

Witness Name: Anthony Oppenheim

Statement No.: WITN0377_02

Exhibits: WITN0377_02/1

Dated: 8 November 2022

POST OFFICE HORIZON IT INQUIRY

SECOND WITNESS STATEMENT OF ANTHONY OPPENHEIM

I, *MR ANTHONY OPPENHEIM*, will say as follows:

1. This witness statement is made to clarify and supplement the oral evidence I provided to the Inquiry on 26 October 2022.
2. In particular, this witness statement seeks to clarify and supplement two sections of my oral evidence. The information contained in this supplemental witness statement is based on my own reflection of my oral evidence. No further information or documents were drawn to my attention following my attendance at the Inquiry, including by Morrison Foerster, nor have I discussed the substance of the evidence I gave with anyone or watched / read the evidence of any other Inquiry witness.
3. The first section runs from page 122, line 5 of the transcript to page 124, line 2, as set out below for ease of reference (emphasis added):

"Q. Thank you. Can we move to a similar progress report for January 2000, FUJ00058189. You can see the date, similar format to before. Can we go forwards, please, to page 26. The first bullet point at the top of the page: "The outturn on AI376 was 0.06% Cash Account Discrepancies, exactly an order of

magnitude better than the target." Obviously 0.06 better than the target of 0.6: "Under this activity John P [John Pope] made significant contributions to the Third Supplemental agreement, specified the committed CS Repair Facility, aligned the operating agreement on Reconciliation to support the contract, and sorted out the necessary PinICLs to clear." This reads as if it's a job well done and that's the end of the matter; is that right?

A. No. It's a job well done, but it certainly wasn't the end of the matter.

Q. Why wasn't it an end of the matter?

A. Because we needed the detailed processes that were then written into the third supplemental agreement and, subsequently, operational documents that flow from that, so that the fact that he had made significant contributions to an agreement that -- what was the date of this?

Q. January 2000?

A. I mean, the third supplemental agreement from memory was signed on the 19th, so I don't know whether this was before or after.

Q. It's just dated January 2000.

A. But, in any event, the work that went into that was very, very significant.

Q. Can we look forwards then, please, to the statistics. Can we just look back a moment at POL00090590. We see an email here at the foot of the page, dated 6 January 2000: "In advance of tomorrow's delivery meeting, find attached the latest spreadsheet that looks at criteria in relation to 376." Then the thing that we're looking at, 376(i), a 0.17 per cent pass rate, so cleared the ceiling of 0.6 per cent, and we see what happened to that by the time of the undated report that we have just read. How far had the accounting integrity control release contributed to this?

A. I don't know for sure but I would say it was a major contributing factor.

4. Having considered this exchange further since the conclusion of my oral evidence, I now consider the response underlined above to have been incorrect and wish to amend it as follows:

“No. The Accounting Integrity Control Release merely identified and reported on reconciliation errors. It could not have prevented reconciliation errors from occurring so could not have caused the number of such incidents to go down. The order of magnitude improvement observed in December 1999 (especially considering that transaction volumes would have been elevated by Christmas trading) must therefore have been explained by other causal factors.”

5. The fact that the new Accounting Integrity Controls could only report on the reconciliation errors identified and not have identified the root causes was a point well made by Counsel to the Inquiry immediately after the response underlined above. I agreed with him at the time.
6. I have given this matter further thought since I gave my oral evidence and looked at the statistics to see if I could identify what might have caused the order of magnitude improvement.
7. ICL Pathway Limited's ("**Pathway**") "Service Review – Performance Statistics" document for February 2000 dated 20 March 2000 (WITN0377_02/1) shows at page 12 the following data with numbers of calls logged by the Help Desk with respect to reconciliation issues over the period August 1999 to February 2000:

August 1999	29
September 1999	47
October 1999	65
November 1999	19

December 1999	6
January 2000	7
February 2000	34

8. The following had changed, month by month, during that period:

August 1999	No Rollout and no Reference Data changes
September 1999	Rollout and Reference Data both resume
October 1999	Full month of Rollout at 300 per week
November 1999	No Rollout, few Reference Data changes, bug-fixing software update
December 1999	No Rollout or Reference Data changes
January 2000	No Rollout or Reference Data changes (for first 3 weeks)
February 2000	Rollout and Reference Data both resume

9. A moratorium on Operational Business Change (including in relation to Reference Data) was routinely applied by Post Office Counters Limited (“**POCL**”), starting in late November or the beginning of December and running through to mid-January of the following year. Its purpose was to minimise network disruption at a time of elevated transaction volumes. I recall just such a moratorium being applied in 1999. It was the reason we were required to complete the Rollout of the 1,800 post office branches (the first phase of Rollout) before the end of the first week in November 1999 at the latest (we achieved it one week early, during the last week of October 1999).

10. Except for emergency changes (e.g. a post office closing), no product or rule changes would have been applied during December 1999 or the first half of January 2000. In the run-up to the Christmas rush, it is likely that the number

of changes applied in November 1999 would also have been down on the monthly average. In addition, there would have been no new Reference Data associated with the implementation of Horizon in newly rolled out branches during that period, as none were rollout out in November 1999.

11. Reference Data errors could have been caused by any of the following:

- a. errors in the data provided by POCL;
- b. errors made by Pathway applying the data provided by POCL before distributing it to counters;
- c. problems distributing the data to all counters before the change was due to take effect (either because the input was provided by POCL to Pathway late or because Pathway failed to get that data to counters as quickly as it should have done);
- d. POCL not having provided sufficient advance notice to postmasters of the impending change (e.g. where postmasters were not made aware that they needed rem out tokens before a product was withdrawn from sale); and / or
- e. errors made at the counter following the change (e.g. because guidance from POCL was not sufficiently clear).

12. As previously noted, Reference Data errors can cause cash account discrepancies. PinICLs PC0032552, PC0031884, and PC0033363, exhibited to my First Witness Statement at WITN0377_01/85 to WITN0377_01/87 respectively, are examples of those that did.

13. The Attribute Checker (which I mentioned briefly during my oral evidence, see transcript page 141, line 16) was intended to identify and flag errors in POCL Reference Data such that POCL could correct them before they were

distributed to counters. However, at the point where the POCL approved the resumption of Rollout on 24 January 2000, the Attribute Checker was still in development and had not been tested by POCL. POCL knew there was a risk that, even with the Attribute Checker, Reference Data errors might get through and that, if they did get through, they had the potential to cause cash account discrepancies.

14. During my preparation for the hearing, I recall reading a letter I had written in or around July 2000 to Keith Baines on the subject of Help Desk performance. This letter responded to a letter from Mr Baines escalating to me that Pathway had been missing its Service Level Agreements. As I recall, my letter identified Reference Data errors as being a major contributing factor and reminded him that, notwithstanding the addition of the Attribute Checker, under the Codified Agreement "getting Reference Data right" was a formal Contracting Authority Responsibility ("**CAR**"). Setting aside any question of which party was more to blame, POCL knew that Reference Data errors were still occurring, with the attendant risk to cash account integrity.

15. The second section of my oral evidence which I wish to clarify and supplement runs from line 15 on page 133 of the transcript to line 11 on page 134, as set out below for ease of reference (emphasis added):

16. *"Q. Can we move, please, to the third supplemental agreement, FUJ00118186. This was entered into, we can see on the top of the page there, on 19 January 2000 and, overall, would you agree that it defines, at a relatively high level, the measures that were to be implemented to detect, report and remedy cash account errors by various issues, including software faults, coding errors, reference data errors?"*

A. *I wouldn't quite characterise it like that. It is actually quite detailed and it went into -- there's a table of, I think, all the known reasons for error at the time and it wasn't so much to do with software errors. I mean, there was a process for that. This was not to do with software errors. It was identifying, okay, was it one of these or one of those and it set it out in very, very –*

MR BEER: I'm sorry, somebody is drawing something to my attention. The transcript had stopped so we had better stop speaking. (Pause) Can I suggest that we take an early afternoon break..."

17. Having considered this (truncated) exchange further since the conclusion of my oral evidence, I now consider the response underlined above to have been incorrect and wish to amend it as follows:

18. *"Setting aside the provisions relating to the Help Desk, the Third Supplemental Agreement really needs to be considered in two parts. Schedule 4 sets out a table of all Incident Types known at the time. Each of these was referred to by both a TIP Incident number and a Pathway Incident number. The Incident numbers were those assigned to the first call to the Help Desk of that Incident type. The table groups them into Incident Classifications. The table sets out how each instance of each type of Incident was to be identified and what was to be done about them. The Notes below the table describe how that was to be done. There were two classes of resolution: (i) Defences and (ii) AIC Detection.*

- a. *Defences comprised (i) bug fixes, (ii) software code designed to prevent user error (to be included in Release CSR+), and (iii) code that would automate certain types of error correction (as provided for in Schedule 5).*

- b. *AIC Detection comprised (i) daily transaction data checks at the counter, harvester and host and (ii) weekly cash account checks at the counter, harvester, host and of “receipts not equal to payments”.*

The results of the AIC checks would have fed into the Accounting Integrity Control reporting. Separately, Incidents logged by the Help Desk which were suspected as having been caused by a software bug or calling for defensive software code to prevent user error should have generated a PinICL. These would have followed the 2nd, 3rd and 4th line resolution path. Schedule 4 was concerned with following through on the different Incident types at the Incident level. Schedule 5 was concerned with correcting errors in transactions and cash accounts that had occurred as a result of the Incidents considered under Schedule 4.”

19. Regarding Schedule 5, the paragraphs in the Third Supplemental Agreement that I was referring to at pages 139 and 140 of the transcript of my oral evidence, and which Counsel to the Inquiry stated would be chased down in due course, are:

- a. paragraph 3.6.1.1: *“Not Data Error means any of the following:*
 - i. *“an error caused by invalid data input by Users in Outlets (other than the input of data which puts a previously balanced cash account into a state of imbalance);*
 - ii. *an error caused by the input of erroneous data by a User during migration of POCL Data to any Outlet (save where data migration tools have been provided by the Contractor to detect such error but such error is not detected despite proper use of those tools by the User in question);*

- iii. *an error caused by Reference Data supplied by POCL which result in Transactions not being correctly taken into account in cash accounts where such Reference Data were correctly applied by the Contractor in compliance with the CCD entitled "ICL Pathway/POCL Interface Agreement for Operational Business Change-Product" or, pending the signature thereof, the draft of that CCD dated 13/1/2000, version 2.9;*
 - iv. *an Inaccurate Cash Account (Not Data Error); or*
 - v. *an error which is classified in Annex 1 to this Schedule G01 as an error of class "F" or "G", whether or not it falls within subparagraphs (i) to (iv) above."*
- b. paragraph 3.6.7: "Not Data Errors
- The Contractor shall, promptly following discovery of any Not Data Error, issue a report to POCL (in the same format as a Manual Error Report) containing a brief description of the Not Data Error to the extent that it can be identified and shall cooperate with POCL and, to the extent that is reasonable, assist POCL (a) to investigate and seek to prevent the recurrence of such Not Data Error and (b) to prevent the production of Cash Accounts which are incorrect as a result of such Not Data Error."*
- c. paragraph 3.6.12: "*Where the Contractor is required to make an assumption in order to correct a Data Error and/or present Repaired Transaction Data or a Repaired Cash Account, the Contractor shall make such assumption and promptly inform POCL of the assumption made."*

20. Whereas paragraphs 3.6.5 and 3.6.6 required Pathway to make corrections to transactions and/ or cash accounts in respect of Data Errors and to issue to POCL Manual Error Reports providing there were no more than 50 Data Errors in that Data Error Counting Period (paragraph 3.6.5.4) or otherwise transfer those corrections to TIP electronically in the form of “repaired transactions” or “repaired cash accounts”, that obligation did not extend to Not Data Errors (most notably Reference Data provided by POCL and User error). The onus for resolving Not Data Errors was to lie with POCL, with Pathway supporting.

21. Paragraph 3.6.12 provided for the possibility that it would not always be possible for Pathway to determine what had gone wrong and therefore what the appropriate error correction might be, in which case Pathway was required to inform POCL.

Statement of Truth

I believe the content of this statement to be true.

Signed: **GRO**

Dated: 8 November 2022

**INDEX TO THE SECOND WITNESS STATEMENT OF
MR ANTHONY OPPENHEIM**

Exhibit No.	Document Description	Control No.	URN
WITN0377_02/1	Service Review – Performance Statistics for February 2000 dated 20 March 2000	POINQ0064393F	FUJ00058222