

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, PERSONNEL
POLTD/0809/ 0102

OFFENCE

Theft and False Accounting

Name: Suzanne Elizabeth McKnight

Rank: Officer-in-Charge **Identification Code:** 1

Office: Appley Bridge **FAD Code** 270 406

Age: GRO **Date of Birth:** GRO

Service: 3 Years 9 months **Date Service Commenced:** 20 January 2005

Personnel Printout: At Appendix: N/A

Nat Ins No:

GRO

Home Address:

GRO

Suspended: Sub postmaster suspended on 20th August 2008 on the authority of Paul X Williams – Contract Manager – Suzanne McKnight suspended from working behind Post Office Counter.

To be prosecuted by: Royal Mail Group (including Post Office Ltd)

Designated Prosecution Authority: Dave Pardoe, Senior Security Manager Fraud Team

Discipline Manager: Paul X Williams – Contract Manager

Discipline Manager

The circumstance leading to enquiries being conducted into Suzanne Elizabeth McKnight, the Officer-in-Charge and aforementioned person in the pre amble of this report, is that following an audit on Wednesday 20th August 2008, a cash storage was identified at the branch.

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The result of the audit was a trading shortage in the branch of £55,435.60. The discrepancies are summarised as per the table below.

Amount	Comment
£ 34504.42	Identified as a shortage difference in the cash figures
£ 45.86	Identified as a shortage difference in the stock figures
£ 13,575.25	Identified as a shortage difference in the cheque figures
£ 5042.00	Identified as a shortage difference in Lottery Scratch cards
£ 131.93	Surplus in remittance redeemed at the audit
£ 53,035.60	Total shortage on the day
£ 2,400.00	Outstanding debt – confirmed by P & BA
£ 55,435.60	Trading Position Shortage

Appley Bridge is a two-counter-counter position branch located on a main road in rural Lancashire. The Post Office is located in one section of the premises and the retail side consists of selling newspapers, cards, sweets and drinks.

The branch operates a single stock unit (AA) for the counter, a stock unit for the Automated Teller Machine (ATM) and a stock unit for the lottery.

The sub postmaster is Mrs Susan McKnight, the mother of Suzanne McKnight who has taken no part in the running of the Post Office counter. She states that she has never served a customer. She installed her daughter Ms Suzanne McKnight as the Officer-in-charge of the branch. At present there are two other members of staff employed.

On Thursday 17th July 2008, the branch was visited during a security visit to check on the increased Over Night Cash Holdings (ONCH). It was found that the ATM had been installed the previous March and this was the reason for the increased cash holdings.

However, when summaries were checked in relation to the ATM, a discrepancy of approximately £10,000 was found between the balance snap shot (£161,230) and the cash declaration (£150,740). The cassettes were removed from the ATM and a check of the cash commenced. A count of this money was undertaken as an estimate as there was not a note counter available for use. The count was approximately £149,780. From a conversation with Ms McKnight, it appeared that the figures were not being reported correctly, she was advise to contact the ATM team to obtain the true position of the figures in the ATM. The matter was reported to the Fraud Risk Team

An audit took place on 20th August 2008, when it found that there was a cash discrepancy in the ATM and Lottery Stock Units, but the counter stock unit AA, had more cash than was shown on the balance snap shot. The discrepancy for the ATM was £30,810 and the possible discrepancy in July had tripled.

Mrs McKnight was precautionary suspended and her daughter was not allowed to work behind the counter and the branch was transferred to an interim sub postmaster.

Interview with Suzanne Elizabeth McKnight.

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Ms McKnight confirmed that she had been officer-in-charge for approximately four years since her mother became sub postmaster. She also confirmed that her mother did not work behind the Post Office counter.

Ms McKnight said that her and her mother attended a training school in Liverpool. The course was for a week, but as they were the only people on the course, they did "short" days. They never attended on one day and the final day attended for a couple of hours.

Ms McKnight stated that they only balanced the cash and stock at the end of a trading period. She confirmed the stock units they used and stated that they no longer used the lottery stock unit. She explained that customers had been served out of this unit and when she requested advice was told to reverse everything out of the stock unit, the next time she requested advice, she was told to leave everything in and only take the cash out.

The audit report was broken down into separate issues and Ms McKnight gave the following explanations.

Cash Discrepancy

Ms McKnight said that they were given limited training for the ATM and the first fill was for a small amount of cash. She said they were given a pamphlet to work it out for themselves.

She explained that they would receive the remittance for the ATM and it would be checked then placed in the top of the safe. When they replenished the cash in the ATM, the money in the safe would be checked, the premises secured and the cassettes removed and taken to the secure area behind the counter.

The money in the cassettes would be checked and refilled with the additional cash. As the figures in the ATM would be zeroed, the new figures would be inputted. Ms McKnight stated that there would always be two of them when the ATM was replenished.

Ms McKnight denied stealing any money either from the cassettes or the safe, she said that the ATM has been opened outside of Post Office Ltd core hours and said the retail side was still open, but somebody was with her when this happened. She denied opening the ATM at anytime by herself.

Ms McKnight said that she thought the figures had to be reported at 16.30 because it was the end of the day and not because discrepancies would arise if reported prior to this time. She said that she changed the times of reporting the figures for security reasons and did not want the premises closed at the same time each day.

Ms McKnight said that the ATM was new to her and the members of staff and she had reported the figures in the way that she had been told to do, she always kept the ATM money separate. She could give no explanation as to why there was a discrepancy or why it had potentially increased during the period of July to August and could only think that she had made huge mistakes when inputting the figures.

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Lottery Scratch Cards

Ms McKnight said that she had read the error corrections wrong and accepted them, not realising that it wasn't as she thought and that it was a credit correction for the branch. She had just been accepting the transaction corrections.

Ms McKnight said that she thought it was down to activating too many scratch cards and went on to explain the lottery stock unit (explained in a previously paragraph). She said that she did not activate all the scratch cards. If the retail side required cards, they would get them and activate them and not always tell her.

She had no satisfactory explanation for the discrepancy in the lottery.

Cheques on Hand

Ms McKnight explained that part of the cheque discrepancy was down to when she was not present at the branch. She explained that a member of staff who no longer is employed had remitted the same cheques twice. Chesterfield requested evidence concerning a certain transaction, Ms McKnight said that she sent the evidence but had to accept the transaction correction due to the amount of time that had elapsed. She said that she had requested the credit transaction correction on a number of occasions.

The discrepancy in the cheque figures are therefore alleged to be the transaction corrections that have been made good by cheque on the Horizon system and no corresponding cheque was despatched to cover the amount.

Transaction Corrections

Ms McKnight stated that she had never informed her mother that she required money to cover transaction corrections. She said she tried to deal with them in her own way, as she did not want to upset her mother. She further said that she accepted the transaction corrections but panicked when she saw some of them,

Ms McKnight did mention that they thought a member of staff was responsible for some of the shortages, however this was approximately 18 months ago.

Ms McKnight stated that when she received a transaction correction for euros, she had settled it centrally, she said that she did not know what this meant, but was contacted and the money was deducted from the sub postmaster's remuneration. She then thought why she had not been doing this before.

Ms McKnight admitted, that she had been settling transaction corrections to cheque, but did not have the money to put in. She was shown a number of trading statements and confirmed that on the line for Other Methods of Payments, was the figure that had she had been carrying forward.

Ms McKnight denied stealing any money and stated that she did not know it was wrong to "roll the losses from one trading period to another. She said that when she did a balance, the cash declared was correct and any counter loss was rectified before the next trading statement.

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Ms McKnight said the branch had not been audited prior to the one on the 20th August 2008, her mother had contacted the Post Office on a number of occasions requesting assistance because they could not cope, but could not confirm if her mother contacted the NBSC helpline or another department or manager of Post Office Ltd.

To summarise:

- Ms McKnight denied theft of Post Office Monies.
- Ms McKnight had no explanation to why there was a deficiency in the ATM.
- Ms McKnight stated that two members of staff would always replenish the ATM.
- Ms McKnight stated that the training received for the management side of the counter and for the ATM was not adequate.
- Ms McKnight stated that she was not comfortable when dealing with Transaction Corrections.
- Ms McKnight stated that the Post Office had been contacted and informed that they were not coping with the balance.
- Ms McKnight stated that she had inflated a cheque figure to cover transaction corrections.
- Ms McKnight stated that she did not understand the Trading Statement.
- Ms McKnight stated that she never informed the sub postmaster (her mother) that money was required to make good transaction corrections.
- Ms McKnight co-operated throughout the interview.

Business and Procedural weakness'

- ❖ **Cheques on hand bore no relation to the total declared on the Branch Trading statement.**
- ❖ **Accounts were not kept in the form prescribed by the Operation Manuals.**

This report is forwarded to you for the present situation to be noted in respect of any disciplinary issues pending. If you require clarification on any point or copies of any of the documentation mentioned in this report, please contact me on the number below.

S Bradshaw
Investigation Manager
11 November 2008



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Room 5037 Liverpool Mail Centre Copperas Hill Liverpool L3 1AA