also because the contract was perceived as lacking flexibility when considered alongside the business and overall IT strategy, which was forward-thinking and focused on new technologies (such as digital) in contrast to the legacy Horizon system. I recall this decision was communicated to Fujitsu in September 2012. If I recall correctly, the full IT strategy was not quite finalised at this point. Although it was decided not to extend the Fujitsu contract for 5 years, it is clear from the Board paper above that any move to a new solution/provider would likely require a short extension to the Fujitsu contract to manage the risk of moving platforms.

69. Fujitsu, through executive engagement, were well aware of the plans to eventually move to a tower model. As the procurements for the towers model progressed, if I recall correctly, Fujitsu decided to bid for Front Office (Horizon), and End User. There may have been other areas it bid for too. Fujitsu was not successful in its bid for the End User procurement. After this, I recall that Fujitsu took the stance that they did not want to continue with the bid for Front Office. This was at the end of 2014. At that point, Fujitsu wrote to POL stating that they were effectively in exit mode. Please see **POL00109859** which includes a paper to ExCo and the Board regarding the Fujitsu Transition and Risk Management, and an update on the broader IT transformation programme. The Board paper details all the material risks and actions being taken. In my view, Fujitsu did not like the tower model IT strategy and that they would be managed by an SI. The tower model posed a threat to Fujitsu's supply of IT services to POL and its revenue. While I cannot recall the precise figures, I was aware that the POL contract had contributed to a significant percentage of Fujitsu's UK revenue.

70. Front Office was eventually awarded to IBM. At some point after I left POL I became aware from the press that POL had decided not to move away from Fujitsu as it was too great a risk for the business to take and POL extended the contract for Front Office with Fujitsu. I recall during my tenure that Fujitsu repeatedly told POL that they thought it was a risk to POL to move away from them.

71. In my view the support and operational service that POL received from Fujitsu did not change over time. It was in Fujitsu's interests that they maintained good service levels because as per the contract, Fujitsu had to pay compensation to POL if there were any material service outages. The relationship, however, did change over time. As I set out above, Fujitsu challenged the tower structure, as this was a risk to their revenue. When Fujitsu were not successful with any bids and removed themselves from the Front Office procurement, that marked a key change in the relationship. As can be seen from **POL00109859**, POL put in place a dedicated transition manager to closely manage Fujitsu. In 2015, as can be seen in **FUJ00175195**, Alisdair Cameron was involved as part of the Transition services agreement and ensuring support at the highest level for POL's exit. I recall that Fujitsu wrote not only to myself but also Paula Vennells in 2015 (see **FUJ00168944** and **FUJ00168945**). It was clear from the letter that they were in exit mode. Fujitsu also stated that they would not support any subcontracting if POL should need it. It was disappointing but not unexpected given that they were in exit mode.

72. Any reviews of Horizon with regards to security and stability that had taken place over the previous years would have fed into the procurements and were considered. The alternative technologies proposed were current state-of-the-art and more advanced than HNGx. To the best of my recollection, the concerns about Horizon that were voiced internally as regards IT infrastructure related to the legal (contractual) issues, user-friendliness, operational resilience and lack of flexibility of the system as referred to above

at paragraph 66 rather than in relation to transaction alterations and fraud allegations against SPMs.

## **LEAVING POL**

73. I resigned from POL in early June 2015. By the end of 2014, I was very unhappy at POL. There were a number of reasons for this. Towards the end of 2014, Paula Vennells decided to change POL's structure and create a Group Executive. This was not well managed. I had always reported through to an executive but also sat on the ExCo from 2012. Paula's view was that I should not sit on the Group Executive and lose the Executive title and be part of the lower-level leadership team. This was notwithstanding the fact that my responsibilities were increasing (becoming Operations Director in addition to CIO). I was no longer involved in broader group executive decision making or group discussions. Paula had also brought in a Transformation Executive who sat on the Group Executive who took responsibility for all transformation work. It felt as if my role was moving towards a more operational role after many years of working on Separation and IT transformation. I felt that I could no longer do my job properly. I also felt that the culture at POL had changed. When I started at POL there was a warm culture, but towards the end of my tenure, the culture was not supportive and did not fit with my personal values. All of this made me so unhappy that it was affecting my physical and mental health. In early June 2015 I resigned without having another job secured. I was put on gardening leave from 1 October 2015 rather than working my full notice period until November 2015.

**GENERAL**

74. Having spent time reviewing the documentation provided by the Inquiry and reflected on my time at POL, I do believe that POL would have benefited from having an independent technical expert (or recruiting a POL employee with sufficient remit and authority) able to conduct technical forensic reviews at the stage at which Horizon was being challenged. Their role would have been to challenge the accepted position that Horizon was not the root cause of any issues and remove the reliance on Fujitsu technical expertise and system knowledge. Fujitsu owned the intellectual property rights to the majority of Horizon and POL was reliant on Fujitsu for technical expertise. This individual would have been involved in the external reviews which were conducted, and provide a central, consistent 'font of all knowledge' for all things to do with challenges to Horizon. An independent technical expert would have benefited the Second Sight report, as it appears that they performed an initial investigation of cases, then referred the detailed technical investigation to Fujitsu/POL.

75. The key actions that resulted from the Deloitte review (Project Zebra) were as I understood managed under the Sparrow working group. On reflection, while I was not asked to do this at the time, I feel that these would have benefited from oversight by IT.

76. I do not feel qualified to pass comment on how POL handled challenges to the integrity of Horizon by SPMs, MPS, journalists and members of the public any further than I have already done so throughout this statement. I did not have

sufficient involvement with the prosecutions to offer comment on POL's approach to the prosecutions or disclosure of information to SPMs.

77. There are two other matters that I consider are of relevance to the Inquiry that I would like to draw to the attention of the Chair: (i) attempts by Paula Vennells to contact me after I left POL in 2015; and (ii) a recent attempt by the BBC to contact me for comment.

78. As part of my preparation to make this statement, I have checked my personal mobile telephone, personal email account and my iPad to see if there were any relevant communications I had with former POL colleagues after I left POL at the end of November 2015. To the best of my knowledge and research, Paula Vennells contacted me 4 times in 2020 and 2021 via either email, telephone call or text message. It has taken me some time to locate all of these communications. On 8 March 2020, Paula Vennells emailed my personal email account from a personal email account of hers. I exhibit a copy of that email at **WITN00840101**. In that email, she asked if I could spare her some time for a call as she had "been asked at short notice to appear before a BEIS Select Committee on all things Horizon/Sparrow and need to plug some memory gaps! My hope is this might help avoid an independent inquiry but to do so, I need to be well prepared". I had not spoken to Paula since I had left POL in 2015. We spoke on the telephone later that day. I made brief notes in relation to that call which I exhibit as **WITN00840102**. I recall the call was short. I had no POL papers to refer to at the time to refresh my memory so anything discussed was from memory alone. I was not following the POL litigation. I was never contacted about the litigation.

79. Paula contacted me again on 15 June 2020 via text message requesting a call.

I cannot recall what was discussed and I cannot find any notes I made in relation to this call. Paula contacted me again on 11 December 2020 by calling my mobile telephone. I cannot recall what was discussed. I did not make any notes in relation to this call. Paula contacted me again on 12 April 2021 via text message requesting a call. We spoke for longer this time and I made a file note which I exhibit as **WITN00840103**. My notes are in shorthand and it appears as though I have recorded what Paula said to me. I can see from my notes that there is reference to the Project Zebra Deloitte report and a reference to a call to Gareth James of Deloitte who I recall was the lead on this project who I worked with a lot. I cannot recall why he was mentioned. I do not know what is meant by "lawyers say we didn't do anything about it". Paula must have said this to me and I do not know to which lawyers she referred. I suspect the reference to "can we publish" relates to the fact that POL wanted a report from Deloitte that it could publish. I recall Deloitte were nervous about this and the reference in my notes to "massively caveated" may have been a reference to Deloitte's position i.e. the report could only be published if it was subject to caveats. I do not know what "PV got jumpy" means. I can see reference in my notes to the EY audits. I can only assume the reference to "very little testing done" is to the Deloitte report being a desktop review. I think the reference to "Stage 2 work" was a reference to the recommendations coming out of the Deloitte report more generally. I believe the reference to "in light of 3700 lost money as result of shortfalls" is a reference to the number of SPMs with shortfalls. I also recall Paula converting this number into a monthly average of SPMs with shortfalls. I had not heard these figures prior to this



conversation. If I had been aware of the magnitude of the losses during my tenure I would have been surprised and concerned about this. My notes refer to the “Court of Appeal case on 23 April 2021”. I do not recall being aware of these legal proceedings at the time I spoke to Paula. I had no involvement in those proceedings. I can also see that I have made reference to “Deloitte report said that transactions could be amended/changed?” and have added “not my understanding”. At the time of writing this note, my understanding of the Deloitte findings was that only 1 balancing transaction had taken place.

80. Paula contacted me on four occasions in total. I recall blocking her number after the last call as I did not feel comfortable with her contacting me. I had no access to POL papers and was relying on my memory only. I exhibit the text messages arranging the four calls as **WITN00840105**.

81. I was contacted by Olivia Davies of the BBC on 3 April 2024. I exhibit that email as **WITN00840104**. She was seeking information about POL from an Information Security perspective (i.e. not in relation to Horizon). I forwarded the email to POL’s witness support team and they responded on my behalf the following day saying that I did not wish to speak with the press.

### Statement of Truth

I believe the content of this statement to be true.

Signed:

**GRO**

DD18E7B84D174E2...

Dated: 4/16/2024

**Index to First Witness Statement of Lesley Jessie Sewell**

| <b><u>No.</u></b> | <b><u>URN</u></b> | <b><u>Document Description</u></b>   | <b><u>Control Number</u></b> |
|-------------------|-------------------|--|------------------------------|
| 1                 | POL00109859       | Executive Committee Agenda for meeting due to be held on 15 January 2015. The "IT Strategy Update" (pages 7 to 16) of 15 January 20215 prepared by Lesley Jessie Sewell, discusses the scale of the IT strategy. | POL-0111095                  |
| 2                 | FUJ00175161       | Executive briefing note providing a description of the CIO's (Lesley Jessie Sewell) agenda.  | POINQ0181342F                |
| 3                 | POL00096035       | Post Office Ltd Board Noting Paper on Horizon prepared by Lesley Jessie Sewell in March 2012.  | POL-0095618                  |
| 4                 | UKGI00018115      | Post Office Technology Risk and Resilience Review paper prepared by Lesley Jessie Sewell in September 2012.  | UKGI028122-001               |
| 5                 | POL00134346       | Email thread providing an overview of the software fault relating to Horizon termed "the 62 bug".  | POL-0138799                  |
| 6                 | POL00190016       | Email thread on the local suspense incident affecting 14 branches.   | POL-BSFF-0028079             |
| 7                 | POL00190037       | Summary of the two anomalies communicated to Second Sight as part of the review.   | POL-BSFF-0028100             |
| 8                 | POL00029627       | POL internal briefing note to Paula Vennells titled "Second Sight review into Horizon – Implications of Interim Report" dated 2 July 2013.   | POL-0026109                  |
| 9                 | POL00105585       | Email thread with explanations of the 4 significant services failures which occurred over a 9 month period in 2011-2012.   | POL-0104569                  |
| 10                | POL00210241       | Email thread of 7 October 2014 regarding a Horizon network   | POL-BSFF-0048304             |

|    |             |  |                  |
|----|-------------|--|------------------|
|    |             | connectivity issue that was escalated to Lesley Jessie Sewell.   |                  |
| 11 | POL00164510 | Email of 28 June 2013 confirming a new criminal case and a comms statement to be prepared.   | POL-0159866      |
| 12 | POL00060572 | Email thread on the bugs and prosecutions sent to Lesley Jessie Sewell.  | POL-0057051      |
| 13 | FUJ00124536 | Email of 28 June 2013 from Gareth Jenkins to Lesley Jessie Sewell with James Davidson and Simon Baker in copy providing a copy of his final witness statement for the Misra case.  | POINQ0130750F    |
| 14 | POL00137282 | Email thread on the E&Y Audit dated 17 to 18 October 2012 with Lesley Jessie Sewell making Andy Jones accountable for the annual audit process and management of audit actions.  | POL-BSFF-0000058 |
| 15 | RMG00000003 | Minutes of the Royal Mail Holdings plc Audit and Risk Committee held on 8 December 2011.   | VIS00007411      |
| 16 | POL00021431 | Minutes of the Post Office Limited's Audit, Risk and Compliance Committee meeting held on 23 May 2012.   | POL-0018061      |
| 17 | POL00105629 | Email thread on the management control audit and E&Y producing an ISAE 3402 report.  | POL-0104594      |
| 18 | POL00294878 | Email thread on the proposal for a steering group to define and manage response to the JFSA challenges. Rod Ismay asked Lesley Jessie Sewell separately whether she wanted to engage or devolve Dave Hulbert and/or Dave Gray. | POL-BSFF-0132928 |
| 19 | POL00294844 | Email of 23 September 2011 from Rod Ismay to Lesley Jessie Sewell providing a copy of the Horizon challenges report and confirming   | POL-BSFF-0132894 |

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|    |             | that members of Lesley's team were engaged.   |                  |
| 20 | POL00145100 | Email thread regarding James Arbuthnot meeting brief where Lesley Jessie Sewell provides comments to Martin Edwards.  | POL-BSFF-0004227 |
| 21 | POL00145113 | Email thread of 3 July 2013 requesting Lesley Jessie Sewell on to comment on statement for BBC.   | POL-BSFF-0004240 |
| 22 | POL00142801 | Email thread of 2 March 2013 on Horizon media coverage, Lesley Jessie Sewell asked to provide comments on what to issue in response to the press.   | POL-BSFF-0001966 |
| 23 | POL00105481 | Notes of the meeting with James Arbuthnot, Alice Perkins and Alwen Lyons on 13 March 2012, Lesley Jessie Sewell was assigned three action points.   | POL-0104661      |
| 24 | POL00137248 | Arbuthnot/Letwin preparation meeting of 10 May, Lesley Jessie Sewell was assigned to respond to questions regarding a thorough end-to-end audit being performed.  | POL-BSFF-0000032 |
| 25 | POL00150993 | Email thread on accessing Horizon. On 30 January 2015 Lesley Jessie Sewell was asked by Paula Vennels to assist with responses to questions on the Horizon system and to provide facts ahead of the Select Committee. | POL-BSFF-0010105 |
| 26 | POL00311320 | In an email of 30 January 2015 Melanie Corfield requesting Lesley Jessie Sewell to provide detail on the testing and standards of remote access.  | POL-BSFF-0149370 |
| 27 | POL00151029 | Email thread of 30 January 2015 on remote access.   | POL-BSFF-0010141 |
| 28 | POL00311345 | Email thread on accessing Horizon dated 30 January 2015.  | POL-BSFF-0149395 |

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| 29 | POL00311353  | Email thread regarding accessing Horizon and providing comments ahead of the Select Committee.   | POL-BSFF-0149403 |
| 30 | UKGI00016088 | Minutes of the Post Office Limited Board of Directors meeting held on 15 March 2012.   | UKGI026881-001   |
| 31 | POL00029605  | Email chain on the Second Sight Line of Enquiry with Lesley Jessie Sewell confirming that she enquired with Fujitsu on the physical infrastructure.    | POL-0026087      |
| 32 | POL00099063  | Interim report into alleged problems with the Horizon system issued by POL, JFSA and Second Sight Support Services Limited.                            | POL-0098646      |
| 33 | POL00099153  | Email from Lesley Jessie Sewell to executives on 9 July 2013 with actions for managing activity going forward.   | POL-0098736      |
| 34 | POL00099088  | Email thread dated 7 July 2013 on the draft statement with Lesley Jessie Sewell providing comments.  | POL-0098671      |
| 35 | POL00089708  | List of attendees for project sparrow sub-committee, GLO sub-committee, mediation scheme working group and Horizon issues working group.               | POL-0086701      |
| 36 | POL00207852  | Email thread on second sight part 2, Dave Hulbert emailed Lesley Jessie Sewell on 26 August 2014 following her break and updating her on the position. | POL-BSFF-0045915 |
| 37 | POL00002575  | Email from Nigel Shaw to Lesley Jessie Sewell on 21 August 2015 regarding the Panorama programme.  | VIS00003589      |
| 38 | POL00138190  | Email chain on Horizon with a note of the Horizon report prepared by Linklaters attached.  | POL-BSFF-0000419 |
| 39 | POL00138191  | Post Office Mediation Scheme outline of report on Horizon, draft   | POL-BSFF-0000420 |

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|    |              | dated 28 March 2014 prepared by Linklaters LLP.   |                  |
| 40 | POL00108462  | Letter prepared by Deloitte dated 9 April 2014 regarding ways Deloitte propose to assist Post Office Limited in response to allegations on the Horizon system.                          | POL-0106560      |
| 41 | POL00147961  | Email thread dated 7 April 2014 on the work to be performed by Deloitte in support of POL objectives.   | POL-BSFF-0007084 |
| 42 | POL00138271  | A draft of the Deloitte Executive Summary titled "HNG-X: Review of Assurance Sources".  | POL-BSFF-0000500 |
| 43 | POL00138432  | Post Office Ltd Risk and Compliance Committee Paper on Horizon review by Deloitte summarising the work undertaken by Deloitte, their approach, key findings and their recommendations.  | POL-BSFF-0000656 |
| 44 | POL00114269  | Extract from minutes of the Post Office Limited Board meeting held on 19 September 2012. A Noting Paper prepared by Lesley Jessie Sewell titled 'Horizon Evolution Update' is provided. | POL-0113196      |
| 45 | FUJ00175195  | Email from Alisdair Cameron on 25 March 2015 regarding Fujitsu and POL regarding transition services.   | POINQ0181376F    |
| 46 | FUJ00168944  | Email dated 12 January 2015 from Haydn Jones attaching letters to Lesley Jessie Sewell and Paula Vennells.  | POINQ0175125F    |
| 47 | FUJ00168945  | Letter addressed to Lesley Sewell from Paul Patterson (Fujitsu) dated 12 January 2015.  | POINQ0175126F    |
| 48 | WITN00840101 | Email from Paula Vennells to Lesley Jessie Sewell dated 8 March 2020 requesting Lesley's assistance ahead of Paula appearing before a BEIS Select Committee on Horizon and Sparrow.     | N/A              |

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| 49 | WITN00840102 | File note made by Lesley Jessie Sewell on a telephone call with Paula Vennells on 8 March 2020.                               | N/A |
| 50 | WITN00840103 | File note made by Lesley Jessie Sewell on a telephone call with Paula Vennells dated 12 April 2021.                           | N/A |
| 51 | WITN00840104 | Email from Olivia Davies of the BBC dated 3 April 2024 seeking information from POL from an Information Security perspective. | N/A |
| 52 | WITN00840105 | Text messages between Lesley Sewell and Paula Vennells between 8 March 2020 and 12 April 2021                                 | N/A |