Witness Name: Ruth Reid

Statement No: WITN0521_01

Exhibits: WITN0521_01/1 to WITN0521_01/62

Dated: 13 October 2022

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF RUTH REID

---

1. I, Ruth Reid, will say as follows:

2. In making this statement I would like to acknowledge the importance of the Post Office Horizon IT Inquiry and offer my full co-operation to the Inquiry.

3. I would like to express my gratitude to the Inquiry team for the additional time that they have given to me to provide this statement.

4. I am providing this statement following receipt of a Rule 9 Request dated 29 June 2022 from the Post Office Horizon IT Inquiry asking me to provide a written statement regarding issues with Horizon. This Request contained 16 questions which the Inquiry asked me to address in my statement. For ease of reference, I have written out each question with its corresponding question number.

5. At the outset, I would like the Inquiry to know that I suffer from GRO

GRO

6.

7.

GRO

8.

9.   Due to the current state of my mental and physical health I have found it

incredibly difficult to produce this statement and to review the 1,500 pages of

disclosure.   **GRO**

GRO

GRO

10. Nevertheless, I have devoted considerable time over the past few weeks to producing this statement, but undoubtedly my recollection of events has been impaired by the passage of time and the impact of my medical condition on my memory.

BACKGROUND

Question 1: Please set out a brief professional background

11. I did an undergraduate degree in Business Studies at Edinburgh University and graduated in 1985 with an upper second class degree.

12. I joined the Post Office in November 1985 as a graduate entrant based in Leeds. During the time I worked for the Post Office I was known as Ruth Holleran.

13. I worked for Royal Mail to start with until around 1988 when I moved out of the graduate entrant programme.

14. I then worked for Post Office Group in Investigations (Post Office Investigations Department) as a Systems Manager on the Mail Order Recordings and Losses System (MORALS system). I was an operational systems manager not a technical systems manager. I had no IT background. This was a junior role, at PEC postal executive grade C which was a junior management entrant level position.

15. At that time, the business was divided into 4 departments, which I recall was Group HO, Royal Mail, Parcelforce and Post Office Counters Ltd (POCL).

16. I then moved to Chesterfield and I worked for POCL Internal Audit.

17.   The role involved auditing head office centralised systems and processes in POCL. It did not involve audit of the branch processes or cash centres. Much of my work was focused on identifying process and control improvements in central systems.

18.   I worked as an auditor initially and I was then promoted to PEB level after 1-2 years. I believe this was sometime in 1991.

19.   The business did a skills analysis and I was graded highly which resulted in me being promoted to Project Audit Manager in around 1992. This was my first role as a senior (band 9) manager.

20.   I then followed a band 6 manager who was Peter Dent, Chief Internal Auditor. Peter asked me to go with him to form a new project team. He was plucked out to work on the Transaction Information Process (TIP) Project. I think Peter was working to Roger Tabor, Director of Finance. I was still a band 9 at this stage. I think this was in approximately 1995. My role was a Business Requirements Manager (BRM).

21.   I had a team of business analysts working for me at this time. Initially, I was involved in defining the scope and business requirements of the project. The scope of TIP was to automate the back end of the processes at POCL head office in Chesterfield which was still largely manual. Additionally, around this time I became involved in the Benefit Agency end to end reconciliation process required for ICL Pathway release 1c.

22.   Horizon was the automation of the front end of the system at branches. It comprised the BES, EPOSS and APS software components.

23.   I was a BRM for 1-2 years at the most. During my time as a BRM we made a number of attempts to present business cases to the board regarding the

scope and affordability of TIP as a project. At some point a decision was taken to narrow the scope of TIP to become known as Interim TIP but I can't recall whether I was still BRM or had moved on to become a Business Integrity Manager (BIM) when that decision was taken.

24.   I was promoted to BIM in 1996 or 1997. This was a promotion to band 8 working to David Smith, the Head of the Transformational Management Team (TMT) in London.

25.   At this time, as well as Interim TIP there was huge business change taking place, known as 'shaping for competitive success'. This ran right across all four businesses within the PO group. The school of process management was coming to the fore in a big way at this time and this drove much of the reorganisation. Its aim was to drive efficiency savings in a strategic way.

26.   The operational process being automated by Horizon was owned at the time by the Head of Transaction Processing. At the time this was Andy Radka and then later it was Gail Morley.

27.   As BIM I was responsible for ensuring the identification and specification of the end to end business requirements within TMT. My role was an assurance role working with relevant business experts to identify what these were, for example, the business change team (part of Transaction Processing Business Unit).

28.   I also sat on the Automation Working Group (AWG) which consisted of managers/stakeholders operating at my level. This was chaired by Elena Marsh, who also worked to David Smith. The AWG deferred to the Automation Programme Group (APG), chaired by David Smith, who was my

boss. The APG was made up of other more senior managers. The AWG and APG were internal (POCL only) groups.

29.   APG and AWG's meetings were minuted and there was a document review process within POCL. This document review process was looked after by the Head of Service Management, who was possibly Don Grey at this time. I don't believe I have seen any of these groups' minutes within the disclosure provided to me by the Inquiry.

30.   I reported into the AWG and it was ultimately the APG which approved the go live of systems with POCL.

31.   In addition to this, Horizon had its own Programme Assurance Team (PAT). It was staffed by people from the Benefits Agency and POCL and headed up by John Meagher, who worked directly to the Horizon Programme Manager, who I think was Bruce McNiven. A lot of the people who were working on the PAT came from POCL's business systems and outlet systems group.

32.   I remained BIM until around 2000 when I transferred to Chesterfield to become the Head of Transaction Processing within POCL, taking over from Gail Morley.   I was then Head of Network Support, taking over from Don Grey. We added the cash centres at some point and I then became the General Manager of Network Support Services. This was in around 2003. I remained in this role until I left the business in 2005.

Question 2: Please describe your role in relation to the Pathway Project / the Horizon IT system.

33.   Please see my response to question 1 above.

TRANSACTION INFORMATION PROCESSING PROJECT

Question 3: Please consider POL0031246 and POL00031245 (WITN0521_01/1
and WITN0521_01/2)***.***

   a. ***Please describe the purpose and function of the Transaction Information***
   Processing Project.

34.   The TIP project started out in a nutshell to automate POCL's back end of
        processes in Chesterfield. Horizon was automation of the front end at branch
        office outlets. In order to automate the back end the vast majority of
        transactions would have needed automation at the point of sale, which wasn't
        the case. Chesterfield used to input the cash count (which was a weekly
        summary document), and the supporting documents used to verify the cash
        account entries, and they could be anything from summary level to individual
        transaction documents themselves. The summary cash count needed
        verifying with supporting documents. 700 people were involved in that
        process in Chesterfield and in doing so, validated the accounts of outlets and
        the financial settlement of business that we were doing on clients' behalf.

35.   So the purpose of TIP was to explore options for automating the back end.
        However, this was a vast undertaking and not something which the business
        felt there was a compelling business case for, nor was it affordable to do in
        one go. As a result the scope of the original TIP project was narrowed down
        in the end to Interim TIP. Interim TIP became an actual project. It took an
        electronic feed of cash account and individual transaction data from Horizon
        and fed the cash account data into the various legacy systems at Chesterfield.
        It was the interface between Horizon and Chesterfield.

36.   Originally conceptualised as being part of TIP was further automation of other
        products. Once the scope was narrowed and TIP became Interim TIP, this

wider automation was excluded from the scope of Interim TIP. Later, the Impact Project looked at the whole end to end automation (referenced at question 13).

b. *What was the nature of your role in relation to this project?*

37. Peter Dent was the controller of the project. I worked for him in audit and he took me with him to work on this project, with a promise of an opportunity to get out of audit and to work on business change of the operation.

38. We started off with a blank sheet of paper and my role as BRM was to lead a team of business analysts with a view to defining the scope and business requirements of the project.

39. During my time as a BRM we made a number of attempts to present business cases to the board regarding the scope and affordability of TIP as a project. At some point a decision was taken to proceed initially with what became known as Interim TIP.

40. As BIM my role became wider than Interim TIP, because I was then involved in the end to end assurance.

c. *Please explain the relevance of this project to the wider Pathway Project / the development of the Horizon IT system.*

41. Interim TIP took an electronic feed of cash account summary data and individual transactions from Horizon and fed as appropriate into the legacy systems in Chesterfield. The business benefit of doing this at the time was very narrow, it just involved avoiding the keying in of the cash account information manually by the team in Chesterfield.

42. Document POL00031246 was authored by Paul Uden and Dave Perkins who worked for the Transaction Process Business Unit at POCL in Chesterfield. They worked for Andy Radka and then Gail Morley.

43. Interim TIP was very narrow in scope compared to what was originally envisaged. I knew how the POCL end to end business operated and that was why I became involved.

PROJECT REPLAN

Question 4: Please consider POL00039672 (WITN0521_01/3).

    a. What did you understand to be the cause(s) of delay to the project in Spring 1997?

44. I do not specifically recall what was the cause of the delay. I believe there were a number of things which simply weren't ready in 1997. The brief passing reference to me in the email from Mena Rego to Min Burdett (document POL00039672) does not assist my recollection. I do not recall whether I was asked to input specifically in relation to the concerns raised in this email. I am not copied in and do not recall seeing this email prior to it being provided to me by the Inquiry.

    b. What (if any) concerns did you have about the accounting integrity of Horizon at this time?

45. As far as I can recall, the Electronic Point of Sale System (EPOSS) was still being developed and tested at this stage and therefore I do not recall having any major concerns regarding the accounting integrity of Horizon at this time.

PinICL IMPACT ASSESSMENT TEAM

Question 5: Please consider FUJ00078989 (WITN0521_01/4).

a. *What did you understand the purpose of the PinICL Impact Assessment*

   Team to be?

46. I wasn't part of the PinICL Impact Assessment Team as far as I can recall but I
     understand its purpose was as per section 3 of this document.

b. *Please describe the purpose and function of the Known Problem*

   Register ("KPR").

47. The KPR was a register of problems identified during testing. Issues were
     entered onto the KPR if it was considered that they presented a business
     impact of going ahead with the release of software. This was circulated to the
     business, including me. The business analysts who worked for me would go
     through this in detail, as did people working in the Programme Delivery
     Authority (PDA), headed up by John Meagher.

48. Graeme Seedall worked for the PDA and he was an ex POCL Outlet Systems
     person. He used to work with colleagues of mine, including Mark Burley, Peter
     Jones, Martin Box and several others. The working group would go out and
     discuss problems with other business stakeholders right across the business.
     In my case this would include the involvement of the Transaction Processing
     Unit (TPU) in Chesterfield e.g. Mark Burley would meet with TP business units
     and many other from the regional network management structure and their
     teams to review the KPR and would RAG rate business impact.

49. The KPR included workarounds until such times as the problem could have a
     permanent fix. Based on those assessments I was one of the sponsors who
     would review and approve acceptance of PINICLs for acceptance onto the
     KPR.

50.   I believe there was some contractual significance to the KPR but I do not
        know exactly what this was.

    c. *What as the nature of your involvement in relation to the KPR?*

51.   I have no specific recollection over and above the detail contained within the
        document and the information provided in my response to question 5.b.
        above.

    **d. *Do you consider that this was an effective system for resolving
        technical issues? Please set out the reasons for your answer.***

52.   We were not able to be prescriptive about how the software was written, as
        far as I was aware, due to the nature of the PFI with ICL Pathway and Fujitsu,
        and we did not have access to the code.

53.   As a consequence, the only way we could check our requirements were being
        met was via system testing. I recall there was a one to one mapping of the
        business requirements to the testing script. There was a service architecture
        document which was designed to demonstrate that each of the business
        requirements were mapped.

54.   I was aware that the KPR was just part of the system processes for
        identifying, testing and resolving issues. At the time I did consider the KPR to
        be effective. It enabled my team to go and work with those who knew the
        business, and it meant that issues were appropriately identified to the APG.

    **e. *What (if any) role did the KPR have at the time when Horizon was
        accepted?***

55.   As I have said in my response to question 5.b. above, the KPR has some
        contractual significance but I do not know what this was. To the best of my

recollection the KPR was used throughout the development and delivery of Horizon.

f. *What became of the KPR when Horizon was rolled out to the national network?*

56.   I believe it was handed over to POCL Service Management.

ICL PATHWAY RELEASE 1C

Question 6: **Please consider POL00028598, POL00028596, POL00028595, POL00028597, POL00028594, POL00028591, POL00028589, POL00028592, FUJ00058360, POL00028590** (WITN0521_01/5 to WITN0521_01/14).

a. *What did you understand about the accounting integrity and robustness of ICL Pathway Release 1c?*

57.   I believe that ICL Pathway Release 1c related to the roll out of automation of the Benefits Agency child benefit system only. I believe that this was a limited release with the system released to around 200 outlets within the network.

58.   The documents provided are all service management reports and one document detailing the end to end process. My view on the accounting integrity and robustness were as per the reports, with my main concern being the lost transactions. It is clear from the reports that this was being given what I considered to be the necessary priority, and that these issues had been raised with ICL Pathway.

b. In particular, what understanding did you have about:

i.   *The nature and severity of PinICLs;*

59.   My understanding of the PinICLs was as per the detail provided within the service reports.

ii.   The nature, cause and consequences of 'lost' or 'incomplete'

transactions, 'duplicate payments', 'cash account errors',

'reconciliation incidents' and unmatched exceptions;

60.   These issues were all errors identified during routine testing. I was also

aware that this was a limited release and one purpose was to test the

volumes of transactions and to identify errors. I was also aware that branches

were still accounting manually as well trialing the Benefit Encashment System

(BES) software and therefore issues were being identified and reported as

part of the routine test of release 1c.

iii.   The fitness for purpose of the software being developed to support

the Horizon system;

61.   Satisfactory, albeit I am unable to comment from a software system coding

perspective.

iv.   The design and development of the Electronic Point of Sales

Service ("EPOSS") and whether it was adequate;

62.   I do not recall any specific concerns regarding EPOSS at that time.

v.   The action being taken to rectify these issues and whether it was

adequate.

63.   My recollection is that there were various working parties set up to look at

these issues. All were investigated as per fall back procedures which were in

place and which were proven to be adequate where roll-out was limited. At

the time, having regard to the limited nature of this release, I considered the

action being taken to rectify these issues at this stage of the project was

adequate.

MODEL OFFICE AND END-TO-END TESTING OF NILE RELEASE 2

Question 7: Please consider POL00028428 and POL00028427(WITN0521_01/15

and (WITN0521_01/16).

   a. **What did you understand about the issues identified during the Model**

   Office and End to End Testing carried out in the autumn of 1998?

64.   Peter Jones and Chris Young were both technical IT experts in systems

   testing. Peter was working to Dave Parnell and they worked on the systems

   side of Interim TIP.   Chris Young worked to Simon Rilot as part of PAT.

65.   At this stage I was BIM.

66.   On reviewing Documents POL00028428 and POL00028427 I am aware that

   Peter had a number of concerns regarding issues identified during model

   office and end to end testing, which Chris addresses in his response.

   b. **What (if any) concerns did you have about the accounting integrity of**

   Horizon at this time?

67.   At the time of this correspondence it is prior to systems going live. The

   response from Chris Young refers variously to testing and it is my

   understanding that he is seeking to provide reassurance that when the testing

   takes place, it will investigate the issues Peter has raised. Given that I did not

   have a technical background, I was reassured that people with the expertise

   of Peter and Chris were aware and discussing such issues and that testing

   would be taking place which would interrogate these concerns with a view to

   ensuring the accounting integrity of Horizon prior to roll-out.

68.   At some point during the testing phase (and likely during 1999) I did begin to

   be concerned once Acceptance Incident No. 376 was identified. I do not now

   recall when during the testing phase this incident was first raised. Please see

   my answers to question 11 below in relation to Acceptance Incident No. 376.

Question 8: Please consider FUJ00078674, FUJ00078675, FUJ00078693 and FUJ00058445 (WITN0521_01/17 to (WITN0521_01/20).

   a. *What did you understand about the issues identified during the Model Office and End to End Testing carried out between February and March 1999?*

69. I recall that this was the first opportunity to test a POCL release. Prior to this the only release was a Benefits Agency system only release. This was the first time we had the EPOS system, for example, in the mix, in the test (however this was only 9 branches). It was a live test. It was the first time the interfaces, the back end, were involved, which comprised the reference data system, Interim TIP, the Host Automated Payment System (HAPS). It was the first end to end system architecture test. It was a release of software from Horizon. Essentially the test was the first time we involved POCL back end processes and systems as well as the first release where we incorporated our own business requirements (albeit only in 9 outlets).

70. Nile 2.0 was an incremental release. I don't remember March 1999 standing out as a major event.   As I have said it was limited to 9 branches and it was during the planned test phase.

71. On review of the meeting minutes (Document FUJ00078675) there are no particularly concerning issues as far as I can see. In terms of the Model Office Testing Evaluation Report (Document FUJ00058445), this is a write up by the programme team. I believe the report was a fair, factual report of the testing and of the issues identified and I cannot add to what is within the report.

72. It is worth highlighting that whilst I am the only person on distribution list as being a POCL representative, this is not in fact correct. Lots of the people

listed are POCL. For example, Janet Topham was POCL's Chief Internal Auditor, and worked for Roger Tabor. She was in POCL Finance, not Horizon.

b. *What (if any) concerns did you have any the accounting integrity of Horizon at this time?*

73.   I do not have a clear recollection of how I viewed the issues at this stage in March 1999. I do not recall being aware of any serious accounting concerns at this stage. However, please see my responses to question 7.b. and 11 in relation to Acceptance Incident No. 376.

REVIEW OF POCL AND ICL PATHWAY DEAL

Question 9: Please consider POL00031230 (WITN0521_01/21).

a. *What did you understand the purpose of this review to be?*

74.   My understanding is that Roger Tabor's review, carried out in his role as Director of Finance within POCL, was to review the POCL ICL Pathway deal, having regarding to POCL's wider business aims.

b. *Please describe the nature of your involvement in this review.*

75.   I have a vague recollection of speaking with Roger or someone supporting him with the review but I cannot recall any detail beyond that.

c. *To what extent (if at all) did the view of senior managers as described at paragraph 2.6 reflect your own views at the time?*

76.   Whilst I do not think that the position I occupied within the business in 1999 would have meant that I would have been considered within the group of people who Roger refers to as senior managers at paragraph 2.6, I did share some of the concerns which are summarised. In particular, I shared views and concerns over whether the product would be satisfactory, transparency

issues in the PFI contract and POCL's own ability to give it sufficient focus to enable its success.

d. **To what extent (if at all) did you support the conclusions reached at paragraphs 3.4 – 3.6 of the review?**

77.   I entirely supported the conclusions reached at 3.4-3.6 of the report.

INCIDENT MANAGEMENT AND RESOLUTION

Question 10: Please consider POL00000758 and POL00000776 (WITN0521_01/22 and WITN0521_01/23)*.*

a. **Please explain the purpose of these incident management and resolution procedures.**

78.   The purpose was to explain the rectification process for incidents that may arise throughout the end to end process involved in EPOSS and Automated Payment System (APS).

b. **What did you understand about the 'exceptions' which had been identified in EPOSS prior to the operational trial?**

79.   The documents provide, at the time of production, a complete and accurate report and process description for 'exceptions' which had been identified in EPOSS. These documents underwent a number of versions and revisions. These were authorised by the EPOSS reconciliation panel and ultimately approved by me as BIM. My role as BIM would have been to ensure that all relevant business process experts were involved in the drafting and writing of these process flows, and they were.

c. **What did you understand about the 'exceptions' which had been identified in the Automated Payment Service ("APS") prior to the operational trial?**

80.   The documents provide, at the time of production, a complete and accurate report and process description for 'exceptions' which had been identified in APS. These documents underwent a number of versions and revisions. These were authorised by the APS reconciliation panel and ultimately approved by me as BIM. My role as BIM would have been to ensure that all relevant business process experts were involved in the drafting and writing of these process flows, and they were.

   d. **What (if any) concerns did you have about the accounting integrity of Horizon at this time?**

81.   I do not specifically recall my concerns at this stage but please see my responses to questions 7.b, 8.b. and 11, in particular in relation to Acceptance Incident No. 376.

ACCEPTANCE OF THE CORE SYSTEM RELEASE

Question 11: Please consider POL00029137, POL00028357, POL00028367, POL00028332, POL00030393, POL00028364, POL00028365, POL00028366, FUJ00079159, POL00028332, POL00029131, POL00030392, POL00028355, POL00028347, POL00028477, POL00028478, POL00028342, POL00028476, POL00028474, POL00028475, POL00028471, POL00028472, POL00028470, POL00028465, POL00028461, FUJ00079176 (WITN0521_01/24 to WITN0521_01/49)*.*

   a. *Please describe your role in acceptance of the Core System Release ("CSR").*

82.   In my role as BIM I was involved in end to end business assurance, through stakeholders, of solution fit with the business requirements which had been identified.

b. *Did you consider the acceptance timetable (e.g. the core observation period and the operational trial review period) to be sufficient? Please give reasons for your answer.*

83.   In short, yes. The core observation period covered two accounting period month ends and 8 branch office account weeks – 8 cycles of producing cash accounts through the new software. This core observation period duration was agreed with business stakeholders, head office central finance division and internal audit. I recall all were satisfied with this duration and on that basis I considered it sufficient.

c. *In relation to Acceptance Incident No. 376, please describe and explain:*

   i.   *Your understanding of the nature, cause and severity of the incident;*

84.   Acceptance Incident No. 376 was a data integrity issue. It was identified by the interface testing within Interim TIP not ICL Pathway.

85.   The Interim TIP system demonstrated some differences between the cash account and the individual transactions data feed. Whilst the front end had been automated by Horizon this was telling us we couldn't trust the data being given to the back end of POCL's systems and ICL Pathway didn't know this.

86.   It was acknowledged that there was also a reference data issue which was attributable to POCL and John Meagher of the PAT took responsibility for resolving this issue prior to acceptance.

87.   Acceptance Incident No. 376 was something I championed and I was very concerned about it.

   ii.   *How the incident came to be identified;*

88. The incident was identified by Interim TIP project team. Dave Parnell and Peter Jones brought it to the business' attention.

iii. Your assessment of its business impact;

89. This was a high severity issue.

iv. What (if any) remedial action you proposed;

90. In the first instance, I proposed that ICL Pathway introduce the software change to implement the control which Interim TIP had developed (initially on a temporary basis) to check the completeness of the data received by Interim TIP. That software proposal turned out to be too invasive to meet the original acceptance timescales (August 1999).

91. An Independent Expert, Peter Copping, was brought in by ICL Pathway under the contract to work with both parties to agree a way forward, following POCL not agreeing to acceptance in August 1999. For the avoidance of doubt, my view was acceptance should be declined in August 1999 and it was.

92. He recommended, as part of the contract arbitration process, on the basis that there was a rectification plan to introduce the data capture release in December 1999 (this was a large piece of work), that acceptance take place but on a conditional basis, rather than acceptance continue to be declined.

93. In the main, the condition was that the December 1999 software release was implemented and that this resolved the issue. In addition, one condition was that the error levels would need to have reduced to a level defined in the contract, in order for acceptance to take place.

94. My preference was for the control to be implemented before acceptance.

95. Ernst and Young were consulted and they advised the business at a very high level, that provided that there was a plan for rectification and a control, to explain the differences, they were satisfied.

96. As a consequence, acceptance took place in September 1999 on a conditional basis. These conditions were defined by the respective commercial teams and embodied within the contract.

97. Meanwhile, there was a vast group of people working to investigate, explain and rectify this issue.

98. All of these incidents were being reviewed by the APG (my boss Dave Smith and the heads of departments).

v. Your assessment of ICL Pathway's proposed rectification plans

99. We wanted ICL Pathway to recognize this problem, and to recognise the need as an outsource supplier, for them to investigate and fix this problem. ICL Pathway took this seriously, not least in part because they could see this was a serious issue for us.

100. Right up to November 1999 I was involved in saying this was a major problem. I was involved, as was my boss, David Smith. There were lots of people involved. It was a hot topic. The key people were the Chief Internal Auditor, Dermot Toberty and Hilary Stewart, and external auditors. As above, I recall that Ernst and Young had some involvement with this as well.

101. Meanwhile, a workaround continued to be developed by Transaction Processing in Chesterfield, ICL Pathway and other relevant parties for any residual errors.

vi. How (if at all) your assessment of ICL's Pathway's proposed rectification plans changed over time.

102. We were receiving daily reports. They were fixing all the time where issues were attributable to their own software and notifying us where the issue was attributable to the reference data. The EPOSS working party continued to work on the residual errors.

103. I believe ICL Pathway were acting in good faith with a view to rectifying the issues and delivering a system which we could accept and subject to the criteria defined (including for example specific criteria regard the error levels).

   d. *In relation to Acceptance Incident No. 298, please describe and explain:*

      i. *Your understanding of the nature, cause and severity of the incident;*

      ii. *How the incident came to be identified;*

      iii. *Your assessment of its business impact;*

      iv. *What (if any) remedial action you proposed;*

      v. *Your assessment of ICL Pathway's proposed rectification plans;*

      vi. *How (if at all) your assessment of ICL Pathway's proposed rectification plans changed over time.*

104. I do not recall being heavily involved in Acceptance Incident No. 298. There were sub groups of people involved in investigating all of the Acceptance Incidents. I recall that 298 was championed by Jeremy Folkes. This was a technical screen locking/freezing issue which is all that I feel that I can say in relation to questions 11 d. i.- vi above.

   e. *In relation to Acceptance Incident No. 218, please describe and explain:*

      i. *Your understanding of the nature, cause and severity of the incident;*

      ii. *How the incident came to be identified;*

iii.   Your assessment of its business impact;

iv.   What (if any) remedial action you proposed;

v.   Your assessment of ICL Pathway's proposed rectification plans;

vi.   How (if at all) your assessment of ICL Pathway's proposed rectification plans changed over time.

105.   I do not recall being heavily involved in Acceptance Incident No. 218. There were sub groups of people involved in investigating all of the Acceptance Incidents. I recall that 218 was a training issue, with one issue in particular being the quality of the training scripts. Bruce McNiven was the lead on 218. I was aware of it in high level overview terms. Bruce was the Head of the Implementation Programme and was a very senior manager within POCL. This is all that I can say in relation to questions 11 e. i.-vi above.

f.   In relation to Acceptance Incident No. 408, please describe and explain:

I.   Your understanding of the nature, cause and severity of the incident;

II.   How the incident came to be identified;

III.   Your assessment of its business impact;

IV.   What (if any) remedial action you proposed;

V.   Your assessment of ICL Pathway's proposed rectification plans;

VI.   How (if at all) your assessment of ICL Pathway's proposed rectification plans changed over time.

106.   I do not recall being heavily involved in Acceptance Incident No. 408. There were sub groups of people involved in investigating all of the Acceptance Incidents. 408 was to do with The Horizon System Helpdesk. Part of the service bought from ICL Pathway was a first tier support helpdesk resourced

by ICL Pathway and this would prove branches/outlets with support. Adele

Henderson led on 408. Adele worked for our own business support /

helpdesk. Andy Radka was the head of this (as Head of Services

Management) by this time and he was involved in this. This is all that I can

say in relation to questions 11 f. i.-vi.

g. ***Which (if any) of these acceptance incidents remained outstanding as at***

the date of acceptance of the CSR?

107. I am certainly aware that Acceptance Incident No. 376 remained outstanding

at the date of Acceptance in September 1999.

108. I am not sure about the other Acceptance Incidents.

h. ***What (if any) pressure was brought to bear on you to downgrade these***

acceptance incidents in order to achieve acceptance of the CSR? By

whom was such pressure exerted?

109. There was pressure generally and we were working almost around the clock

getting things right having declined acceptance in August 1999 and the

subsequent involvement of the external expert, Peter Copping. But there was

no direct pressure whatsoever on me to downgrade acceptance incidents or

pressure on me generally. Dave Smith and Dave Miller (Operations Director)

were very supportive of the position I took around this time regarding

Acceptance Incident No. 376.

i. ***What (if any) concerns did you have about the accounting integrity of***

Horizon at the point at which CSR was accepted?

110. As explained above, I was sufficiently concerned, in particular in relation to

Acceptance Incident No. 376, and supportive of the business decision to

decline acceptance in August 1999. At the point of conditional acceptance in

September 1999 I remained concerned about ICL Pathway's ability to deliver the software release, but understood the decision regard recommencing roll-out would only be taken in January 2000 following ICL Pathway's software release.

j. *Please describe and explain the conditions on which the CSR was accepted by the Post Office.*

111. These were contractual conditions and I am unable to assist over and above the details set out within the documents. As I have summarised above, in respect of Acceptance Incident No. 376 in particular, the conditions included a further software release and a reduction in the errors to within agreed limits.

SUSPENSION OF ROLL OUT

Question 12: Please consider POL00028565, POL00028564, POL00028563, POL00028561, POL00028559, POL00028558, POL00028556, POL00028542, POL00028509 (WITN0521_01/50 to WITN0521_01/58)*.*

a. *Please describe your role in monitoring ICL Pathway's compliance with the conditions imposed upon acceptance of the CSR.*

112. My role was to receive the daily and weekly reports, to review and check on progress and to report that to my boss Dave Smith.

113. I focused on 376 because it was such a big issue and I knew that others were taking responsibility for the other issues.

114. These reports were being received by scores of people, including my boss Dave Smith. I had daily meetings with Martin Box of Interim TIP, Graeme Seedall of PAT, Mark Burley and others. There must have been 8 different people. It included finance, in particular Dave Stephenson. He worked for Sean Delaney. He was a head office finance expert and knew client settlement inside out. He was all about financial probity. These people were

either technical or financial. I was working in combination between Chesterfield and London. Sue Harding was also in these meetings. She was in Chesterfield and had responsibility for the back end of the system including error processing. She was the Head of Development in Chesterfield's Transaction Business Unit.

115. We monitored the incidence of errors via the data integrity report, prior to, during and following conditional acceptance of CSR. It was a two pronged approach. The first being the software update which put the onus on ICL Pathway to understand the problem in their data and to introduce a fix and the second element was the reporting on the error levels.

   b. *To what extent did ICL Pathway meet the conditions / criteria for proceeding with roll out of the system in January 2000?*

116. I have no direct recollection of any January 2000 updates. I may have been absent or on annual leave and I note that I was not at the 14.01.20 meeting. None of the documents assist me.

117. I have seen one traffic light report dated 15.11.99. The errors against Acceptance Incident No. 376 are red. I have not seen any other reports to prompt my memory of how this progressed between November 1999 and January 2000.

118. There will have been other daily reports up to and after 15.11.99. I think I was at the checkpoint meeting in November 1999 but I do not remember it and I have seen no minutes of it. However, I am aware that this was prior to the December 1999 software release.

   c. *Please describe the checks which were put in place to monitor the data integrity and help desk issues which had emerged.*

119. Daily and weekly reports were produced, covering the criteria and the checks. There was also a traffic light system to help identify issues which had emerged.

120. Acceptance Incident Nos. 376 and 408 were also covered in the daily and weekly reports which were produced.

121. There were various formal and informal daily meetings as well as formal meetings with ICL Pathway. The formal meetings are set out in Document POL00028565. I believe that it is an accurate record of the steps taken to resolve these issues.

d. *Did you consider these checks to be satisfactory? Please provide reasons for your answer.*

122. Yes. There was a process and a programme of regular meetings, where everyone understood the inputs and outputs and I considered these checks to be satisfactory.

e. *What (if any) concerns did you have about the accounting integrity of Horizon when roll out recommenced in January 2000?*

123. Whilst I was not at the 14.01.20 meeting, I knew from working closely with Dave Smith and Graeme Seedall that they were as concerned about Acceptance Incident No. 376 as I was. I believe they would not have been content with agreeing to the recommenced roll out in January 2000 unless the criteria had been met. Against that background, whilst I have no direct recollection of the events of January 2000, I believe that I must have been satisfied regarding the position and the process for any residual exceptions was defined.

f. What (if any) action did you take to report such concerns to others within or outside Post Office Counters Limited?

124.   I have explained above the concerns that I had regarding acceptance. I was in constant dialogue with all stakeholders regarding accounting integrity issues during late 1999 through the AWG and APG (both formally and informally) and all concerns were shared and addressed with all relevant persons both within and outside POCL. Additionally, I have referred above to the role Peter Copping played in finessing the conditional acceptance decision.

IMPACT PROGRAMME

Question 13: Please consider POL00038867, POL00038878, POL00038885, POL00039624 and FUJ00090148 (WITN0521_01/59 to WITN0521_01/62).

a. Please describe and explain the principal business drivers for the IMPACT programme.

125.   The purpose of IMPACT was to define a wider scope of automated solutions for the back end of POCL's business, including new systems for reference data, data integrity, training, helpdesks. It was similar in scope to what TIP might have been before the decision was taken to proceed with Interim TIP. I recall that it was a well-resourced project.

b. What was the nature of your involvement in the programme?

126.   At this time, my role was an operational one and I was therefore involved as a business stakeholder.

127.   I was the General Manager of Network Support Services where I had responsibility for cash centres and network support. I was issued with the documents and reports which came out of the project teams because I was

one of the business stakeholders. By this time Impact had a Programme

Manager which was Sue Harding.

   c. What did you understand about the change(s) made to the use and

   operation of branch suspense accounts?

128.   Given my role at the time did not involve branches I am not in a position to

answer.

   d. Please explain the rationale for such changes.

129.   As above.

   e. What effect did these changes have upon end users?

130.   As above.

   f. To what extent (if at all) were the views of end users taken into account

   when these changes were made?

131.   As above.

GENERAL

Question 14: Looking back, do you consider that POCL effectively scrutinized

the testing, trial and acceptance of the Horizon system?

132.   I have given this question my detailed consideration. On balance, I do feel

that POCL effectively scrutinised the testing, trial and acceptance of the

Horizon system. The system was rigorously tested which ensured that issues

were identified and appropriate plans put in place to rectify. This was made

more difficult by the nature of the PFI contract which meant that POCL's

testers and IT teams did not have access to the system architecture and code

but this was understood at the time and testing and trialing was designed and

carried out with this in mind.

Question 15: Looking back, do you consider that the Horizon system was fit for purpose at the point at which it was rolled out? If not, why do you consider that the system was accepted and rolled out?

133.   Looking back, my view is that Horizon was not perfect but I do consider that the Horizon system was fit for purpose at the point of roll out. As far as I can recall the APG accepted the system, on the basis there were measures in place to ensure there were suitable workarounds and further system developments designed to remove the known issues at the time of acceptance.

Question 16. Are there any other matters that you consider will assist the Chair?

134.   I am not aware of any other matters which I consider will assist the Chair.

<u>Statement of Truth</u>

I believe the content of this statement to be true.

GRO

Signed:

Dated:13-10-22

Index to First Witness Statement of Ruth Reid

No.	Exhibit number	Document Description	Control Number	URN
1	WITN0521_01/1	Report: TIP Project: Working Papers for the Interim TIP case	POL-0028148	POL00031246
2	WITN0521_01/1	Report: Progress Report for October 1996	POL-0028147	POL00031245
3	WITN0521_01/3	Email from Min Burdett to Tim O'Leary and others® Re: Stage 2 review meeting 24/4/97	POL-0036230	POL00039672
4	WITN0521_01/4	PINICL Impact Assessment Team (PIAT) Process Description (V.1), 17 Sept 1997	POINQ0068577F	FUJ00078989

5	WITN0521_01/5	BA/POCL Programme Congo 4 (ICL Pathway Release 1c), Full Business Continuity Status Report (The Full Monty), No.1, Nov 1997, by Phil Turnock	POL-0025080	POL00028598
6	WITN0521_01/6	Horizon Programme Congo 4 (ICL Pathway Release 1c), Horizon Service Report No.1, Dec 1997, by Phil Turnock	POL-0025078	POL00028596
7	WITN0521_01/7	Horizon Programme Congo 4 (ICL Pathway Release 1c), Horizon Service Report No.2, Jan 1998, by Phil Turnock	POL-0025077	POL00028595
8	WITN0521_01/8	Horizon Programme Congo 4 (ICL Pathway Release 1c), Horizon Service Report No.3, Feb 1998, by Phil Turnock	POL-0025079	POL00028597
9	WITN0521_01/9	Horizon Programme Congo 4 (ICL Pathway Release 1c), Horizon Service Report No.4, March 1998, by Dennis Wong	POL-0025076	POL00028594

10	WITN0521_01/10	Horizon Programme Congo 4 (ICL Pathway Release 1c), Horizon Service Report No.6, May 1998, by Dennis Wong	POL-0025073	POL00028591
11	WITN0521_01/11	Horizon Programme Congo 4 (ICL Pathway Release 1c), Horizon Service Report No.7, June 1998, by Phil Turnock	POL-0025071	POL00028589
12	WITN0521_01/12	Horizon Programme Congo 4 (ICL Pathway Release 1c), Horizon Service Report No.8, July 1998, by Dennis Wong	POL-0025074	POL00028592
13	WITN0521_01/13	Benefit Payment End to End Reconciliation Process For ICL Pathway Release 1c - PART 2 (Resolution) (version 2.0).	POINQ0064531F	FUJ00058360
14	WITN0521_01/14	Horizon Programme Congo 4 (ICL Pathway Release 1c), Horizon Service Report No.10, Sept 1998, by Dennis Wong	POL-0025072	POL00028590

15	WITN0521_01/15	Letter from Peter Jones to Simon Rilot re MO & E2E Testing Issues	POL-0024910	POL00028428
16	WITN0521_01/16	Letter from Chris Young, Horizon Model Office Test Manager to Peter Jones re MO & E2E Testing Issues	POL-0024909	POL00028427
17	WITN0521_01/17	Email from Chris Young to a number of individuals, including, Peter Jeram, Dave Miller and Andrew Simpkins, re Minutes of Weekly MOT/E2E Progress Meeting, 19 March 1999	POINQ0068262F	FUJ00078674
18	WITN0521_01/18	Minutes of Weekly MOT/E2E Progress Meeting 45 18 March 1999	POINQ0068263F	FUJ00078675
19	WITN0521_01/19	Email from James Brett to a number of individuals, including, Peter Jeram, Dave Miller, John Meagher, and Andrew Simpkins, re Issued MOT Evaluation Report	POINQ0068281F	FUJ00078693
20	WITN0521_01/20	Model Office Testing Report for Nile Release 2.0	POINQ0064616F	FUJ00058445

21	WITN0521_01/21	Review of the POCL/ICL Pathway Deal by Roger Tabor, Finance Director POCL (January 1999)	POL-0028132	POL00031230
22	WITN0521_01/22	EPOSS End-to-End Reconciliation Process for Release NR2 - Incident Management and Resolution	VIS00001772	POL00000758
23	WITN0521_01/23	Automated Payment End-to-End Reconciliation Process for Release NR2 - Incident Management & Resolution 16 June 1999	VIS00001790	POL00000776
24	WITN0521_01/24	Horizon Plan for Acceptance During the ICL Pathway Operational Trial (Version 2)	POL-0025619	POL00029137
25	WITN0521_01/25	Collection of Acceptance Incident Forms for various incidents (various dates in 1999)	POL-0024839	POL00028357

26	WITN0521_01/26	Acceptance Board, Fourth Meeting Minutes, 8 July 1999; Acceptance Board Terms of Reference; Acceptance Guidelines for Core System Release dated 21 July 1999	POL-0024849	POL00028367
27	WITN0521_01/27	Horizon Programme, Management Resolution Meeting Minutes (sent to PA Consulting)	POL-0024814	POL00028332
28	WITN0521_01/28	Electronic memorandum by the Post Office on acceptance and business impact.	POL-0026875	POL00030393
29	WITN0521_01/29	Output from Tranche 3 Acceptance Incident Workshop, 10 August 1999	POL-0024846	POL00028364

30	WITN0521_01/30	Letter to John Dicks, Director of Customer Enquiries at ICL Pathway from Bruce McNiven, Director of Horizon Programme re Review of Acceptance Incident 218 - Training - and analysis of evaluation against business impact	POL-0024847	POL00028365
31	WITN0521_01/31	Email to Andy Radka at POCL from Keith Baines at POCL re system freezes and response to ICL	POL-0024848	POL00028366
32	WITN0521_01/32	Letter from John Dicks to Bruce McNiven (cc Chris French, Ruth Holleran, John Meagher and Mike Coombs), 11 August 1999, re outstanding issues raised by POCL	POINQ0068747F	FUJ00079159
33	WITN0521_01/33	Horizon Programme, Management Resolution Meeting Minutes (sent to PA Consulting)	POL-0024814	POL00028332

34	WITN0521_01/34	POCL Meeting Output: Acceptance Incidents Discussed at Meeting on 11th August 1999	POL-0025613	POL00029131
35	WITN0521_01/35	Report Summary on incidents between POCL and ICL Pathway	POL-0026874	POL00030392
36	WITN0521_01/36	Acceptance Incident Hotlist sent by email from Tony Houghton	POL-0024837	POL00028355
37	WITN0521_01/37	Email to John Dicks at ICL Pathway from John Meagher at POCL re Incident Rectification Plans	POL-0024829	POL00028347
38	WITN0521_01/38	Follow on from Acceptance Update Meeting 2, Agreed Output and Actions, 24 August 1999	POL-0024959	POL00028477
39	WITN0521_01/39	Email from Jeff Austin to POCL employees, re Continued Acceptance Incident Monitoring and Acceptance Incident Workshop, 25/26 August 1999 (emails, agenda and Incident List)	POL-0024960	POL00028478

40	WITN0521_01/40	Memo from Post Office re Acceptance Workshop Roles	POL-0024824	POL00028342
41	WITN0521_01/41	Acceptance Update Meeting 3, Agreed Output and Actions, 27 August 1999	POL-0024958	POL00028476
42	WITN0521_01/42	Email from Ruth Holleran, POCL, to Jeremy Folkes & John Meagher, POCL re Incident 298 (System Stability) Target Levels	POL-0024956	POL00028474
43	WITN0521_01/43	Internal POCL email from Ruth Holleran, re Incident 218 (The Training Experience) Success Criteria	POL-0024957	POL00028475
44	WITN0521_01/44	Emails between Keith Baines, Ruth Holleran and David Smith, all POCL, re High AI Re-classification Tactics	POL-0024953	POL00028471
45	WITN0521_01/45	Horizon Acceptance Dispute Workshop, Outline Agenda and accompanying reports, 2 September 1999	POL-0024954	POL00028472
46	WITN0521_01/46	Acceptance Workshop (3) Action Points, 2 Sept 1999 (draft)	POL-0024952	POL00028470

47	WITN0521_01/47	Email from Dave Miller to Stuart Sweetman, POCL, re Horizon Acceptance Progress	POL-0024947	POL00028465
48	WITN0521_01/48	Email from Andrew Simpkins to POCL re 1999 Rollout	POL-0024943	POL00028461
49	WITN0521_01/49	Acceptance Workshop (7) - Action Points, 17 Sept 1999	POINQ0068764F	FUJ00079176
50	WITN0521_01/50	Email from John Meagher to Chris French and Keith Baines re Acceptance Decision Process for 24 Nov 1999	POL-0025047	POL00028565
51	WITN0521_01/51	Email from John Meagher to Chris French re Reference Data, 28 Oct 1999	POL-0025046	POL00028564
52	WITN0521_01/52	Email to Ruth Holleran from Keith Baines re Conformance to help desk scripts	POL-0025045	POL00028563

53	WITN0521_01/53	Letter from John Dicks, Director of Customer Requirements at ICL Pathway, to John Meagher, POCL re acceptance criteria and issues with AI376 (Lack of Data Integrity on the Data Stream Across the TIP Interface), 5 Nov 1999	POL-0025043	POL00028561
54	WITN0521_01/54	Rollout 2000 Pre-Checkpoint Meeting Agenda and Rollout 2000 Criteria - Monitoring Report, 15 Nov 1999	POL-0025041	POL00028559
55	WITN0521_01/55	Emails between Min Burdett, Graeme Seedall, Ruth Holleran, Martin Box and Keith Baines (all POCL) re Requirements for continuing with rollout	POL-0025040	POL00028558
56	WITN0521_01/56	Email from Min Burdett, POCL to other POCL employees re Rollout 2000 Decision- Actions for the next 10 days (up to 3rd December)	POL-0025024	POL00028542

57	WITN0521_01/57	Horizon/Pathway Delivery Meeting: Special Meeting Notes, 14 Jan 2000, sent by Dick Brazear, Head of Programme Office for Post Office Network to POCL and ICL employees	POL-0024991	POL00028509
58	WITN0521_01/58	Accounting & Cash Management Programme, Conceptual Design (V. 3.1)	POL-0035349	POL00038867
59	WITN0521_01/59	Branch Trading Reporting, Management and Control and Transaction Management, Conceptual Design (version 1.0)	POL-0035360	POL00038878
60	WITN0521_01/60	PO Ltd Financial Systems Release 3 Conceptual Design (V0.4)	POL-0035367	POL00038885
61	WITN0521_01/61	Communications Plan Release S60 (v.0.1)	POL-0036108	POL00039624
62	WITN0521_01/62	PO Ltd Financial Systems Release 3 Conceptual Design (V1.0)	POINQ0096319F	FUJ00090148