

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: **GRO** **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

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION,**LEGAL**

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.

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 GRO on Tuesday 07 March 2006, allegedly being signed off from work for four weeks GRO

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

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION,

LEGAL

£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 [REDACTED] **GRO** [REDACTED] 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 [REDACTED] **GRO** [REDACTED] 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**.

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.

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION,
LEGAL

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

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION,

LEGAL

relate to.

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 **GRO** stating that she was not **GRO** 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

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION,

LEGAL

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.

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**.

**POST OFFICE LTD CONFIDENTIAL: INVESTIGATION,
LEGAL**

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. **GRO**

GRO

As stated above Mrs Hamilton is **GRO**

GRO

GRO 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. **GRO**

GRO

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).

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 **GRO** 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.

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION,**LEGAL**

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.**

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL

**POST OFFICE LTD CONFIDENTIAL: INVESTIGATION,
LEGAL**

- 1) In Mrs Hamilton's prepared statement it states that all staff used the same Horizon user name.**
- 1) The prepared statement suggests that Mrs Hamilton didn't comply with all the training aids sent to her.**

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.

Graham Brander
Investigation Manager

GRO

17 May 2006