

IN CONFIDENCE

To:	From:	cc:
Elaine Ridge Contracts Advisor	Keith Noverre Audit Officer	Paul Dawkins Investigation Team Manager Gerry Conran Business Development Manager Tony Hills Network Compliance Audit Manager Outlet Intervention Team
Date: 16 January 2008		

Audit of Post Office® West Byfleet, Branch Code 126023.

~~Insert number 1 only if attending an Investigation C&SM Audit Request. Delete this~~

(1)

On the 14 January 2008, accompanied by my colleagues Sue Le May and Chris Stevens, I conducted an audit of the above named 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 in the branch of £77643.87. A breakdown of the audit result and details of the audit findings are as follows:

£	37882.37	(-)	Identified as a difference in cash figures
£	3173.60	(-)	Identified as a difference in stock figures
£	2891.25	(-)	Identified as a difference in cheque figures
£	267.45	(+)	Identified as a difference in foreign currency figures
£	27000.00	(-)	Cash in pouches
£	3930.07	(-)	Currency in pouches
£	3034.03	(-)	Outstanding debt
£	77643.87	(-)	Total Shortage

We arrived at the branch at 0830 am and introduced ourselves to the ~~Postmastermistress~~ a member of staff ~~Mr~~ Ali Raza when he arrived at approximately 0840 am and advised that we were to perform an audit on behalf of Post Office Ltd@.

~~Mr~~ Raza allowed us access to the secure area, and was ~~not present~~ in the secure area whilst the audit was carried out. Shortly afterwards, Mr Davinder Misra arrived and he informed me his wife, Mrs Seema Misra was the postmistress, but she will be late in attending the branch today as she is in Luton visiting relatives. I explained to Davinder we would need access to all stock units and it would be essential he is in attendance while the audit is taking place.

I contacted the Network Business Support Centre (NBSC) at approximately 0845 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: Woodham, Byfleet and Woking and a notice placed on display at the branch detailing this information.

As Davinder did not have manager's access, I contacted NBSC to obtain a one shot password.

Once I had full access to the horizon system, I obtained an office snapshot and other reports required to carry out the audit. The branch is set up using 6 individual stock units. We began to check the three counter stock units which had all been left in the drawers overnight. All 3 date stamps had been left out on the counter overnight. It was also noted all MVL's on hand were not secured in the safe.

Whilst checking the stock units, it was noted that three of the stocks were in TP9 and the other three in TP10. TP 9 had concluded on Wednesday 9 January 2008 and a final balance and trading statement had not been completed. As Seema was the only one with manager's access I informed Davinder to contact his wife as she will be required to attend to complete the account for TP 9.

I contacted yourself at 10.05 am to inform you of our initial findings and would contact you later once TP 9 is completed and a result is known.

Despite numerous occasions I informed Davinder, a member of staff must be in attendance whilst we carry out the audit, we were left on our own in the secure area.

At approximately 10.45 am, the postmistress, Mrs Seema Misra arrived at the branch. She immediately asked if she could talk to me at the back of the branch and duly informed me the account would be between 50k and 60k short. Seema explained that over a year ago, some previous staff had taken 89k from the branch. She had not informed anyone from the Post Office as she was worried the branch would be closed. Seema also explained they had made some of the loss good and would look at ways of making the remaining outstanding amount good. Seema confirmed all balances had been adjusted to show a clear trading position at the end of each period.

I then telephoned you, Paul Dawkins, Investigation Team Manager and Tony Hills, Network Compliance Audit Manager to relay this information.

I asked Seema to complete the balances for the three remaining stock units in TP 9 and a final trading statement.

TP 9 was finally completed at 1.35 pm and I obtained a new office snapshot and reports required to carry out the audit.

In the suspense account, there was an amount held in cash in pouches of £27000.00 and an amount held in currency in pouches of £3930.07. Seema showed me two grey pouches with rem slips dated 9 January 2008 enclosed but no cash. Both pouches had been remmed out using Seema's log on ID, SMI001. Seema explained that she was hoping to get the cash from her family today to be able to send the £27000.00 back to the cash centre. The currency pouch was not on hand and Seema had no explanation regarding this.

I was also informed by Ian Smith; there was an outstanding debt amount of £3034.03.

We continued checking the other stock units, which revealed the following discrepancies shown in the table below:

AA	37395.47	(-)
BB	209.68	(-)
CC	2444.60	(-)
DD	738.77	(-)
OOH	Clear	
SMI	2891.25	(-)

At approximately 2pm, Investigators, Adrian Morris, John Longman and Lisa Allen arrived at the branch.

The decision taken was to precautionary suspend Mrs Misra and that the branch would be transferred to a relief Postmaster, Mr Vipin Varsani.

A giro banking of £1240.00 received at the branch on Saturday 12 January 2008 had also been left out of the safe and had not been entered into horizon. This transaction was checked by Seema and Chris Stevens and entered into the system.

No MVL reconciliation had been completed. A shortage of 25 tax discs is shown on the p32.

As the cash in pouches was not on hand, I contacted Jenny Smith, Suspense Team in Chesterfield. Jenny confirmed she would issue a transaction correction to clear the £27000.00 from suspense. There is no structure in place to clear the currency amount of £3930.07.

I informed the relief postmaster, Vipin Varsani a Transaction Correction would be issued to clear the cash in pouches, but the currency figure would have to remain in suspense.