Witness Name: Andrew John Dennis Simpkins

Statement No.: WITN0609_01

Exhibits: WITN0609_01/1 – WITN0609_01/18

Dated: 13th September 2022

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF Andrew John Dennis Simpkins

This statement has been prepared in response to the Rule 9 Request of 8th June 2022 and covers the topics of Horizon planning, testing, acceptance, live trial and rollout.

Brief Professional Background

1. My professional background is in Information Technology Management and Management Consultancy. After a brief period as a Programmer, I joined the Management Consultancy practice of Coopers & Lybrand in 1978 where I worked as a systems analyst and project manager on a range of IT projects delivering retail and reinsurance accounting systems. I later undertook a number of IT strategic planning assignments reporting to one of the IT Division directors. I joined TSB (subsequently Lloyds TSB) in 1988 where I had senior management roles reporting to the IT Director in the areas of internal consultancy, programme management and IT strategic planning. In 1992 I was the lead IT Manager on a joint IT and Finance Division project to upgrade the Bank's financial reporting systems (reporting to the Finance Director) and was subsequently appointed a member of the IT Division's Management Team responsible for financial systems reporting to the IT Director. I joined French Thornton in 1997 as a Managing Consultant, where I worked on large-scale

public sector IT projects for the Post Office, Inland Revenue, and the Department of the Environment. In these roles I would typically report both to a Director on the client side and to one in French Thornton (or Serco after its takeover of French Thornton). I was a freelance consultant between 2007 and 2013 and then took an academic role on a Masters' leadership programme before retiring in 2018.

2. I should note that the events I have been asked to comment on occurred 23 to 25 years ago. I have therefore had to rely on the 58 sets of documents I was provided with to remind me of much of the detail of what took place. There are gaps in the chronology of these documents covering my initial planning work between June and August 1998 and for the period of the Live Trial from late April to July 1999. Also, I only had access to some examples rather than a continuous series of the minutes and status reports of the regular Horizon checkpoint meetings.

Background to My Involvement in the Horizon Project

3. French Thornton provided consultancy services to Post Office Counters Limited (POCL) and I was assigned to the Horizon Project and its Programme Management Team in April 1998. (When I refer to the 'Horizon Team' below, I mean only the POCL team). My role was focussed on Release Management which was concerned with the negotiation and co-ordination of agreed plans between POCL, ICL Pathway and the Benefits Agency (BA), and with the release authorisations for the entry into Live Trial and Rollout. I was neither

involved in commercial or contractual negotiations between POCL and ICL Pathway nor in negotiations between POCL and the Government. I was aware that there were serious commercial and contractual issues, for example from ICL Pathway's earlier delays in delivering the Programme, and that any replanning of the project had to be undertaken within the terms and constraints of the contract. For example, neither POCL nor BA had the contractual right to tell ICL Pathway to extend a period of testing as this could be interpreted as causing a delay. The Post Office's key sanction was to decline the quality of the system submitted by ICL Pathway for release authorisation into live running. Therefore, agreement that the contractual acceptance specifications had been satisfied prior to National Rollout, was the critical quality control step in the Programme.

Release Management and Programme Replanning – April to September 1998

4. At the time I joined Horizon, ICL Pathway acknowledged they were working to 'high-risk' dates for delivery, in other words dates that were unlikely to be achieved. It was also clear to me that there was a lack of clarity around the complex integration of tasks required from ICL Pathway, POCL and BA to deliver the multiple elements that were to be included in the Horizon service. I began work on developing and negotiating a co-ordinated plan, visible to all parties, which showed all the key steps leading up to National Rollout of the first release (NR2), the inclusion of multiple benefits, and a subsequent release (NR2+) which was to include the Logistics Feeder Service. The overall

methodology of the Programme was not unusual or contentious in terms of test cycles of both the office counter system and the end-to-end interfaces, a final Model Office Test, followed by release authorisation for the Live Trial and then, subject to acceptance, National Rollout. The challenge was to develop a comprehensive and integrated plan of the required key activities of ICL Pathway, POCL and BA, with dates that were considered achievable based on experience to date, estimates of the work to be completed, and including provisions for contingency. It is important to understand that the Horizon service required not only the ICL Pathway software deliverables but integration with, and changes to, the POCL and BA systems, a large-scale staff training programme, and the establishment of ongoing 'service management' functions comprising the users' help desk and technical support to the live system.

5. The work on planning was given extra impetus by the Treasury Review of the Programme in the summer of 1998 due to the need to increase confidence in deliverability. At that time, myself and others on the Horizon Team proposed a key change in the implementation approach to reduce risk. This was to deliver Child Benefit as the only benefit in the initial Rollout and to follow this with a second release providing card payment of multiple benefits. This approach decoupled the dependency between Horizon and the BA CAPS system for the initial implementation and resulted in a more robust plan. In September 1998, following a lengthy period of discussions and meetings, an overall integrated plan based on this premise was accepted by all parties – the Horizon Level 1 plans (WITN0609_01/1). This plan proposed that three test cycles that had started in August 1998 would be followed by a final Model Office and End-to-

End test and complete by Christmas 1998. There would then follow a first release authorisation, the migration and take-on of additional offices, the commencement of the Live Trial in March 1999 and National Rollout in July 1999. The plan included contingency periods due to uncertainties over the period of testing that would be required. The BA took a particularly sceptical view of the timescales for Pathway testing and delivery. The Horizon Release Management Team wrote an internal briefing note in September, *Response to Concerns* (included in WITN0609_01/2) which sought to provide a balance between BA concerns and ICL Pathway's more optimistic outlook that testing could be completed before Christmas. It was recognised, however, that this date could not be guaranteed and the plan at this stage included a further four weeks contingency for testing.

6. The motivation behind the September plan was to set out a more realistic timescale for delivery of the Programme. It was not a response to business or financial pressures to achieve high-risk dates. I presented the plan to the leader of the Treasury Review and the Review's comments in October largely supported the plan and indeed identified areas which could potentially 'unlock' time and bring forward the date of National Rollout. Their view on the Programme plan and dates was included in a *Presentation to CAPS Board* which I gave on 15th January 1999 (WINT0609_01/3). In September 1998, however, we did not yet have experience of how the system would perform in intensive testing and the live environment. It was understood that sufficient testing time and live proving was essential if POCL was to have confidence that the Horizon system had met the contractual acceptance criteria. The

Programme also put in place a schedule of meetings and checkpoints to monitor and assess progress as the testing period unfolded.

The Testing Period August to early December 1998

7. The initial progress reports on testing during this period appeared positive with the test cycles running to schedule and the progressive elimination of faults (or 'PinICLs') by ICL Pathway. Horizon was a complex system requiring hundreds of test cases and scripts covering the counter plus the interfaces to the POCL and BA systems. Testing cycles required the investigation, clearing and retesting of hundreds of fault reports, not in itself unusual on a Programme of this size.

8. In late October with the completion of the second of three test cycles, a Testing Review was conducted, where it became clear that serious concerns had arisen with the accounting and reconciliation processes, especially with the cash account production in the test outlets and with the accounting results passed to the POCL back-end system (TIP). See *'Proving the TIP Interface - Draft Report'* (WITN0609_01/4). The completion in mid-November of the third cycle of MOT and the second pass of End-to-End testing did not lead to a substantive improvement in the situation. I submitted a briefing note to the Horizon Team after completion of the third cycle on 20th November, *Briefing Note on Status of Testing 20th November 1998* (WITN0609_01/5), which concluded that *'while counter activity is showing progressive improvements in quality, we have not demonstrated the end-to-end data and financial integrity of the system to the*

extent that is required for entry to the final MOT and E2E run'. I summarised the principal areas of concern as errors in cash account production, reference data inconsistencies, errors in counter reports that prevented reconciliation at the outlets, and report reconciliation problems with the major interfaces to the TIP, BES, and HAPS systems.

9. It was agreed between the Horizon Team and ICL Pathway that these faults had to be addressed to give an assurance of the quality of the system before the start of the final Model Office Test. This meant deferring the Model Office and End-to-End final pass of testing into late January 1999. This would in turn result in delays to office migration, Live Trial, and Rollout with consequences for the time of contractual acceptance. I provided a full summary of the status of testing and its impact on the plan to the Horizon Team and ICL Pathway management in a memo of 4th December 1998 – *Horizon Testing and Programme Plan – Current Status* (WINT0609_01/6). This included the statement on behalf of the Horizon Team that *'Our position remains, however, that based on the nature of the business processes involved we need to see clear evidence of, firstly, a stable accounting and reconciliation position in the outlet followed, secondly, by the transfer of accurate data across the TIPS/HAPS/BES and reference Data interfaces.'* At this point in early December 1998, there was therefore an unequivocal assessment regarding the seriousness of faults that had been found in these first cycles of testing. ICL Pathway accepted the need to address these faults and that additional testing time was required.

Fault Clearance and Re-Scheduling of Plans – December 1998 to January 1999

10. The situation described above led to an intensive period during December and January where ICL Pathway sought to clear faults, and POCL conducted 'pre-proving' tests to check that faults had been cleared. These actions were essential before entry to the final cycles of Model Office and End-to-End testing as these would need to provide the evidence that the system was in a sufficient state to enter the Live Trial. The additional testing activities had an impact on the Programme plan and on the dates that had been proposed by the Treasury Review. In summary, about 6 weeks was added to the testing time and National Rollout was put back by about a month from late July to end August. David Miller and myself presented a detailed report on the status of testing and the impact on plans in a *Presentation to CAPS Board* on 15th January 1999 (previously referred to as WINT0609_01/3). This meeting and presentation were part of a wider process at the time of maintaining alignment on plans with BA and their CAPS system not only for the initial Child Benefit Rollout (NR2) but also the concurrent activities of moving towards the testing and live trial of multi-benefit functionality proposed for September 1999 and the development and testing of the first main upgrade to the system (NR2+ later renamed as CSR+) that was also to take place in 1999. All of these inter-related activities required me to continually synchronise and agree plans between POCL, BA and ICL Pathway during 1999.

Final Model Office and End-to-End Testing – February to March 1999

11. Following the fault clearance activity by ICL Pathway, and the pre-proving testing by Horizon staff, the final cycles of End-to-End and Model Office Testing commenced in February 1999. I was not personally involved in the execution or evaluation of testing, as this fell to the specialist testing teams but I was copied on progress reports and the final evaluation reports. These reports, *End to End Testing Evaluation Report* (WINT0609_01/7), and *Model Office Testing Evaluation Report* (WINT0609_01/8) provided detailed information on these exercises and the identification and rectification of faults. The reports do show significant progress had been made but there were still a number of concerns. Both cycles ran to schedule with no slippage and a large majority of previously identified faults were reported as cleared. Some new faults were identified, however, and these were subject to a subsequent short phase of 'Target Testing' to ensure they had been corrected. Several reported incidents remained but the assessment of the Horizon Team and wider POCL management were that these were not critical 'show-stoppers' for the Live Trial period. There were, however, concerns regarding the complexity of parts of the system for the staff in the outlets. These concerns emphasised the need for adequate training of staff especially in complex areas such as stock unit balancing and the recording of losses and gains within the wider task of office accounting. Another area identified as needing careful attention in live running was the ongoing reconciliation of accounting data between the outlets and the

back-end systems and the accurate synchronisation of updates to the live reference data which could impact the accuracy of reporting. These were important observations that would need to be addressed in the Live Trial and in National Rollout, and indeed in ongoing operation of the system.

12. By late March 1999, the Programme had therefore come to the crucial decision point of whether to grant 'Release Authorisation' for the start of the Live Trial. The Horizon Team and key POCL stakeholders were supportive of doing so but BA claimed that the number of incidents reported in the final End-to-End and MOT cycles required that a further cycle of tests should be carried out. The Horizon Team disagreed with this assessment based on the limited benefit of another test cycle compared to the value to be gained from monitoring and evaluating the experience of actual users in a limited Live Trial. The Live Trial would also provide vital evidence on the adequacy of training, user guides, and the help desk. When agreement could not be reached with BA on release authorisation, POCL decided to grant release authorisation on its own. The earlier decision to limit the initial Rollout to include only Child benefit meant there was no necessary dependence on changes to BA systems so this was contractually possible. On 20th April a letter was sent from the Post Office Chief Executive to the BA Chief Executive informing him of the decision to proceed and urging his co-operation – *Letter from Stuart Sweetman to Peter Mathison* (WINT0609_01/9).

The Live Trial Period April to July 1999

13. It was expected that issues would be identified in the Live Trial, which is of course the reason for running such an exercise. I was appointed the 'Live Trial Manager' for the Horizon Team following a presentation I gave to the Team on 24th February included in *Horizon Management Team Meeting – Managing the Live Trial* (WINT0609_01/10). The Live Trial required the involvement of many different units within POCL, as well as teams within ICL Pathway. My role was not to have 'hands-on' involvement in the outlets but to co-ordinate the plans and reporting for the Live Trial by the various participants, and to ensure errors or 'incidents' were raised and addressed. Severity rankings were allocated to incidents separately by POCL and ICL Pathway. These rankings often did not agree in terms of whether they were 'Low', 'Medium' or 'High' which led to extended discussions and negotiations. Cash account accuracy problems, concerns over the adequacy of staff training to deal with this complex activity, and the high number of resulting calls to the help desk, which were often not dealt with quickly or easily, all featured among the 'High' incidents, as did ongoing issues with the transfer of accounting data into the POCL systems. These concerns began to extend the period of Live Trial and delay the decision on Rollout. While faults continued to be cleared, there were still a number of high priority incidents outstanding in August 1999, as shown in the summary at 13th August 1999 in the *Acceptance Incident Hot List* (WINT0609_01/11).

14. The authorisation and acceptance process leading to National Rollout had commenced before the formal end of the Live Trial as per the contract. Given the contractual terms around acceptance of the system this became a complex and detailed process which required POCL and ICL Pathway to agree the

severity and action required on all outstanding incidents, and whether incidents had been satisfactorily rectified and closed. A series of meetings over several weeks monitored the evidence of the Live Trial and debated the status of incidents and progress, or lack of it, towards acceptance. The minutes of one *Management Resolution Meeting* on 12th August (WINT0609_01/12) gives examples of the analysis and actions proposed on incidents. I was aware that there were also substantive legal and commercial issues to be managed at this stage although I was not personally involved in these. Difficulties in reaching agreement on the severity and rectification of incidents began to delay National Rollout from the target date of 23rd August 1999. Release authorisation for National Rollout was deferred to end September but it was agreed to add more offices to the Live Trial. This was seen as helping to de-risk the authorisation and acceptance decisions and the Rollout by giving further evidence of live performance and of the rollout processes, as explained in *'Acceptance – Additional Offices'* (WINT0609_01/13). I continued to revise the overall Programme plan to reflect these changes and to help assess their implications for Rollout, and the subsequent phases of multi-benefit and the NR2+ release.

The Delay over Acceptance, Release Authorisation and the Start of National Rollout – August to December 1999

15. During this period the live offices were monitored for ongoing problems in such key areas of system stability ('lockouts' or screen freezes), cash account discrepancies, and the performance of the help desk with regard to resolving

calls from outlets, particularly regarding cash accounts. I attended several progress meetings on acceptance during August, for example on 31ˢᵗ August 1999 – as minuted in *Acceptance Update 4* (WINT0609_01/14). I provided input, in the light of the delays, on how the transition to Rollout could best be managed in the period running up to Christmas 1999 and into January 2000 as for example in a memo *1999 Rollout* I issued on 14ᵗʰ September (WINT0609_01/15). I was not involved in the finalisation of the agreement on acceptance and in the commitment to Rollout although I was kept informed of progress in case of the potential need for replanning if Rollout was further postponed, as noted for example in the *Extract from Rollout-out Decision* included in the papers for the Roll-out 2000 Pre-Checkpoint Meeting on 15ᵗʰ November 1999 (WINT0609_01/16).

My Change of Role to the CSR+ Project

16. With the transition to the stage of National Rollout there was a reorganisation and downsizing of the Horizon Team. I was retained by POCL in the autumn of 1999 to work on the second release of the Horizon system, 'NR2+ (renamed 'CSR+') which provided the 'Logistics Feeder Service'. I worked with the POCL project manager on the development and testing of this release and was no longer involved in planning and monitoring the National Rollout and continuing live operation of Horizon.

17. By late January 2000 the contractual acceptance process was largely complete. There were 9 medium and 48 low severity incidents outstanding and a '*New*

Acceptance Process' was documented and put in place to deal with these (WINT0609_01/17). The Process transferred responsibility for the resolution of many of those incidents to the development and testing teams and POCL managers who with the completion of the NR2 (or CSR) release were now working under the NR2+ (or CSR+) project.

18. CSR+ was a smaller and more manageable project that did not face the complex issues described above with the first major Horizon release. Its development and testing broadly ran to plan during 2000. Among my responsibilities was to agree and authorise such documents as the *'Service Introduction for the Logistics Feeder System'* (LFS) (WINT0609_01/18) which set out how the deployment of the LFS system would be integrated with the ongoing process of National Rollout of NR2. I was released from the Programme in September before CSR+ went live.

Concluding Remarks

19. Finally, I will make some concluding remarks on my understanding of the Horizon system at the time I ceased to be involved with the National Rollout, and some further reflection I hope may be of assistance to the Chair.

20. Would it be correct to say that the Horizon system was rushed into live operation without adequate testing and that this simple explanation accounts for the problems that followed? From my personal experience, and the documentation I have referred to, I do not believe this view is by any means accurate or sufficient.

21. During the period from April 1998 to late 1999 when I was continually involved in preparing, revising and agreeing plans with ICL Pathway and the BA, I never felt put under pressure by Post Office management to propose plans that I considered high risk and driven by business or financial pressures other than to achieve a successful delivery. The Programme plan issued in September 1998 sought to give adequate time to each major phase and included contingency for potentially longer testing and trial periods. The Treasury Review largely supported the plan and even suggested it might be possible to accelerate it. As explained above, when the first cycles of testing in the autumn of 1998 showed the system was failing on key requirements, an extended period of testing was introduced and later the Live Trial was extended and the Rollout delayed in order to give more time to resolve problems.

22. I do not believe the situation, when I finished my work on the NR2 release in autumn 1999, can be characterised as one where the Horizon system was moving into National Rollout with lots of known serious bugs. The 'hot list' reports produced during acceptance did reveal a number of continuing problems but there were no high priority incidents outstanding at final acceptance. I am not suggesting, of course, that there were no faults in the system. No major IT project can claim to deliver a 100% fault free system and it would be naïve to think that it could. However, the point I would draw attention to in my statement is not that the Horizon project had to fix a lot of errors in testing (that is what testing is for) but rather that the testing proved such a lengthy and difficult process. I would like to explain this some more.

23. As I have summarised above, the Horizon system with its key accounting aspects was tested from August 1998 through to the end of the Live Trial a whole year later in August 1999. Yet problems were still being found with such key outputs as the cash account. The issue was not merely a matter of individual errors but rather the underlying complexity and fragility of the branch accounting system. This can be seen from examples in documents I have already referred to. Here is a statement from my memo of 20th November 1998 (WITN0609_01/5):

'errors are still outstanding on a significant number of the **counter reports and client summaries** which are preventing effective internal reconciliation of data within the outlet' (emphasis in the original).

24. Here is another example from the memo I wrote two weeks later (WITN0609_01/6) that there was:

'an action for POCL to define and agree additional business rules in the event that mapping problems give rise to imbalances in the cash account (which should only be an exceptional circumstance in live running).'

25. These point to endemic rather than individual faults in the system, that is they arise from design issues not isolated programming flaws.

26. Similar points can be drawn from the Evaluation Reports for End to End Testing and Model Office. Here is a quote from page 7 of the End to End report (WITN0609_01/7):

'It was necessary to apply fixes to the counter environment to either move forward, or to improve the quality of the test results i.e. the incorrect cash account mapping for a stock item would have caused mis-balancing Cash Accounts in all offices.'

27. The practical implications of the complexity can be seen from this example on page 7 in the Model Office report (WINT0609_01/8):

'Although no fault in system functionality, certain areas of the solution (e.g. Shared Stock Unit operation) proved difficult for live users to comprehend.'

28. A comparison I can draw with my wider IT experience may help here. I mentioned in my professional background that I worked on various accounting systems at Coopers & Lybrand. When I think back on these systems they were designed with a clarity of structure and content in their financial reporting, and their underlying information flows. This had several benefits. It made testing the system relatively straightforward and hence reduced the time to do so. Efficient and effective testing made the live system more robust. If a fault was somehow missed in testing, and occurred in live running, the client was also able to identify it quickly and call for support. These were not characteristics that I witnessed with the Horizon system.

29. While I was not personally involved in the specification or testing of the Horizon system, the evidence I saw of the protracted difficulties in testing showed a lack of transparency in how the system worked. This explains why the branch staff had difficulties with cash accounts, and stock unit balancing, as reported during the Live Trial. I have read the published testimony of some of the postmasters

and postmistresses and I noticed that these raised the same issue. It was very difficult for them to identify if, where and how errors had occurred in the system.

30. At the time I left Horizon I was not so much worried as to whether known faults had been fixed. It was rather that the system delivered into Rollout had an ongoing vulnerability to error due to its complexity and lack of transparency. When errors arose over time during live operation, as they do in all systems, it would be difficult if not impossible for postmasters and postmistresses to understand what had gone wrong. So a situation arose where they could not validate the integrity of their own financial information, and yet they were held accountable for it.

31. I trust this statement is helpful to the Inquiry and I would be pleased to offer whatever further help I can.

Statement of Truth

I believe the content of this statement to be true.

Signed: | **GRO** |

Dated: 13th September 2022

Index to First Witness Statement of Andrew John Dennis Simpkins

No	Exhibit Number	Document Description	URN
1	WITN0609_01/1	Horizon Level 1 plans	POL00028437
2	WITN0609_01/2	Responses to Concerns briefing note included with other documents under 'Letter from Andrew Simpkins to Vince Gaskell' but not sent with the letter	POL00028436
3	WINT0609_01/3	Presentation to CAPs Board – 15th January 1999	POL00028411
4	WITN0609_01/4	Proving the TIP Interface Draft Report	POL00028435
5	WITN0609_01/5	Briefing Note on Status of Testing – 20th November 1998	POL00028431
6	WITN0609_01/6	Horizon Testing and Programme Plan - Current Status 4th December 1998	POL00028429
7	WINT0609_01/7	End to End Testing Evaluation Report	POL00028419
8	WINT0609_01/8	Model Office Testing Evaluation Report	FU00058445
9	WINT0609_01/9	Letter from Stuart Sweetman to Peter Mathison	POL00028405
10	WIN9T0609_01/10	Horizon Management Team Meeting – Managing the Live Trial	POL00028372
11	WINT0609_01/11	Acceptance Incident Hot List	POL0028355
12	WINT0609_01/12	Management Resolution Meeting – 12th August 1999	POL00028332
13	WINT0609_01/13	Acceptance – Additional Offices	POL00028344
14	WINT0609_01/14	Acceptance Update 4 – Output and Actions	POL00028473
15	WINT0609_01/15	1999 Rollout	POL00028461
16	WINT0609_01/16	Extract from Rollout-out Decision paper in the papers for the Roll-out 2000 Pre-	POL00028559

		Checkpoint Meeting of 15th November 1999	
17	WINT0609_01/17	The New Acceptance Process	POL00028508
18	WINT0609_01/18	Service Introduction of the Logistics Feeder System	FUJ00001385