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Meeting Notes - Horizon Integrity

Location: Coton House, Rugby

Date: 06.12.05

**Those Present:**

Keith Baines	Fujitsu Contract Manager
Marie Cockett	Project Manager, Finance
Mike Gallagher	Systems Architect
Dave Hulbert	Service Manager, Ops Control
John Legg	Agency Contracts Manager
Jennifer Robson	Debt Recovery Manager
Mandy Talbot	Litigation Team Leader, Legal Services
Graham Ward	Investigation Team Casework Manager
Alvin West	Risk & Internal Control Manager

**Flip Charts from the Meeting**



"Flip Charts from 6  
December.doc"

**Findings.**

1. There is no generally understood process for identifying emerging cases in which the integrity of accounting information produced by Horizon may become an issue.
2. There are a number of channels by which such cases may enter Post Office (see flipchart list) and there is no process for making information about them available to all relevant functions. This increases the risk that different parts of the business may be dealing with the same issue and not co-ordinate responses.
3. The transaction logs that can be obtained from Fujitsu via audit query requests provide the data that is required for the investigation of claimed anomalies in particular cases. However, interpretation of this data is not simple. It requires a considerable level of understanding of branch transaction and

POST OFFICE : CONFIDENTIAL

DRAFT  
POST OFFICE : CONFIDENTIAL

accounting processes and how these are implemented on Horizon, as well as the skills to analyse such data using PC-based tools.

4. Fujitsu's price for providing the data and for skilled resource to analyse and report on it is high, and the capacity provided in the contract currently is fully used to support investigations relating to potential criminal cases.
5. To date, the number of cases in which the integrity of Horizon data has been an issue is small; however, recent correspondence in The Subpostmaster may well cause an increase; also there may also be an effect from the introduction of transaction corrections, replacing error notices.
6. The NFSP has had no involvement in cases to date, and this is expected to continue unless there was considerable momentum for a change of policy from their membership.
7. Challenges to Horizon data integrity may arise late in the process; for example following a suspension or issue of a late account (to recover monies from a former subpostmaster).
8. If all potential cases were to require Horizon data to be analysed early in the process, then the workload would be considerable – and much would later prove unnecessary; Currently there are around 12 suspensions per week, and a significant proportion of them will relate to financial discrepancies. Most of these are subsequently settled by agreement, or are not contested.
9. Where a case does go to court, it is essential that Post Office is able to refute any suggestion that Horizon is unreliable (in general) or that it could have caused specific losses to the subpostmaster bringing the case. The evidence needed for these 2 points will be different.
10. For the general point, evidence will need to be in the form of a credible expert opinion that confirms that the system has been designed, built and operated in accordance with good practice and that its overall performance provides confidence that it is operating as intended.
11. On the specific errors claimed to have been caused in a particular case, evidence will need to show (by reporting a detailed analysis of the transactions, and other system log entries recorded at the branch) that the system recorded transactions and calculated accounts accurately; and that the

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transaction data is an accurate record of what was recorded in the branch at the time transactions took place.

12. Because some discrepancies may arise in the wider end to end process – for example, transaction discrepancies based on client settlement data – the evidence may need to cover a wider scope than just Horizon.
13. Such evidence will be given greater weight by a court if it is provided by an expert who is distanced from Post Office and Fujitsu. Evidence will need to be given by the person who carried out the analysis – this may mean that in some circumstances an independent expert would need to repeat analysis for himself that Post Office or Fujitsu had already carried out.
14. The Castleton (Marine Drive branch) case, scheduled for 7 February is the first of the current cases that may require expert testimony; this will not be needed on 7 February, but could be needed the next time this case is in court; internal analysis of the data by POL and Fujitsu will be required before 7 February to confirm that POL's position is valid.

**Recommendations**

1. A co-ordination role should be established to maintain a list of all current civil cases and potential civil cases where accuracy of Horizon accounting information may be an issue, and ensure that all relevant business functions are made aware of these cases.
2. Briefing is required – primarily for the contracts and services managers, but for all staff dealing with subpostmasters – setting out business policy, lines to take, and how to identify potential emerging cases.
3. Data available from Fujitsu is adequate for the analysis required in these potential cases – though costly to obtain. However, the capability to analyse and interpret such data is not available in POL. The workload would not be predictable, and when cases arise, will need to take priority over other work. If the capability is provided in-house more than one individual would be needed to ensure adequate cover. Additional cost will be required whether this is resourced internally or externally; and in either case training would be needed to provide individuals

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DRAFT  
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with the full skills and knowledge required. On balance it would probably be best to provide this resource in-house but it would not be a self-contained full time role because of the variable and unpredictable workload.

4. Appointing an external expert is likely to give the best results in court. The expert will need to be able to testify both on the overall status of Horizon and related systems and on the analysis of data relating to individual cases. Such an expert may be needed for the Castleton (Marine Drive) case after February 7<sup>th</sup>. Therefore discussions with Fujitsu should be initiated on the role, ToR and access to Fujitsu staff and information for such an expert. Advice should be obtained from Peter Corbett on the desirability of using our external auditors to provide such an expert, even though such a person may be seen as less independent by a court.
5. There are some issues relating to the BIMS process. Post Office staff dealing with the BIMS reports from Fujitsu are sometimes unclear what action is appropriate in response to the report, and no contact details are provided for clarification to be obtained. These reports can result in transaction corrections being issued and this may be challenged by the subpostmaster.

**Specific Actions**

1. JR / MC – to look at internal POL issues on handling of BIMS reports from Fujitsu and brief DH on issues that need to be raised with Fujitsu.
2. DH – to investigate BIMS process with Fujitsu and identify any additional information or process improvements that POL needs.
3. KB – to prepare and circulate to meeting attendees a first draft of a Business Policy document (targeted at the Service line) on Horizon including guidance on what should be said to subpostmasters raising concerns (and why). This should also provide guidance on how to recognise potential cases.
4. DH – to propose a process for co-ordinating business response to potential cases.
5. KB – to discuss the need for and ToR of an external expert with Fujitsu.

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6. KB – to brief Dave Smith on the meeting's recommendations.