

M035

Ron Warmington

From: 2nd sight [redacted]
Sent: 27 November 2013 13:58
To: 'Ron Warmington'; Ron Warmington
Subject: FW: Case Questionnaire - M035 Josephine Hamilton [IWOV-JCRef.FID193651]
Attachments: Case Questionnaire - M035 Josephine Hamilton.pdf

Test message

-----Original Message-----

From: Alison Cann [redacted] On Behalf Of Robert Holland
Sent: 27 November 2013 10:46
To: 'mediation' [redacted] **GRO**
Subject: Case Questionnaire - M035 Josephine Hamilton [IWOV-JCRef.FID193651]

Dear Sirs

I attach a completed Case Questionnaire under Case Number M035 on behalf of Josephine Hamilton.

Please acknowledge safe receipt.

Regards

Alison Cann| Secretary
James Cowper LLP
Accountants & Business Advisers

[redacted]
www.jamescowper.co.uk

-----Original Message-----

From: Xerox
Sent: 27 November 2013 10:27
To: Alison Cann
Subject: Case Questionnaire - M035 Josephine Hamilton

Please open the attached document. It was scanned and sent to you using a Xerox Multifunction Device.

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Post Office Limited
148 Old Street
LONDON
EC1V 9HQ

Confidential

Second Sight
By email only

5 September 2014

Ref: M035

Dear Sirs

Post Office's Response to Second Sight's draft Case Review Report on case M035

This letter sets out Post Office's response to Second Sight's draft Case Review Report dated 11 August 2014 for application M035 (**the Draft CRR**).

The Post Office's position is set out below. The appendix to this letter has Post Office's line-by-line comments on the Draft CRR. References to paragraphs are to paragraphs in the Draft CRR unless stated otherwise.

Post Office's position

1 Post Office does not agree with the conclusion that it is responsible for any of the losses suffered at the Branch. The main reason provided within the Draft CRR for this is due to the Applicant being inadequately trained. Post Office can see no evidence to suggest that the Applicant did not receive adequate training and does not consider that this conclusion can be reached from the evidence provided.

Valid point 2 In addition, Post Office had no opportunity to rectify any issues. As the Draft CRR states at paragraph 4.2 the Applicant failed to alert the Helpline to problems when they occurred and the false accounting undertaken by the Applicant meant that Post Office was not able to identify that there was a problem. Neither is it possible to identify conclusively the cause of the losses due to the false accounting by the Applicant. Had the Applicant been more transparent and sought assistance at the time, further training or other support in relation to any transactions or issues that were causing losses could have been provided. As a result of the Applicant continuing to cover up the losses they continued and increased without Post Office having opportunity to assist or identify the cause of the problem.

no but there was a suggestion of Theft - at least, RE buyer a Theft charge against the Applicant! 3 There is no suggestion that the losses were caused by anything other than operational errors. Neither the Draft CRR nor the Applicant tries to contest this issue or raise systemic problems with Horizon. The Applicant is responsible for any losses suffered at branch in accordance with the Subpostmaster contract and therefore would be liable for the loss.

4 The Applicant has been convicted of false accounting and is therefore responsible for the losses in her branch as explained below. She pleaded guilty to the charge of false accounting. A plea of guilty to a charge entails a complete admission to the offence.

Yes, of false Accounting, but not of Theft 5 The plea was voluntarily entered after the Applicant had the opportunity to take legal advice. Post Office is not responsible for any advice that the Applicant may or may not have received. If the Applicant considers that they were wrongly advised, then that is a matter between her and her lawyer.

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- Agree*
- 6 Post Office does not consider that there are any new circumstances in this case that would justify a change of plea and therefore maintains that the Applicant's guilty plea is good evidence that she submitted false accounts.
- yes*
- 7 As daily cash declarations were made falsely (by declaring that there was more cash in the branch than there actually was) then it was impossible for Post Office, and will have been very difficult if not impossible for a Subpostmaster, to have:
- Known if cash was missing;
 - Identified the days on which cash went missing;
 - Identified which member of staff may have been the source of errors; or
 - Located the erroneous transactions that were the cause of the loss.
- 8 Daily accurate cash declarations are the most critical aspect of branch accounting, without which losses of cash go unchecked.
- 9 The false accounting in this case means that it was not possible at the time of these events, and it remains impossible now, to precisely identify all the errors in branch which have caused a shortfall. Post Office primarily relies on reviewing the branch accounts to help subpostmasters identify errors but because the accounts in this case have been falsified as admitted by the Applicant, it is not possible to distinguish between genuine errors and intentionally false entries.
- 10 Not only is false accounting a criminal offence, but operationally Post Office must insist on accurate daily cash declarations. The Applicant's negligence is also why she is liable (under the terms of her Contract) for any losses hidden or caused by her inaccurate record keeping. It is also an established principle of the Law of Agency, that agents like Subpostmasters are liable pay to Post Office (as principal) any cash sum declared in their accounts even if that declaration is false.
- usual for postmaster*
- 11 As stated in the original Scheme Documentation, Post Office has no power to overturn a conviction. The proper forum for this is an appeal through the Courts. Neither the draft CRR nor the Post Office investigation identifies any information or evidence which Post Office considers would make the applicant's conviction unsafe. However it remains open to the Applicant to appeal their conviction through the Courts.

In light of the above issues Post Office considers that the cause of the losses was due to the Applicant's poor controls, procedures and operational errors. This was compounded by the inflation of cash at branch and false accounting, which the Applicant voluntarily admitted to. In light of all of the points above, Second Sight is asked to reconsider its recommendation that this case is suitable for mediation.

If you have any questions about this response, please do not hesitate to contact me.

Yours faithfully

GRO

Angela Van Den Bogerd
Head of Partnerships
Post Office Limited

Appendix

Line-by-line comments

Paragraph in Draft CRR	Post Office comment
1.5 (c)	The Draft CRR states that issues raised by the Applicant included " <i>transactions or adjustments not entered by the Applicant or her staff</i> ". Post Office cannot see any reference to this issue with the Applicant's CQR. Post Office would suggest that this is removed from the Draft CRR.
1.5 (d)	The Draft CRR states that an issue raised by the Applicant includes " <i>transaction anomalies associated with GIROs and cheques</i> ". The Post Office can only see one issue that was raised within the Applicant's CQR, specifically connected to the issuing of a TV licence. Post Office appreciates that this branch was subject to a Spot Review but Post Office considers that the Draft CRR should only consider issues raised within the Applicant's CQR. Post Office would suggest that this issue is removed as the Applicant chose not to raise this issue in her CQR.
1.5 (e)	The Draft CRR states that an issue raised by the Applicant includes " <i>mis-advice by the Post Office's Helpline</i> ". Post Office agrees that the support provided by the Helpline and the ability to contact it is an issue raised. However, Post Office cannot see that the advice itself is being challenged or questioned by the Applicant.
1.5 (h)	The Draft CRR states that an issue raised by the Applicant includes " <i>process issues at the end of each Trading Period</i> ". Post Office cannot see reference to this within the Applicant's CQR and would suggest that this was removed.
1.5 (i)	The Draft CRR states that an issue raised by the Applicant includes " <i>the contract between Post Office and Subpostmasters</i> ". Post Office cannot see reference to this issue within the Applicant's CQR and would suggest that this was removed. ✓ OK
1.5 (j)	Paragraph 1.5(j) of the CRR notes that the Applicant has raised consequential losses "<i>which may be raised if the case progresses to mediation</i>". As stated in the CRR, it is outside the scope of the Scheme and Second Sight's role for it to assess or comment on any consequential losses claimed by an Applicant. However, in the interests of transparency, Post Office notes that it does not consider the losses claimed by the Applicant to be recoverable. The relationship between Subpostmasters and Post Office is governed by a contract which makes it clear that the relationship between parties is one of agent and principal, permitting Post Office to recover branch losses from the Subpostmaster.

	Post Office has considered the circumstances of this case very carefully and, on the basis of the information provided by the applicant, in its own investigation and in the draft CRR, does not consider that it has in acted in breach of contract or caused the Applicant the harm now claimed as consequential loss.
1.10	In addition to the operational errors that occurred a significant factor in relation to this case is the false accounting. The false accounting hid the losses and the cause of the losses from Post Office. Post Office considers the false accounting to be a significant factor for the continuing losses in addition to the operational errors as the cause for the shortfall.
3.1	Post Office would highlight that the use of common system ID and password for all staff, which is highlighted as an example of Post Office's failure to notice and correct systemic errors, was the responsibility of the Applicant. No fault can lie with Post Office in this regard. In addition, through false accounting the Applicant inflated the cash in hand figures which made it impossible to identify that the errors were occurring at the time and to identify the cause of the losses now.
4.4	The Draft CRR states that Post Office records showed the Applicant had a weak grasp of certain transactions. Post Office requests that the records that are being referred to be <u>referenced in the Draft CRR</u> .
4.5	Post Office cannot see reference to the Applicant making these comments within her CQR. This includes any issues that the Applicant may have had in processing payments by credit or debit card. Post Office is not sure what the source of these comments are but in Post Office's view these comments do not show a problem with Horizon but indicates more that there is confusion on part of applicant and human error.
4.6	Post Office's view is that the Applicant was provided with sufficient training and support. There is no evidence that the Applicant made any requests for additional training. In addition, Post Office would highlight that it was the Applicant's responsibility to ensure that her staff were adequately trained. Post Office's view is that it is not reasonable on the basis of the evidence provided to reach the conclusion that the Applicant was not adequately trained.
4.7 & 4.8	Paragraphs 4.7 and 4.8 of the Draft CRR concern an issue in connection with a series of cheques being provided by a customer and not clearing or being lost. Post Office cannot see reference or any details in relation to this issue within the Applicant's CQR. The procedure for accepting and remitting cheques has been set out to

*she didn't
agree.*

	Second Sight separately. Provided the Applicant followed the correct procedure for accepting payment by cheque they would not be liable for any subsequent losses. If the correct process was followed Post Office would bare that loss and not the branch. Whilst Post Office has not had opportunity to consider this specific allegation (as it was not raised within the Applicant's CQR) if there was a loss to the branch it is likely to have occurred because the correct process was not followed.
4.9	Paragraph 4.9 of the Draft CRR considers issues relating to cheques lost in transition and specifically a pouch being located at the roadside. Post Office cannot see reference or any details in relation to this issue within the Applicant's CQR but it is acknowledged that this branch was subject to a Spot Review in relation to this issue (SR012) and that no loss would have been caused to the Applicant.

*in interview
with Kaye
myself.*

Pol Dec 12 (signed version) M035 5

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL
POLTD/0506/0685

OFFENCE THEFT/FALSE ACCOUNTING

Name: Josephine Hamilton

Rank: Postmaster Identification Code: 1

Office: South Warnborough SPOB Branch Code 092 904

Age: 48 Date of Birth: **GRO**

Service: 2 years 5 months Date Service Commenced: 21/10/2003

Personnel Printout: At Appendix: C

Nat Ins No:

GRO

Home Address:

GRO

Contract for Services Suspended: 09/03/06 on the authority of Elaine Ridge, Area Intervention Manager

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

Designated Prosecution Authority: Tony Utting, National Investigation Manager

Discipline Manager: Nigel Allen, Contracts & Service Manager

Corporate Security Criminal Law Team

This case relates to a £36,644.89 audit deficit identified at South Warnborough Sub Post Office Branch (SPOB) on Thursday 09 March 2006.

South Warnborough SPOB is in a semi-rural location and the Post Office forms part of a general stores and coffee shop. It is a non-residential office and the Postmistress is Mrs Josephine Hamilton. It is believed that some of the shop staff also work in the Post Office although at this stage I have not been able to confirm this.

Ms Rebecca Portch, Retail Cash Management Support contacted South Warnborough SPOB on Monday 06 March 2006 as the office was showing high levels of cash holdings. Ms Portch asked Mrs Hamilton to return at least £25,000 on Wednesday 08 March 2006.

Mr Geoff Hall, Investigation Team Manager informed me that on Monday 06 March 2006, Mrs Hamilton allegedly told Mrs Kam Matharu, National Federation of Sub Postmasters (NFSP) that there were some problems at the Post Office. Mrs Matharu informed Mr Colin Woodbridge, Rural Support Manager of this, who in turn notified the Area Office and Mr Adrian Skinner, who as Area Performance Manager requested an audit and passed on the information to Mr Hall.

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POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL

I have spoken to Mr Woodbridge, who confirmed that Mrs Matharu telephoned him to advise that there may be a problem at South Warnborough SPOB but that she did not specify what sort of problem.

Mrs Hamilton went sick on Tuesday 07 March 2006, allegedly being signed off from work for four weeks by her doctor.

In view of the concerns over Post Office funds I attended South Warnborough SPOB on Thursday 09 March 2006. Also in attendance that day was Mr Alan Stuart, Branch Auditor and Ms Elaine Ridge, Area Intervention Manager. Neither Mrs Hamilton nor any of her staff were present within the Post Office secure area during the completion of the audit.

Ms Ridge had obtained the Post Office keys from Mrs Hamilton at her private residence. At 08.45, Ms Ridge, Mr Stuart and myself gained access to the secure area. I was present when Mr Stuart opened the safe and took out the cash. It was clear that the cash on hand was significantly less than the figure of £37,360.06 showing on the Horizon system.

Mr Stuart completed a full audit of the cash and stock and identified a deficit of £36,583.12, which is broken down as follows:

Cash	-£35,426.58	only £1,933.48 physically on hand.
Stock	-£ 1,159.36	
Bureau	+£ 2.82	

Mr Stuart also identified an additional £61.77 shortage on Horizon, which couldn't be accounted for, and thus the figure posted to late accounts was £36,644.89, this being the loss to Post Office Ltd.

A copy of the schedule of accounts and Cash On Hand table can be found at **Appendix B**.

A copy of Mr Stuart's report can be found at **Appendix C**.

Whilst at South Warnborough SPOB I obtained some Horizon printouts and accounting documentation, including Cash Account Finals and Branch Trading Statements.

At 10.50 hrs, together with Ms Ridge, I attended Mrs Hamilton's private residence. GRO
GRO I introduced myself to Mrs Hamilton and her mother, showing both of them my identity card. I was present when Ms Ridge precautionary suspended Mrs Hamilton's contract for services.

I explained to Mrs Hamilton that the audit had identified a deficit in the accounts of at least £30,000, although the figure had yet to be finalised. I explained that I would like to conduct a voluntary interview with her and explained her legal rights and Post Office Friend rule. I stated that I was aware that she had been signed off work by her doctor and gave her my details asking her to contact me to agree a time and venue to conduct the interview.

I explained to Mrs Hamilton that I wasn't able to discuss anything relating to the audit deficit until the interview. Mrs Hamilton made no significant statement at that time. I was at the private residence for ten minutes, leaving with Ms Ridge at 11.00 hrs. Mrs Hamilton's mother was present the whole time. A copy of my notebook entry covering my attendance at the Post Office and private residence can be found at **Appendix B**.

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No searches were conducted in respect of this investigation.

Later that day, I sent Mrs Hamilton a letter explaining that I wished to conduct an interview with her and re-iterating her legal rights and Post Office Friend rule. A copy of that letter can be found at **Appendix C**.

Having analysed the Horizon printouts and accounting documentation I was unable to find any evidence of theft or that the cash figures had been deliberately inflated.

A Horizon Event Log Balancing was obtained for the period 26 January 2006 – 09 March 2006. This generally showed one cash declaration being done each day and didn't show any occasions whereby a genuine cash figure would be declared followed by an inflated figure.

A number of envelopes containing weekly accounting documentation were also obtained. Up until around January 2005 it appeared that each day's cash holding was manually entered on a sheet of paper. However, for some reason this appeared to cease after that time, as I have not found any of these sheets post January 2005. Copies of the manual cash sheets and the corresponding Horizon declaration slips for Cash Account Period (CAP) 44 (w/e 26/01/05) are included at **Appendix B**.

A number of Cash Account Finals and Branch Trading Statements were obtained. I have completed a schedule detailing the cash on hand figures between CAP 36 (w/e 01/12/04) and Branch Trading Period (BTP) 11 (period ending 09/03/06). On this schedule I have included the cash remittances in and out of the office as well as the declared discrepancy. Please note that I do not have Cash Account Finals for CAP's 23 (w/e 31/08/05) or 15 (w/e 06/07/05) and the Branch Trading Statement period 7 (period ending 09/11/05) is incomplete.

From this schedule it can be seen that between CAP 36 (w/e 01/12/04) and CAP 01 (w/e 30/03/05) the cash on hand remained fairly constant, generally fluctuating between £15,000 and £18,000. Between CAP 02 (w/e 06/04/05) and CAP 14 (w/e 29/06/05) it fluctuates between £18,000 and £20,000. From CAP 16 (w/e 13/07/05) to BTP 10 (period ending 08/02/06) it gradually rises from £22,000 to £35,000. A copy of this schedule is associated at **Appendix B**.

Within the accounting documentation I found some Alliance & Leicester On-Line Horizon deposit printouts. These deposits are input onto Horizon by means of a swipe card as opposed to a manual deposit slip. I printed off an extract of these transactions from the Business Objects Management Information Database, covering the period 01 February 2006 to 06 March 2006. The deposits were generally made on a daily basis and for amounts in multiples of fifty pounds. A copy of that extract can be found at **Appendix B**.

In my experience it was unusual to see regular deposits, all round figures, although I now believe that these represent genuine deposits, possibly the shop takings. Having obtained a further extract from Business Objects I could see that these deposits stopped on 06 March 2006 and resumed under a different stock unit (SW) on 16 March 2006, continuing on pretty much a daily basis. A copy of that extract is at **Appendix B**.

Obviously, Mrs Hamilton hasn't worked in the Post Office since 07 March 2006. I intend to speak to the shop staff at a later stage, which I will come onto later in this report and will hopefully be able to determine what these deposits relate to.

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Ms Izzy Hogg, Tanner & Taylor Solicitors, contacted me on 15 March 2006, advising me that she was representing Mrs Hamilton. Ms Hogg advised me that at this stage she would only be able to supply me with a prepared statement from Mrs Hamilton. I explained that with or without a prepared statement I would still need to interview Mrs Hamilton or be sent a letter from her doctor stating that she was not well enough to be interviewed.

I contacted Ms Hogg on 12 April 2006 to ascertain the current situation, as an interview had still not been arranged and I had not received any correspondence stating that Mrs Hamilton was not well enough to be interviewed. Ms Hogg advised me that her colleague, Ms Kate Taylor was now dealing with this case. As such I telephoned Ms Taylor and left a message asking her to contact me. As nobody had contacted by the end of the day I decided to send another letter to Mrs Hamilton inviting her to attend an interview and asking for a response by 21 April 2006.

The following day I was contacted by Ms Taylor who stated that she would arrange a meeting with Mrs Hamilton in order to compile a prepared statement. Ms Taylor contacted me again on 21 April 2006 and it was agreed that I would conduct an interview with Mrs Hamilton at 11.00 hrs on 05 May 2006 at Tanner & Taylor Solicitors Office, 149 Victoria Road, Aldershot.

Together with Mr Colin Price, Investigation Manager I attended Tanner & Taylor Solicitors office at 10.45 hrs on 05 May 2006. We introduced ourselves to Ms Taylor and gave her disclosure of what I intended putting to Mrs Hamilton. Prior to the commencement of the interview, Ms Taylor gave me a copy of a prepared statement, signed by Mrs Hamilton.

The prepared statement stated that Mrs Hamilton began working at South Warnborough SPOB on 24 December 2001, becoming postmistress in October 2003.

The prepared statement seems to intimate that she didn't receive adequate training at the time and that the manuals were old and out of date. It also suggests that she didn't receive any training in respect of other matters.

It also refers to an alleged £1,500 error, which doubled to £3,000 when attempts were made to correct it and another error of £750. No dates are supplied in respect of these alleged errors.

It also suggests that 'The Post Office systems are shambolic and details alleged problems encountered. It states that all staff use the same Horizon user name, again citing lack of training as the reason for this.

Finally, it states 'I can say that I have never stolen any money or acted dishonestly'. A copy of the prepared statement is at **Appendix B**.

At 12.13 hrs I commenced a tape-recorded interview with Mrs Josephine Hamilton. Also present was Ms Taylor and Mr Price. The interview was conducted under caution and in accordance with the Police and Criminal Evidence Act 1984 Codes of Practice.

The interview comprised of two tapes, reference 042769 and 042770. I have prepared summaries of these tapes, copies of which can be found at pages 12 to 21 of this file.

From the summaries it can be seen that initially Ms Taylor read out the prepared statement. Subsequently, Mrs Hamilton gave no comment responses to all questions put to her by Mr Price and myself. Despite the fact that no comment responses were given, I have still summarised the tapes in order that you can see what questions were put to Mrs Hamilton.

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL

It can also be seen that Mrs Hamilton wasn't prepared to advise me who worked in the Post Office. I thus advised her that I might have to obtain denial statements from all staff working in the shop. Ms Taylor advised me that Mrs Hamilton was prepared to grant access to her bank account details. A number of Bank Disclosure Authority forms were given to Mrs Hamilton after the interview concluded.

During the course of the interview I showed Mrs Hamilton the following items:

Branch Trading Statement's Period's 10 (13/01/06 - 08/02/06) & 11(08/02/06 – 09/03/06)

Cash Account Final's CAP's 36 (w/e 01/12/04), 10 (w/e 01/06/05), 24 (w/e 07/09/05) & 28 (w/e 05/10/05).

Business Objects extract detailing Alliance & Leicester On-Line cash deposits.

Copies of the items shown can be found at **Appendix B**.

The interview was concluded at 13.32 hours. The Master Tapes are secured at my office in Eastleigh, whilst the working copies are associated at **Appendix B**.

A copy of the CS001 Legal Rights form can be found at **Appendix B**.

A copy of the CS003 Post Office Friend form can be found at **Appendix C**.

Following the interview, I asked Mrs Hamilton a number of questions for the sole purpose of completing NPA 01 and CS033 (Antecedents) forms. Mrs Hamilton stated that she co-owned her house with her husband and parents. She stated that it was worth approx £420,000 and they were paying off a mortgage of £230,000.

As stated above, Mrs Hamilton is married and lives in the same house as her husband and parents. She has two sons aged 24 and 22, neither of whom live at home. Mrs Hamilton advised me that she rents the shop/Post Office property, however her solicitor advised her not to answer any questions relating to the finances of it. Mrs Hamilton did advise me that together with her husband, they contribute £600 a month towards the mortgage on their house and the Post Office remuneration is in the region of £500 a month.

Typed copies of the NPA 01 and CS033 forms can be found at **Appendix C**.

I gave Mrs Hamilton a number of Bank Disclosure Authority forms and explained how to complete them. I gave her one of my business cards and asked her to post the forms to me once they had been completed.

I entered details of my attendance, the interview conducted and the completion of the NPA and Antecedents forms in my notebook. A copy of that entry can be found at **Appendix B**.

I am unable to state what would appear to be the period of offending, mainly due to the fact that Mrs Hamilton responded no comment to my questions. You may wish to consider a charge of theft for the audit deficit of £36,644.89, covering the period from when Mrs Hamilton became Postmaster (21/10/03) to the date of the audit (09/03/06).

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The only evidence appears to be the fact that the audit identified the money as missing. Concerns only came to light following a request to return excess cash and instead of doing so Mrs Hamilton was signed off as sick. Additionally, Mrs Hamilton has only supplied a prepared statement as some form of explanation, yet refused to answer any questions.

I do not envisage any problems regarding obtaining statements in respect of this case and at this stage I have no reason to express any concerns over the reliability of any potential witness. Please advise if you feel that obtaining denial statements from the shop staff would be appropriate at this stage.

I requested Horizon data in respect of this case covering the period 09 February 2006 - 08 March 2006. This wasn't received until after I had interviewed Mrs Hamilton. I have now had chance to view the data and am unable to identify anything of an incriminating nature. All entries are against the user name JHA001.

In view of the fact that the prepared statement suggested that numerous problems had occurred at South Warnborough SPOB I requested and subsequently received details of calls made to both the Network Business Support Centre (NBSC) and the Horizon Support Helpdesk (HSH). From the NBSC Log it can be seen that numerous calls were made requesting advice on a number of subjects. It also details a number of losses reported, details as follows:

03/12/03	£2,082.00
30/12/03	£2,000.00
02/01/04	£4,188.53
03/02/04	£3,191.00
24/02/05	£ 750.00
05/01/06	£1,000.00

Both The NBSC and HSH Call Logs detail reported problems in respect of the Horizon kit. Copies of both Call Logs can be found at **Appendix C**.

I explained to Ms Taylor that the Post Office would be looking to recover the funds owing from Mrs Hamilton and that any payments would be accepted without prejudice. To date, no monies have been repaid in respect of this case and thus the loss to Post Office Ltd remains at £36,644.89.

I am waiting for the completed Bank Authority Disclosure forms to be returned to me. Other than that and the fact that the entire loss to Post Office Ltd of £36,644.89 is still outstanding there are no further accounting aspects to deal with. I have advised Mr Mick Matthews, Accredited Financial Investigator of this case.

Electronic copies of this report and tape summaries have been sent to the Post Office Ltd Casework Team on 17 May 2006.

During the course of this investigation the following failings were identified:

- 1) It was identified that this office had been holding approx £25,000 more than its ONCH target but excessive cash holdings appear to have gone unnoticed for some time.
- 2) In Mrs Hamilton's prepared statement it states that all staff used the same Horizon user name.
- 3) The prepared statement suggests that Mrs Hamilton didn't comply with all the training aids sent to her.

11

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL

All original exhibits in this case are currently retained at my office in Eastleigh.

These papers are now forwarded to you for sight and advice on the sufficiency of the evidence as to whether criminal charges are brought against Mrs Hamilton.

Please feel free to contact me should you require any further information or clarification on any of the points raised in this report.

GRO

Graham Brander
Investigation Manager

GRO

17 May 2006

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL

POL Doc 12

POLTD/0506/0685

OFFENCE THEFT/FALSE ACCOUNTING

Name: Josephine Hamilton

Rank: Postmaster

Identification Code: 1

Office: South Warnborough
SPOB

Branch Code 092 904

Age: 48

Date of Birth:

GRO

Service: 2 years 5
months

Date Service Commenced:

21/10/2003

Personnel Printout: At Appendix: C

Nat Ins No:

GRO

Home Address:

GRO

Contract for Services 09/03/06 on the authority of Elaine Ridge, Area

Suspended: Intervention Manager

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

**Designated
Prosecution Authority:** Tony Utting, National Investigation Manager

Discipline Manager: Nigel Allen, Contracts & Service Manager

Nigel Allen

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Adrian Skinner, Area Performance Manager who requested an audit and passed on the information to Mr Hall.

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Mrs Hamilton went sick on Tuesday 07 March 2006, allegedly being signed off from work for four weeks by her doctor.

In view of the concerns over Post Office funds I attended South Warnborough SPOB on Thursday 09 March 2006. Also in attendance that day was Mr Alan Stuart, Branch Auditor and Ms Elaine Ridge, Area Intervention Manager. Neither Mrs Hamilton nor any of her staff were present within the Post Office secure area during the completion of the audit.

Ms Ridge had obtained the Post Office keys from Mrs Hamilton at her private residence. At 08.45, Ms Ridge, Mr Stuart and myself gained access to the secure area. I was present when Mr Stuart opened the safe and took out the cash. It was clear that the cash on hand was significantly less than the figure of £37,360.06 showing on the Horizon system.

Mr Stuart completed a full audit of the cash and stock and identified a deficit of £36,583.12, which is broken down as follows:

Cash	-£35,426.58	only £1,933.48 physically on hand.
Stock	-£ 1,159.36	
Bureau	+£	2.82

Mr Stuart also identified an additional £61.77 shortage on Horizon, which couldn't be accounted for, and thus the figure posted to late accounts was £36,644.89, this being the loss to Post Office Ltd.

Whilst at South Warnborough SPOB I obtained some Horizon printouts and accounting documentation, including Cash Account Finals and Branch Trading Statements.

At 10.50 hrs, together with Ms Ridge, I attended Mrs Hamilton's private residence, The Old School, Lees Hill, South Warnborough, Rg29 1RS. I introduced myself to Mrs Hamilton and her mother, showing both of them my identity card. I was present when Ms Ridge precautionary suspended Mrs Hamilton's contract for services.

I explained to Mrs Hamilton that the audit had identified a deficit in the accounts of at least £30,000, although the figure had yet to be finalised. I explained that I would like to conduct a voluntary interview with her and explained her legal rights and Post Office Friend rule. I stated that I was aware that she had been signed off work by her doctor and gave her my details asking her to contact me to agree a time and venue to conduct the interview.

I explained to Mrs Hamilton that I wasn't able to discuss anything relating to the audit deficit until the interview. Mrs Hamilton made no significant statement at that time. I was at the private residence for ten minutes, leaving with Ms Ridge at 11.00 hrs. Mrs Hamilton's mother was present the whole time.

No searches were conducted in respect of this investigation.

Later that day, I sent Mrs Hamilton a letter explaining that I wished to conduct an interview with her and re-iterating her legal rights and Post Office Friend rule.

Having analysed the Horizon printouts and accounting documentation I was unable to find any evidence of theft or that the cash figures had been deliberately inflated.

A Horizon Event Log Balancing was obtained for the period 26 January 2006 – 09 March 2006. This generally showed one cash declaration being done each day and didn't show any occasions whereby a genuine cash figure would be declared followed by an inflated figure.

A number of envelopes containing weekly accounting documentation were also obtained. Up until around January 2005 it appeared that each day's cash holding was manually entered on a sheet of paper. However, for some reason this appeared to cease after that time, as I have not found any of these sheets post January 2005.

A number of Cash Account Finals and Branch Trading Statements were obtained. From these it can be seen that between CAP 36 (w/e 01/12/04) and CAP 01 (w/e 30/03/05) the cash on hand remained fairly constant, generally fluctuating between £15,000 and £18,000. Between CAP 02 (w/e 06/04/05) and CAP 14 (w/e 29/06/05) it fluctuates between £18,000 and £20,000. From CAP 16 (w/e 13/07/05) to BTP 10 (period ending 08/02/06) it gradually rises from £22,000 to £35,000.

Within the accounting documentation I found some Alliance & Leicester On-Line Horizon deposit printouts. These deposits are input onto Horizon by means of a swipe card as opposed to a manual deposit slip. I printed off an extract of these transactions from the Business Objects Management Information Database, covering the period 01 February 2006 to 06 March 2006. The deposits were generally made on a daily basis and for amounts in multiples of fifty pounds.

In my experience it was unusual to see regular deposits, all round figures, although I now believe that these represent genuine deposits, possibly the shop takings. Having obtained a further extract from Business Objects I could see that these deposits stopped on 06 March 2006 and resumed under a different stock unit (SW) on 16 March 2006, continuing on pretty much a daily basis.

Obviously, Mrs Hamilton hasn't worked in the Post Office since 07 March 2006. I intend to speak to the shop staff at a later stage, and will hopefully be able to determine what these deposits relate to.

Together with Mr Colin Price, Investigation Manager I attended Tanner & Taylor Solicitors office, 149 Victoria Road, Aldershot at 10.45 hrs on 05 May 2006. We introduced ourselves to Ms Taylor and gave her disclosure of what I intended putting to Mrs Hamilton. Prior to the commencement of the interview, Ms Taylor gave me a copy of a prepared statement, signed by Mrs Hamilton.

The prepared statement stated that Mrs Hamilton began working at South Warnborough SPOB on 24 December 2001, becoming postmistress in October 2003.

The prepared statement seems to intimate that she didn't receive adequate training at the time and that the manuals were old and out of date. It also suggests that she didn't receive any training in respect of other matters.

It also refers to an alleged £1,500 error, which doubled to £3,000 when attempts were made to correct it and another error of £750. No dates are supplied in respect of these alleged errors. It also suggests that 'The Post Office systems are shambolic' and details alleged problems encountered. It states that all staff use the same Horizon user name, again citing lack of training as the reason for this. Finally, it states 'I can say that I have never stolen any money or acted dishonestly'.

At 12.13 hrs I commenced a tape-recorded interview with Mrs Josephine Hamilton. Also present was Ms Taylor and Mr Price. The interview was conducted under caution and in accordance with the Police and Criminal Evidence Act 1984 Codes of Practice.

The interview comprised of two tapes, reference 042769 and 042770. I have prepared summaries of these tapes, copies of which are associated with this report.

From the summaries it can be seen that initially Ms Taylor read out the prepared statement. Subsequently, Mrs Hamilton gave no comment responses to all questions put to her by Mr Price and myself. It can also be seen that Mrs Hamilton wasn't prepared to advise me who worked in the Post Office.

Ms Taylor advised me that Mrs Hamilton was prepared to grant access to her bank account details. A number of Bank Disclosure Authority forms were given to Mrs Hamilton after the interview concluded.

During the course of the interview I showed Mrs Hamilton the following items:

Branch Trading Statement's Period's 10 (13/01/06 - 08/02/06) & 11(08/02/06 – 09/03/06)

Cash Account Final's CAP's 36 (w/e 01/12/04), 10 (w/e 01/06/05), 24 (w/e 07/09/05) &

28 (w/e 05/10/05).

Business Objects extract detailing Alliance & Leicester On-Line cash deposits.

The interview was concluded at 13.32 hours.

Following the interview, I asked Mrs Hamilton a number of questions for the sole purpose of completing NPA 01 and CS033 (Antecedents) forms. Mrs Hamilton stated that she co-owned her house with her husband and parents. She stated that it was worth approx £420,000 and they were paying off a mortgage of £230,000.

As stated above, Mrs Hamilton is married and lives in the same house as her husband and parents. She has two sons aged 24 and 22, neither of whom live at home. Mrs Hamilton advised me that she rents the shop/Post Office property, however her solicitor advised her not to answer any questions relating to the finances of it. Mrs Hamilton did advise me that together with her husband, they contribute £600 a month towards the mortgage on their house and the Post Office remuneration is in the region of £500 a month.

I am unable to state what would appear to be the period of offending, mainly due to the fact that Mrs Hamilton responded no comment to my questions.

The evidence so far is simply the fact that the audit identified the money as missing. Concerns only came to light following a request to return excess cash and instead of doing so Mrs Hamilton was signed off as sick. Additionally, Mrs Hamilton has only supplied a prepared statement as some form of explanation, yet refused to answer any questions.

I do not envisage any problems regarding obtaining statements in respect of this case and at this stage I have no reason to express any concerns over the reliability of any potential witness.

I requested Horizon data in respect of this case covering the period 09 February 2006 - 08 March 2006. This wasn't received until after I had interviewed Mrs Hamilton. I have now had chance to view the data but have not identified any further evidence at this stage. All entries are against the user name JHA001.

In view of the fact that the prepared statement suggested that numerous problems had occurred at South Warnborough SPOB I requested and subsequently received details of calls made to both the Network Business Support Centre (NBSC) and the Horizon Support Helpdesk (HSH). From the NBSC Log I could see that numerous calls were made requesting advice on a number of subjects. It also details a number of losses reported, details as follows:

03/12/03	£2,082.00
30/12/03	£2,000.00
02/01/04	£4,188.53
03/02/04	£3,191.00
24/02/05	£ 750.00
05/01/06	£1,000.00

I explained to Ms Taylor that the Post Office would be looking to recover the funds owing from Mrs Hamilton and that any payments would be accepted without prejudice. To date, no monies have been repaid in respect of this case and thus the loss to Post Office Ltd remains at £36,644.89.

I am waiting for the completed Bank Authority Disclosure forms to be returned to me. Other than that and the fact that the entire loss to Post Office Ltd of £36,644.89 is still outstanding there are no further accounting aspects to deal with. I have advised Mr Mick Matthews, Accredited Financial Investigator of this case.

During the course of this investigation the following failings were identified:

- 1) It was identified that this office had been holding approx £25,000 more than its ONCH target but excessive cash holdings appear to have gone unnoticed for some time.**
- 2) In Mrs Hamilton's prepared statement it states that all staff used the same Horizon user name.**
- 3) The prepared statement suggests that Mrs Hamilton didn't comply with all the training aids sent to her.**

The case papers have been forwarded to the Criminal Law Team for advice on the sufficiency of the evidence as to whether criminal charges are brought against Mrs Hamilton.

Please feel free to contact me should you require any further information or clarification on any of the points raised in this report.

Graham Brander
Investigation Manager

GRO

17 May 2006