

# Analysis of Marine Drive Transactions

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## 1. Introduction

As part of a prosecution associated with Marine Drive Post Office, Anne Chambers and Gareth Jenkins have undertaken an analysis of all transactions that took place during Cash Account week 42 in that Office.

Week 42 transactions were those between 8<sup>th</sup> Jan 2004 08:59:11 and 15<sup>th</sup> Jan 07:36:14.

*Note that there were £408 of National Lottery transactions recorded at about 07:00 on 8<sup>th</sup> Jan which were accounted for in week 41; and £326 of similar transaction at about 07:28 on 15<sup>th</sup> Jan together with the correction of £1,103 which I understand is in dispute.*

The purpose of this note is to outline what was done and also to comment on the letter sent on from the Post Office Ltd solicitors where Mr Castleton is claiming to have shown that the Horizon figures are incorrect.

## 2. Analysis undertaken

The initial set of data obtained was the extract from the Transaction Log that was submitted to Post Office Ltd as supporting evidence (ARQ 421).

Subsequently a complete extract of audit data for the period concerned was obtained. This included non transactional data (including opening figures) and the electronic Cash Account information (which was subsequently submitted to Post Office Ltd's back end systems) and represents the same information as was printed on the paper Cash Account which Mr Castleton signed at the time to indicate that it was correct.

The figures examined have been compared with both the electronic Cash Account information retrieved and also copies of the paper cash accounts for week 42 (and also weeks 41 and 43) held by Post Office Ltd. Specifically, the Carried Forward figures from Week 41 matches the Brought Forward figures in Week 42 and the Carried Forward figures from Week 42 matches the Brought Forward figures in Week 43.

The initial check was that each Session's data was completely recorded in the Transaction Log. This check identified a transaction missing from the ARQ 421 data for a value of 92p on 12<sup>th</sup> January. This transaction did not include its Start Time (a known fault that occasionally happens) and so the ARQ extraction process ignored it. However it would not have been ignored by the accounting functions at the counter and a report would have been generated that night as part of the overnight checks.

Unfortunately, this report is not audited and so is not available for examination. However we do not believe that this report is material to the case.

Having done that, a copy of the Reference Data in use at all branches at that time was obtained that defines how each transaction at the Branch maps onto the various lines

of the Cash Account. This Reference Data was then used to summarise all the transactions according to where on the Cash Account Report they would appear, thus enabling the Cash Account Table totals to be re-constructed.

This then shows the following figures:

|                               |             |
|-------------------------------|-------------|
| Opening Figures (from Wk 41)  | £54,170.49  |
| Sales Receipts                | £70,593.16  |
| Stock Remittances into Branch | £51,527.50  |
| Total Receipts                | £176,291.15 |

This matches the figures in the Cash Account. However Mr Castleton believes that he has a value of £2,893.24 more than this (see para 3 of the letter). It is not at all clear where this figure comes from.

*Cheques sent to EDS (total value of £3,083.42) and Debit Card payments (£116.60) are not included in Receipts. Similarly Parcel Traffic Values in Table 12 (£84.23) are in Table 12 and not Receipts. Misallocation of these to Receipts brings the mismatch down to about £10.*

For payments the figures are as follows:

|                                                           |             |
|-----------------------------------------------------------|-------------|
| Payments                                                  | £80,185.38  |
| Cash, Cheque, Voucher and Stock Remittances Out of Branch | £3,613.83   |
| Debit Card Payments                                       | £116.60     |
| Closing Figures (to Wk 43)                                | £92,374.74  |
| Discrepancy                                               | £0.60       |
| Total Payments                                            | £176,291.15 |

Again, this matches the figures in the Cash Account (and the Receipts figure).

Attached to the Cash Account were some other reports showing:

- Inland Revenue Tax Credits
- Postal Orders Encashed
- Giro Cheques
- Postage Labels

The totals on all of these reports matched those calculated from examination of the audit data that was extracted.

Para 4 of the letter states that there was £92,374.74 Stock carried forward from week 41. This is incorrect. The figure for Stock (including cash) carried forward from week 41 is £54,170.49 (including a carried forward discrepancy of 47p). However £92,374.74 is the figure for stock carried forward from week 42 to week 43 (which is perhaps what Mr Castleton meant). This paragraph also states that Mr Castleton believes there to be a discrepancy of £209.34 (ie £83,916.41 less £83,707.07) in the Payments figures. Again it isn't at all clear where that figure comes from.

I'm afraid we can't make any sense of paragraph 5 of the letter. In particular what does "£1,706.64 in unallocated cash" mean? Given that Mr Castleton's analysis of how the Transactions in logs are accounted for is different from the way in which Horizon has accounted for them, there seems little point in further analysis without having a common mechanism for comparing what is agreed and what is in dispute.

Para 6 refers to "giro bank transactions" as being suspected of being the cause of the discrepancy. On what grounds is this considered to be the problem? It is accepted

that there were indeed 6 giro bank cash deposits of over £1,000 (including two for about £18,000 and £24,000), thus representing a significant amount of cash movements during the week.

Para 8 refers to “missing halves of transactions”. The only missing half transaction is that for 92p on 12<sup>th</sup> January at 16:40. However the order in which the transactions were submitted in ARQ 421 is “time of transaction”. Where both counters were in use at the same time, this can result in the transactions from the 2 counters being “interleaved”. Sorting the transactions based on the Session Id, will ensure that this is compensated for. We have checked that all transactions for each Session Id do indeed net to zero (apart from the missing transaction on 12<sup>th</sup> January).