

Message

From: Lesley J Sewell [lesley.j.sewell@**GRO**]
Sent: 25/06/2013 21:07:59
To: Simon Baker [simon.baker@**GRO**]
CC: Alwen Lyons [alwen.lyons@**GRO**]
Subject: Re: Two System Defects

Simon

I don't know if it went higher than Mike, Andy Mc also managed the service at the time and if I remember correctly Mark Burley was also involved.

I can't say whether we said anything to the press.

Other points - our Board at the time would have been Royal Mail as we didn't have an independent Board. Paula would have been Network Director at the time with Dave Smith as MD.

L

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On 25 Jun 2013, at 21:31, "Simon Baker" <simon.baker@**GRO**> wrote:

Just got this from Ron.

I can get back to him on the most of the questions but need your help on who in Post Office knew about it. I know from the email that Rod sent that Mike Young knew, but don't know if it went any higher.

Also, I don't think we went to press on this issue, but Ruth did mention that we may have said something about the problems we were experiencing during the roll out of HNG, so maybe we can point to that - I'll ask Ruth.

Simon

From: Simon Baker
Sent: 25 June 2013 21:23
To: 'Ron Warmington'
Subject: RE: Two System Defects
Sensitivity: Confidential

Ron

I will get back to you tomorrow. I need to double check a few things first.

In terms of numbers, the first incident is either 62 or 64 (the spreadsheet shows 64, the report says 62) I will investigate why there is a difference between the two tomorrow. The second incident is 14.

I will get back to you on the other things tomorrow.

Simon

From: Ron Warmington [mailto:ron.warmington@GRO]
Sent: 25 June 2013 19:11
To: Simon Baker
Subject: Two System Defects
Sensitivity: Confidential

Simon:

This is the draft section of the report dealing with the two defects. Please let me know if I've got anything wrong. I'm afraid that the POL/Fujitsu Reports on the defects don't cover everything I need to know (including how the shortages and surpluses impacted the SPMRs AT THE TIME... i.e. before the defects were detected). I also need to know whether, after the defects were detected, the SPMRs who had made good shortages that they should not have made good, were reimbursed... and if so how many months later (than the end of the TP where they made good the incorrect amounts). I think you said they were all reimbursed in due course.

Also, the first report (on the Receipts and Payments Mismatch Problem) mentions, on page 2 of 30, "this will assist in explaining the issue to senior management and, if necessary, the Press". Can you please let me know whether, when and who (at Board level) was informed about this defect (and also the later Local Suspense Account defect) and whether any Press Release was issued in respect of either of them? If so, may I please see a copy of that?

Also, you quoted the number of branches impacted by the two defects (Gareth calls them "bugs" by the way) as 62. Looks like 77 to me (63 on the first and 14 on the second).

EXTRACT FROM INTERIM REPORT (Draft):

POL has recently disclosed to Second Sight that, in 2011 and 2012, it had discovered "defects" in Horizon online that had impacted 77 sub post offices.

The first defect, referred to as the "Receipts and Payments Mismatch Problem", impacted 63 branches. It was discovered in September 2010

as a result of Fujitsu's monitoring of system events (although there were subsequent calls from branches). The aggregate of the discrepancies arising from this system defect was £9,029, the largest shortfall being £777 and the largest surplus £7,044. It is not yet clear whether the SPMRs with the surpluses profited from them or whether those showing shortages had to make them good.

The second defect, referred to as the "Local Suspense Account Problem", affected 14 branches, and generated discrepancies aggregating to £4,486 including a shortfall of £9,800 at one branch and a surplus of £3,200 at another (the remaining 12 branches were all impacted by figures lower than £161). POL was unaware of this defect until, a year after its first occurrence in 2011, it re-occurred and an unexplained shortfall was reported by an SPMR. POL's initial investigations failed to reveal the system defect and, because the cause could not be identified, the amount was written off. Fujitsu eventually looked into the matter early in 2013 and discovered, and then corrected, the system defect. It seems, however, that the shortfalls (and surpluses) that occurred *at the first occurrence (in 2011)* resulted in the SPMRs being asked to make good incorrect amounts.

END OF REPORT EXTRACT

Best regards,

Ron Warmington, CFE, FCA

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