

Witness Name: Steven Michael Denham

Statement No.: WITN10480100

Dated: 19th January 2024

## POST OFFICE HORIZON IT INQUIRY

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### FIRST WITNESS STATEMENT OF STEVEN MICHAEL DENHAM

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I, Steven Michael Denham, will say as follows:

#### Introduction

1. I am a former employee of Fujitsu Services UK and held the position of Head of Service Management, Royal Mail Group Account.
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 30<sup>th</sup> November 2023 (the “**Request**”).

#### Background

3. My professional background, qualifications, and positions that I held with Fujitsu Services UK are as follows.

4. I can confirm that I have worked in the field of Information Communications Technology for 23 years, with professional qualifications City & Guilds Certificate 7261/344, Micro-Computer Systems Installation & Maintenance Level III, Information Technology Information Library (ITIL) V 2, 3, 4. 2008. I commenced my career in January 2000 with Fujitsu Services UK as a field engineer and held the following other positions.
  - a) 2001 – 2002 Operations Team Manager Service Desk
  - b) 2002 – 2004 Operations Service Delivery Manager – Mobile engineering
  - c) 2004 – 2007 National Operations Manager – Mobile Engineering
  - d) 2007 – 2009 Head of Service Management – Royal Mail Group Account.
5. In respect of my position as Head of Service Management between 2007 – 2009, Royal Mail Group Account, I led and managed a team of service management professionals, which were responsible for the contractual obligations in regard to the delivery of infrastructure services, namely of Data Centres, Post Office branch network and branch office hardware support, change management, other IT service management functions, and Service Desk services to Post Office Limited. Key functions of my role were Business Relationship management, Customer satisfaction, Service Level performance management, financial performance of the Account and the associated governance to ensure compliance to the contract.
6. Application development and support services responsibilities were owned by my peer Mick Peach, and we both reported into Wendy Warham, Operations Director. My team operated entirely on the 4th floor of Fujitsu

Services UK offices in Lovelace Road, Bracknell Berkshire. The Application development and support services were completely isolated on level 6, which was a secure floor with essential access only, due to the nature of the application being both Retail Point of Sale (POS) and banking, and the security requirements associated with that.

7. All ARQ requests were conducted in an isolated secure room on the 4th floor, with full security access control due to the sensitive nature of the analysis being required on financial transactions. Any such audit would require close working between Penny Thomas, who provided that function and the applications support team, who would provide any required application logs and assist with analysis when required.
8. As the 4th floor had its own access control and camera phones were not permitted, it was not deemed necessary for any of the other roles that operated on that floor to be in their own secure locations.
9. In respect of my role and its connection to the following:
  - a) Post Office disciplinary matters;
  - b) Matters relating to those accused of criminal offences;
  - c) Matters relating to criminal or civil proceedings;
  - d) Witness evidence in any proceedings; or
  - e) The extraction of audit data.
10. As Head of service management my role had little involvement in Post Office disciplinary matters and was not directly involved in matters relating to those accused of criminal offences. My team and I were responsible for the availability of Post Office branch systems, and as such did not have or require access to application data or audit records.

11. Due to the nature of the sensitivity and confidentiality of matters relating to criminal or civil proceedings, witness evidence in any proceedings, or the extraction of audit data, these were conducted in a secure room on the 4th floor of the Fujitsu Offices in Lovelace Road, Bracknell, Berkshire. To my recollection, only those directly involved in these investigations had access to this room, namely Penny Thomas. To my knowledge any discussions regarding specific case details of any findings as a result of audit enquiries, were directly between Penny and her counterparts in Post Office Limited. Should Penny require additional support with regards to retrieval of audit data, Penny would seek assistance from the Applications support team which were situated on the secure 6th floor.
12. Any change control to the Contract related to audit (ARQ's), i.e. the commercial charging mechanism associated with the volume of ARQ's requested, I would have oversight of and would agree the approach with my counterpart at Post Office Limited, as per document **[FUJ00231843]**. The specific details of the results of ARQ's were confidential and I would not have access to these. I would and did only become aware of any content contained within an ARQ, when the query was raised relating to PEAK PC0152376, which was regarding a specific application lock, that required investigation.
13. In relation to my working relationship with the following individuals and my understanding of their roles in relation to the provision of evidence for court proceedings:
  - a) Gareth Jenkins
  - b) Penny Thomas
  - c) Anne Chambers

14. My working relationship with Gareth Jenkins was very limited and infrequent. From the documentation provided by the inquiry, I have recalled that Gareth was the Application Architect for the Horizon system and provided input as to the problem statement that needed to be investigated as per document **[FUJ00155241]** provided by the Inquiry. As I was not privy to the details of any day to day investigations and communications related as such, I cannot comment on any involvement beyond this.
15. My working relationship with Penny Thomas was limited to any Service Management, Customer relationship or Commercial Management assistance that Penny may require in the execution of her role. The detail of any audit enquiries (ARQ's) requested by Post Office Limited in support of their investigations were confidential due to the privacy nature of the activities and my team and I were not privy to the content. In the event where Penny's role required Service Management assistance, i.e. escalation to the Customer (Post Office Limited) or anything that could be deemed to be Commercial related, Penny would engage myself or a member of my team. My understanding of Penny's role as Security Analyst is that she would investigate ARQ's requested by Post Office Limited, through detailed analysis, which would seek to identify any reasons for discrepancies in the financial balance data of Post Office Branches. To my recollection, the results of the ARQ may have required Penny to be a witness in matters relating to Civil or Criminal Proceedings pursued by Post Office Limited.
16. My working relationship with Anne Chambers was limited, and engagement would be through my peer relationship with her Manager Mick Peach, (example document **[FUJ00155418]**). I don't recall Anne's role title but would

describe it as Application engineer for the Horizon application platform. I do not have enough detail to describe Anne's day to day activities. Anne's involvement in the provision of evidence for Court proceedings would have been in assisting Penny Thomas in her investigations, and typically in understanding if a discrepancy identified in audit data it expected or an anomaly that should be investigated further, example document [FUJ00155389] provided by the Inquiry. I nor my team had visibility of any day to day activities Anne may have been involved in related to this topic, as ARQ activities were confidential and we did not need to know about them.

#### **Relationship with Post Office Limited (POL)**

17. My relationship and interaction with Post Office Limited was in the main at the Service Delivery Management layer. This included the availability of the IT components that made up the Horizon system for the Post Office Branches to be able to provide services to the general-public, operating to contracted service levels. My Fujitsu peers of relevance and reporting to Wendy Warham were,

- a) Mick Peach Head of Application development and Support
  - Management of the Team that supported the Horizon Application software
- b) Howard Pritchard – Head of Security
  - Responsible for all things Security related, including audit and compliance
- c) Graham Welsh – Head of Service Introduction and Change

- Responsible for the team that managed any introduction or change to the services, any introduction or change to commercial items that may impact services, Release Management of any changes to the Horizon application or underpinning infrastructure.
18. Whilst there will have been many touch points with POL across an Account this size and complexity, they were at a peer-to-peer level at various levels of the operation. My day-to-day relationships were with Dave Hulbert – Senior Service Delivery Manager, and reporting to Dave, Mark Weaver – Senior Service Delivery Manager. There were other more minor relationships with others at POL, i.e. to handle Commercial discussions, and other topics on a case-by-case basis, but I do not recall names specifically. The Fujitsu and POL Service Delivery Management teams were responsible for ensuring that Post Office branches could trade and provide services to the general public. Typically, our teams would be the conduit for the Governance and performance of the Contract, a point of escalation into either organisation, and be available to connect people between both organisations as required. An example of this is document [FUJ00227928] provided by the Inquiry, which details a request made of myself at a meeting with POL, where I needed to engage another team/ peer for the response to the query.

#### **Audit data from Horizon**

19. My recollection as to the process for the collection of audit data (such as ARQ data) to POL. This should include but not be limited to the following:

- a) The contractual requirements as I understood them to be (including in the respect of the ability to obtain audit data, the cost to POL, the type of data and the quality and completeness of the data)
  - b) Any changes as between Legacy Horizon and Horizon online
  - c) What, if any, role you I had in respect of providing this data
  - d) Who was responsible for the provision of this data.
20. The Horizon contract between POL and Fujitsu Services UK Ltd included a commercial vehicle for the provision of audit data. I cannot recall the exact details but can ascertain from document **[FUJ00231845]** that provision was made within the contract for 100 ARQ's per year, which were covered by a purchase order provided by POL. If greater than 100 ARQ's were required in a contract year, then anything over and above 100 would attract an extra charge of £187 as detailed in document **[FUJ00231806]** provided by the Inquiry. The following documents provided by the Inquiry, **[FUJ00227928]**, **[FUJ00154829]**, **[FUJ00231801]**, **[FUJ00231806]**, **[FUJ00231958]**, **[FUJ00231843]**, **[FUJ00231845]**, describe the requirement for POL to consume more than 100 ARQ's in a contract year. And the Commercial treatment of this that was agreed between POL and Fujitsu at the time. 35 were agreed to be funded by the current Contract year purchase order, and the additional 65 to be carried over into the following year, with an assessment to be made on volume consumption as the year progressed.
21. With regards to document **[FUJ00154829]** provided by the Inquiry, I was not in attendance at this meeting, but had made a representation by those attending to increase the Commercial coverage for the number of ARQ's as POL were exceeding the contracted amount. In terms of the process agreed,



I was not privy to or cannot recall this, but do recall being part of the decision making process as to how this should be handled commercially between the two parties.

22. In respect to changes between Legacy Horizon and Horizon on line, I have minimal recollection of this, other than Horizon on line sought to improve on the legacy application and there was an intent to automate error checking where possible to avoid manual processes undertaken by humans and therefore the potential for human error.
23. In respect to the provision of ARQ data, my role was not involved in this other than ensuring that this occurred within the agreed framework of the contract. Any specific details of an ARQ were confidential due to the potential sensitive nature of these investigations.
24. In respect to the provision of this data, to my recollection the investigations were the responsibility of the Security team and conducted by Penny Thomas who was a security analyst. Details of any findings and results from ARQ's were provided directly by the Fujitsu Security team to their relevant peers in POL.

#### **ARQ Process issues**

25. Assisting the enquiry in a detailed account of a certain issue or issues regarding ARQ data variously referred to as an "ARQ Service Problem", "ARQ Service Issue", "Prosecution Support Urgent Issue" and a "Security Incident" in the 2008/early 2009 period. And, my recollection, including but

not limited to the following (insofar as not already covered by response to the questions above)

- a) What I understood the issue to be;
- b) The detail of any meetings that took place, included who attended;
- c) My role in relation to the issue(s);
- d) What I recall of POL's involvement in the issue(s);
- e) My recollection of communication with POL on the issue(s) and whether handling of this issue with POL different from usual contact with POL at the time;
- f) The involvement of Fujitsu or POL's senior management;
- g) Whether and how the issue(s) were resolved
- h) Any other issues concerning the reliability of ARQ data that I can recall.

26. In respect of what I understood the issue to be, I am only able to recall this in any detail through the documentation provided by the Inquiry due to the significant time elapsed from 2008. From my understanding at a high level the problem is broken into three parts:

- A previously unseen error caused by a "software database lock" presenting potential discrepancies in Post Office branch financial data,
- The resulting impact of this error on witness statements provided by Fujitsu, historical and current at the time,
- The security of the data whilst analysis was being undertaken to support ARQ requests.

27. In respect of the software database lock, supported by the documentation provided by the Inquiry, example document **[FUJ00155242]**, the application database may find itself locked when writing to the Riposte message store, which to my understanding holds financial transaction information. This “bug” was identified as a defect under PEAK 152376, under development for a permanent fix. Through investigations it was found that the errors were benign, but highlighted the potential for the application to present errors that weren’t always identified through error events, causing a financial imbalance, that needed to be manually investigated.
28. In respect of the impact of this error on witness statements provided by Fujitsu, there was concern that the witness statement provided essentially said that the integrity of the data in the horizon system was guaranteed. The identification of this “bug” which could only be investigated manually, undermined the integrity of witness statements, both historical and current at the time as the process was cumbersome and introduced the potential for human error due to the significant volumes of data that needed to be filtered (Document **[FUJ00155387]**). In Document **[FUJ00155378]** provided by the Inquiry, Penny Thomas is very clear that the process to handle this error was not acceptable and needed to be automated, and that consideration needed to be given to all witness statements provided because of this. A change proposal was to be put to POL to automate the filtering and resolution of these errors as far as possible with the intent to significantly reduce the amount of manual intervention and analysis.
29. In respect of security of the data, my recollection on this is poor, but my assumption is that due to the overall security of the audit server, it was not

possible to give access to the Security analyst to all of the data, and therefore due to the lack of automation and filtering for this particular error, large amounts of data were required to be moved to the workstation. Whilst the risk is inherent, as workstations are not as secure as servers typically, the security posture of that data had changed and therefore again undermined the witness statements going forward.

30. In respect of meetings that took place, I do vaguely recall and through the documentation provided by the Inquiry, that I was standing in for Wendy Warham in December 2008, I assume because Wendy was taking annual leave or similar.
31. On 17th December 2008 the ARQ Service problem was presented to me, attendees invited to the meeting were as per document **[FUJ00155392]**, I cannot recall if everyone invited, attended. I took an action from the meeting to discuss the findings with the Fujitsu legal team to take advice on our understanding of the impact to witness statements and how they would like to handle this with their counterparts at POL. I do not recall the actual conversation or who it was with.
32. Wendy Warham returned in January 2009 and as per the document provided by the Inquiry, **[FUJ00155399]**, Wendy wrote to Sue Lowther at POL on 7th January, advising her of the issue that had been discovered, any activities undertaken and the need to re-check the previously submitted ARQ's and any action to be taken on witness statements. Wendy also highlighted the need for such incidents to be raised as Major Security Incidents, to ensure that they have the appropriate senior Management and Executive visibility in both organisations.

33. As a result of this meeting and a further meeting on 8th January, I asked for further investigations to be undertaken to establish if any of these errors could not be eliminated as caused by the postmaster. As per the document provided by the Inquiry, [FUJ00155418], on 3rd February 2009, this was narrowed down to 7 or less occurrences, all of which could be eliminated as there was nobody logged in to the system at the point the errors occurred. At this point to my knowledge, investigations had shown that because of this “bug” in this particular scenario there were no discrepancies caused by Post Masters. The issue was now about the integrity of witness statements and the potential for human error due to manual processing of event data to establish if there is a genuine financial balance issue that needs to be answered. At this point, and to my recollection, my involvement in the situation ceased and was managed between the Fujitsu & POL Security teams.
34. I was not directly involved in communication with the POL Fraud team, but can see from the document provided by the Inquiry, [FUJ00155400], that until our investigations regarding this particular error/ event were concluded, that they did not see the need to change any statements at that point. I cannot comment on what occurred subsequent to this as I was not directly involved. My understanding was/ is that the data issue itself was resolved, and that the issue surrounding witness statements moving forward would be addressed by the respective teams in both organisations.

## General

35. When I left Fujitsu Services UK Ltd in 2009 and moved overseas, I left confident that the issue around data integrity had been resolved, and that the work undertaken via the ARQ process could be relied upon. It was a complete surprise to me when I learned via the media that there had indeed been data discrepancies that may have led to the incorrect conviction of postmasters and that this was being investigated. Whilst not directly involved in the ARQ process, I do firmly believe that those involved from the Fujitsu Security and Applications teams, undertook all activity with the highest of integrity, particularly Penny Thomas.

**Statement of Truth**

I believe the content of this statement to be true.

Signed: 

Dated: 19th January 2024

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<b><u>No.</u></b>	<b><u>URN</u></b>	<b><u>Document Description</u></b>	<b><u>Control Number</u></b>
1.	FUJ00231843	Email from Steve Denham to Ken Westfield and Hilary Forrest re Fw: CT0724 - SIGNED - Proposed way ahead	POINQ0237997F
2.	FUJ00155241	Email chain between Gareth Jenkins, Roy Birkinshaw and David Johns RE: Potential Audit Issue.doc	POINQ0161435F
3.	FUJ00155418	Email from Anne Chambers to Penny Thomas cc Howard Pritchard, Peter Sewell and others re Outlet Checking List - Audit Issue	POINQ0161612F
4.	FUJ00155389	Email from Penny Thomas to Graham Allen, Adam Cousins, Steve Evans and others RE: New Witness Statement Request Support - branch 132001	POINQ0161583F
5.	FUJ00227928	Email from Mik Peach to David Chapman, David Johns cc: Steve Denham. RE: TES and ARQ queries from last weeks Fujitsu/POL Joint Working Day	POINQ0234082F
6.	FUJ00231845	Email chain from Mark Weaver to Darryl Judd cc Andrew Jackson, Dave Hardie and others re CT0724 - SIGNED - Proposed way ahead	POINQ0237999F
7.	FUJ00231806	Email from Steve Denham to Ken Westfield re New Chargeable Horizon CP for agreement to Impact - Increase the current threshold of 100 Audit Request Queries (ARQ's) for Horizon Banking and Card Account Products	POINQ0237960F
8.	FUJ00231801	Email chain from Steve Denham to Ken Westfield, and John Burton cc'ing Peter Sewell and another Re: New Chargeable Horizon CP for agreement to Impact - Increase the current threshold of 100 Audit Request Queries (ARQ's) for Horizon Banking and Card Account Products	POINQ0237955F
9.	FUJ00231958	Potential CT Closures from POL 010311	POINQ0238112F

10.	FUJ00154829	Fujitsu - RMGA/POL Fraud Team Meeting Minutes	POINQ0161024F
11.	FUJ00155242	Potential Audit Issue - Horizon	POINQ0161436F
12.	FUJ00155387	Email from Thomas Penny to Allen Graham, Hinde David and others RE: Proposed Slides for ARQ Service Issues	POINQ0161581F
13.	FUJ00155378	Email chain between Penny Thomas, Howard Pritchard and Peter Sewell RE: ARQ Service problem	POINQ0161572F
14.	FUJ00155392	Email from Steve Denham to Allen Graham, Adam Cousins, Steve Evans 'and others' Re: Updated: ARQ Service issue - Meeting invite	POINQ0161586F
15.	FUJ00155399	Email to Dave Posnett from Penny Thomas re Security Incident which occurred and has been resolved with software correction	POINQ0161593F
16.	FUJ00155400	Email from Thomas Penny to Pritchard Howard, Warham Wendy and Denham Page <b>16</b> of <b>16</b> : Security Incident	POINQ0161594F