

IN CONFIDENCE

To:	From:	cc:
Nigel Allen Contracts Advisor	Karen Derbe Senior Auditor	Paul Whitaker Investigation Team Manger Tony Hills Network Compliance Audit Manager Outlet Intervention Team
Date: 20JUNE 2008		

Audit of Post Office@Allerton, Branch Code 364511.

On the Thursday 19 June 2008, accompanied by my colleague Paul Holland Audit Officer, I conducted an audit of the above named branch.

The purpose of the audit was to verify financial assets due to post Office® and confirm compliance with a range of Business processes, procedures and regulatory requirements.

The financial audit revealed a current trading position of £ 8724.62 short. A breakdown of this figure, including any pending transaction corrections or losses being settled centrally, can be found below.

The difference between these figures is broken down as follows:

£	115.62	-	Identified as a difference in cash figures
£	1602.15	-	Identified as a difference in stock figures
£	0.14	-	Identified as a difference in postage figures
£	59.63	+	Identified as a difference in foreign currency figures
£	8836.72	-	Cheques on hand figure
£	10495.00	-	Total shortage

In addition to the above, the following amounts are noted, effectively reducing the above figure to:

£	1770.38	+	Outstanding amount, previously settled centrally, as confirmed with Product & Branch Accounting on the day of the audit
£	8724.62	-	Total shortage

Paul and I arrived at the branch at 08.20am and introduced ourselves to Mrs Williams the sub postmaster, and advised that we were to perform an audit on behalf of Post Office Ltd®.

Mrs Williams allowed us access to the post office area, and was present whilst the audit was carried out.

I contacted the Network Business Support Centre (NBSC) at approximately 09.00 am and advised that an audit would be performed at the branch, and that it would remain closed until its conclusion. The nominated branches offered were: Mark and Wedmore.

The audit result was £10495.00 on the day of the audit but there is a credit outstanding at Chesterfield fro £1770.38 so the actual trading position for the office is £8724.62 shortage.

I asked Mrs Williams to log on to the horizon system so I could add myself to the system to obtain the required reports. Paul started to count the stock and I was counting the cash, the cash was £115.62 short so I asked Mrs Williams to check my figures which she did and agreed with them.

I printed off an office snapshot and there was a cheque figure on hand for £8836.72. I asked Mrs Williams if the cheques were on hand, she replied there were no cheques on hand. She said she was unaware of an amount in her cheque on hand figure until she received a phone call on 22 May 08, from a lady saying that there had been a error in her cheques to EDS, she talked her through the procedure and then said her cheque figure should now be zero, but it showed £8836.72. It was then Mrs Williams realised there was something wrong.

Mrs Williams said that she had not had a visit from anyone from the post office since August 2206, which was Maggie Hatch BDM, which since speaking to you was not right as she had a trainer in October 2006. She said the only help she gets is from the helpline when she has a problem.

Before the audit I rang Cathy Macdonald and Tracey (cheque errors) in Chesterfield to find out the background of the office and I got told that there has been so many T/Cs issued it would be best to ring when at the office.

When we were at the office Paul looked for the cheque on hand figure on the balance snapshots and it showed that there had been a cheque figure in the account every month from May 06 to date. I have sent you a list of all the amounts.

When I spoke to Tracey in Chesterfield on the day of the audit, I gave her the details Paul had found and she said she would ring back. Linda rang back with every cheque T/C that had been issued, which was 36 T/C's, it showed a credit of £17522.10 and debit of £16849.02. I have also sent this to you.

The procedure for cheque error's has changed, now the office is rang up by Chesterfield and told to remit the amount of errors and this will reduced the cheque on hand figure, where as before a T/C was sent to office and when the office accepted it would give a credit or charge but did not automatically alter the cheque on hand figure. I believe this

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is where problems occurred as when Mrs Williams received a T/C she accepted and settled centrally but did not alter cheque on hand figure. Also she has not always remitted out the cheques sent to EDS, we can prove this the case on the 18th and 19th April 2008, it showed on the transaction log we printed off. Linda also confirmed that this was part of the error Chesterfield had asked Mrs Williams to remit out on the 22 May 2008. When Paul spoke to Linda she said that they are not aware of any outstanding T/Cs at present. Mrs Williams was also making the mistake of remitting out to EDS the figure on the cheque listings and not the actual amount of the cheques.

I also rang Jackie in the Agent Debt team and she confirmed there had been a vast amount of T/Cs and balance discrepancies settled centrally.

There was also a shortage of £1602.15 in the stock which was mainly in the special stamp's, Mrs Williams said she thought she could have returned the Christmas stamp's with out remitting them out of the system. I did speak to Paul at Chesterfield and he is going to ring me back.

The office is being rolled over into the next TP a week later then it should, Mrs Williams said that on the correct rollover date it only says she can roll into next BP. I can not see that is right as when we did the final balance at the audit it came up 'do you want to roll in to next TP or BP. When we arrived at the office the office was in TP2 but the stock unit in TP3, I rolled the office into TP3. The printer does not work so no reports can be printed only previewed, Mrs Williams did say she put a new drum in as she was told but it still will not print.

I also notified Paul Whitaker, Investigation Team Manager at 13.00pm to relay these findings.

The decision taken was to precautionary suspend Mrs Williams at 13.30pm the assets were secured in safe until a relief could be found or a defund arranged. I took the two safe keys and sent them to Steve Parsons, Field Change Advisor on 20 June 2008...

The audit and subsequent transfer of the branch was concluded at 15.00pm. The branch was rolled into TP3 BP3 and a Final Account produced.

The amount of £10495.00 was posted to Late Account; the £1770.38 credit is already in the account at Chesterfield.

No Compliance Tests were carried out at this audit other than those control gaps that were observed whilst on site.

I have sent you today (20/06/08) the list of cheque T/C's, the list of the amount of cheques on hand each month since Mrs Williams took over and the transaction logs for cheques accepted and cheques remitted out.

If you require any additional information, please contact me on the telephone number below

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Karen Derbe
Senior Auditor

 **GRO**
Mobex: **GRO**

Deleted: Delete number (1) and replace with number (2) if suspended following an audit.¶
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(2)¶
¶
On the DATE, accompanied by my colleague/s Name of Branch Auditor/s, I conducted an audit at Name of Branch. ¶
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The purpose of this audit was to verify financial assets due to the Post Office® and confirm compliance with a range of Business processes, procedures and regulatory requirements.¶
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The audit revealed a shortage/surplus in the branch of £Amount. A breakdown of the audit result and details of the audit findings are as follows.¶
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... [1]



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shirley.haillstones

24/05/2006 10:49:00

Delete number (1) and replace with number (2) if suspended following an audit:

(2)

On the DATE, accompanied by my colleague/s Name of Branch Auditor/s, I conducted an audit at Name of Branch.

The purpose of this audit was to verify financial assets due to the Post Office® and confirm compliance with a range of Business processes, procedures and regulatory requirements.

The audit revealed a shortage/surplus in the branch of £Amount. A breakdown of the audit result and details of the audit findings are as follows:

£		(+/-)	Identified as a difference in cash figures
£		(+/-)	Identified as a difference in stock figures
£		(+/-)	Obsolete stock not included in audit figures
£		(+/-)	Identified as a difference in foreign currency figures
£		(+/-)	RD Cheques to hand, not included in the audit
£		(+/-)	Transaction errors revealed to documentation
£		(+/-)	Outstanding transaction corrections not processed
£		(+/-)	Other
£		(+/-)	Total Shortage/surplus (delete as appropriate)

Put a paragraph/s about what happened and findings Delete this

Mr/Mrs/Miss Name was then advised that he/she should satisfy themselves that the figures of the audit team were correct. Therefore we asked Mr/Mrs/Miss Name if he/she would do her own independent count of all the cash on hand again, which he/she did.

Mr/Mrs/Miss Name then confirmed that the figures of the audit team were correct.

Conclusion Delete this

I then telephoned yourself at Time am/pm to report a preliminary suspected shortage/surplus of approximately £Amount and that I would ring you back with the final figure once I had completed the audit. This I did at Time am to report an overall shortage/surplus in the branch of £Amount.

I also notified Name, Investigation Team Manager at Time am to relay these findings.

You advised me that you would attend the branch as soon as you could later in the morning and that we should keep the branch closed until then.



Any other information / terms of reference / information of who else contacted /spoken to/advise given.

The decision taken was to precautionary suspend Mr/Mrs/Miss Name at Time am/pm and that the branch would be transferred to a relief Postmaster/mistress (or if one could not be found), Delete whichever applicable— the assets secured in safe until a relief could be found and the keys taken by Name and title along with the alarm code that had been changed.

The audit and subsequent transfer of the branch was concluded at Time am/pm and if applicable and a Final Account produced.

Cash was presented to the value of £Amount to make good the discrepancy, or the amount of £Amount was posted to Late Account, or, a cheque was presented to me for £Amount to make good the shortage by Mr/Mrs/Miss Name and this was put through Horizon and despatched the same day.

I (or Name of whoever) advised the NBSC Helpline that the branch will be re-opening on Date and time if known.

If applicable No Compliance Tests were carried out at this audit other than those control gaps that were observed whilst on site

If you require any additional information, please contact me on the telephone number below

Name
Branch Auditor

☎ Phone Number
Mobex: Phone number

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