POL00066624

POST OFFICE®

Application Form

Received (mail)
11th Sept 2013.

For Second Sight use only
Case ref: M021

Your Details	
Surname: KHANNA	Forenames: SUNIL PAUL
Your address: [redacted] Postcode: [redacted]	
Telephone number 1: [redacted] Telephone number 2:	Email address: [redacted]
My current Member of Parliament is: Nick Brown	

Your Branch	
Please insert the details of the branch where you worked. If you worked at more than one branch, please provide details on an extra sheet of paper.	
Name of branch: Jesmond Post Office	FAD Code of branch: 475 32 91
Address of branch: GRO GRO Postcode: GRO	
Your role at the branch (ie. Subpostmaster, Subpostmistress, clerk, etc.): Subpostmaster	
When did you begin in this role? 25th April 1996	Are you still in this role? ☑ YES ☐ NO If no, when did you leave this role:

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Initial Case Overview

To the best of your knowledge, is your case (or any part of it) currently subject to any on-going criminal investigations or proceedings (including the issue of a summons, sentencing hearings or a confiscation order)?

☐ YES – you may still submit your case, but Second Sight may not be able investigate it whilst criminal investigations or proceedings are on-going.

☑ NO

The purpose of the 'initial Case Overview' is to summarise the main issues you wish Second Sight to consider. If your case is accepted for mediation, you will then have an opportunity to supply much more detail together with supporting evidence.

The following Key Questions may help you with this Initial Case Overview but please feel free to supply any information that you consider may help explain your complaint.

What is the main issue or issues you wish us to consider that relate to Horizon or its associated processes?

The post office auditors claimed that the 'cash' or 'money' held in the post office was £46,049.16 short compared to what Horizon thought should have been there in my P.O.

When did the incidents relating to the main issue or issues occur?

18th September 2008

What prior contact have you had with the Post Office in regard to the incidents/issues that you are now reporting?

None at all. The auditors turned up on the 18th September 2008 and told me that the cash I was holding in my PO was short by £46,049.16 and that it did not agree with what Horizon said I should have in my P.O.

How was the issue or issues resolved at the time they occurred?

I had to repay the £46,049.16 monthly over three years

What is the monetary value of the issue or issues you are now reporting?

£46,049.16 is what I wish to reclaim + expenses Ie. the amount I paid to the P.O. The P.O. never proved the money had been taken or stolen but they insisted their Horizon System was correct!!

Were you the subject of either civil recovery action or criminal prosecution regarding the main issue or issues you are now reporting?

No, I was not but my manager Mr Peter Holmes who ran the office on a daily basis was. He was taken to court by the P.O. but there was no proof against him that the money had been stolen and the case was dropped.

How were these actions against you (if any) resolved?

I had to repay the "missing money" ie £46,049.16. No proof was found confirming that the money was missing. The P.O. relied upon the fact that Horizon was always correct.

What is your explanation for the events forming the main issue or issues you are now reporting?

In view of all the recent publicity in the News that Horizon may be at fault & so many subpostmasters have fallen victim of a similair scenario I believe I have been wrongly accused of taking the 'missing' money. I donot believe the money was ever missing

Did you request assistance from the Post Office regarding the issue or issues you are now reporting?

Yes. Mr Robert Daley was put in charge of investigating this matter. He investigated for about a year but found no indication of how money was taken or even where money went that was reported to have gone missing

What assistance if any was provided?

The assistance I was given that Mr Robert Daley was designated to thoroughly investigate the findings of Horizon - that the money had gone missing. But he found no evidence at all to confirm that the Horizon system was correct in saying the money was short.

Please attach additional sheets of paper if you require more space.

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Declaration

I acknowledge that:

- As part of the Scheme, I must promptly provide information about my case to Second Sight. If I do not provide full information in a timely manner, I accept that it may not be possible to investigate or mediate my case.
- Information I provide about my case or the findings of Second Sight's investigation may help reach a resolution with Post Office but that it may also reveal further claims against me.
- I am only entitled to financial support from Post Office if I have signed a Funding Agreement.

I confirm that:

- My case relates to the Horizon system or an associated issue.
- Post Office may communicate details of my case to Second Sight, JFSA, my Member of Parliament and/or its professional advisors.
- The facts and matters set out in this Application are true and accurate to the best of my knowledge and belief.

I confirm that I am:

☑ Currently serving as a Subpostmaster and have already raised my case with Post Office and have completed all Post Office's internal complaint processes.

☐ Not currently serving as a Subpostmaster.

(Please tick one box)

If you are unable to give all the above acknowledgements and confirmations, your case may not be eligible for the Scheme. In that circumstance, please contact the JFSA for assistance.

This Application Form and your involvement in the Scheme do not create any legally binding contract or obligations between Post Office and you.

The Working Group, its members and their advisors owe no obligations or duties, and accept no liability, to you in connection with the Scheme.

Signed GRO

Name Sunil Khanna

Date 10/9/13

please see enclosed documents

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Mr Sunil Khanna
Post Office®Jesmond branch
GRO

www.postoffice.co.uk

19th September 2008

Dear Mr Khanna

Suspension

This is to confirm that your contract for services as Subpostmaster at Post Office®,Jesmond branch has been suspended with effect from 18th September 2008.

The suspension is precautionary pending further investigations and your remuneration will cease from this date. Any outstanding remuneration will also be withheld for the period of the suspension and the question of payment of remuneration to you for this period will be determined in accordance with Section 19 paragraph 6 of your Contract For Services on the termination of the period of suspension.

I will contact you again about this matter as soon as possible.

Yours sincerely

GRO

Brian Trotter
Agents Contract Manager
Post Office Ltd
1st Floor Admin Block
Manchester Mail Centre
77 Oldham Road
MANCHESTER
M4 5AA

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Mr Sunil Khanna
Subpostmaster
Jesmond Post office
GRO

www.postoffice.co.uk

10 October 2008

Replied 21/10/08.

Dear Mr Khanna

Thank you for attending the interview on 9 October 2008, to discuss reasons why your contract for services should not be terminated.

Please find enclosed 2 copies of my notes of the salient points raised at the interview, which will be taken into account before a final decision is reached. I also enclose a copy of the recording made of the interview. I would be grateful if you would sign and return one of the copies of these notes in the envelope provided.

I will contact you shortly with my decision.

Yours sincerely

GRO

Michael Haworth
Agent Contract Manager

Post Office Ltd
1st Floor Admin Block
Manchester Mail Centre
77 Oldham Road
Manchester
M4 5AA

STRICTLY CONFIDENTIAL Item 3

Interview Notes

Interview Type	RTU	**Interviewer**	Michael Haworth	MH
Date	9 October 2008	**Interviewee**	Sunil Khanna	SK
Location	Leeds	**Accompanied by**	Anil Khanna	AK
Start / **End**	10.45 / 12.00	**Note Taker**	Interview recorded	

Introduction/Purpose:
MH introduced himself, and established how Mr Khanna would like to be addressed throughout the meeting. Mr Khanna confirmed he would like to be called Sunil.

MH clarified Anil's name & confirmed his role was to support SK at the interview.

MH explained to SK that:
- this was his opportunity to respond to the charge, to put forward reasons as to why this happened and what facts MH should be taking into account when making his decision in this case
- so that an accurate record was made of the interview, it would be recorded and notes produced giving a summary of the meeting. A copy of the notes would be provided to SK along with a copy of the recording on disc.
- MH said that he would like agreement to the notes from SK before making his decision.
- that if, as a consequence of the meeting, any further investigation is required these investigations would be completed prior to the decision being made
- SK had the right to appeal the decision he made
- MH stated that if anyone wanted to take a break at anytime then they should let him know

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1	MH	Provided SK with details of the case history as he understood it and detailed the following, referring to the charge letter sent 25 Sept 2008: An audit was performed at the branch on 18 Sept '08. Examination of the cash declarations showed that there was one, 'declaration ID 06', for a total of £39632.16, made the previous night by user PHO001 (Peter Holmes), and also another, 'declaration ID 09', for a total of £46400.00 (£34000 x £20 and £12400 x £10 only), also made by user PHO001 at the end of August, when the last Branch Trading Statement had been completed; this had then been left in the system, and would automatically add to the other declaration, to show a much higher figure of cash than what was actually on hand. The Office Snapshot showed that the system expected there to be £85199.90 in cash on hand at the branch. Because of the existence of two separate cash declarations, and the fact that one was from weeks ago, the auditor asked Peter Holmes if there was in fact cash on hand to the value of both declarations; he said that there was only cash totalling around £39000, as stated on the previous night's balance. He informed Peter Holmes and also Sunil Khanna that this would almost certainly mean that the branch was about £46000 short and that they would have to keep the branch closed until they fully completed the audit. Sunil Khanna had to leave the secure area and later the branch, and the auditor told him that he would phone him with the result. Peter Holmes did not offer a proper explanation as to why there were two cash declarations. On completion of the audit, the resulting discrepancies confirmed that the branch was £46,049.16 short, the vast majority of the shortage being in cash. Robert Daily, Fraud Advisor, conducted interviews the following day. The branch was transferred to Thelma Crerand as temporary Spmr. The case was passed to MH to deal with the contractual issues, letter sent 25 Sept '08 to SK detailing the charge & interview arranged.
2	SK	Agreed that this was an accurate understanding of the case.
3	MH	Asked how long SK had been a Subpostmaster and branch located on premises.
4	SK	Approx 11 yrs and explained the background to the branch relocating into their premises when appointed.
5	MH	Asked SK how many assistants worked at the office and to explain what level of personal service he provided.
6	SK	Thelma, Doreen, Vicky and Noel. Personally doesn't work in branch but keeps in close daily contact, discussed discrepancies, monitored customer service and branch performance monitored with Peter Holmes. All PO assistants have User IDs.
7	MH	Asked SK how he deployed his contractual obligations & managerial controls?

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8	SK	Work on shared stock basis but now planning to change to individual stock units. Relied on Peter's experience, trust and integrity. Maintained regular daily contact with PO. Balance discrepancies discussed regularly but only approx £100. Has been meeting regularly with Thelma since his suspension.
9	MH	Asked about controls in place in the pharmacy and expectations of staff.
10	SK/AK	Referred to staff training manual, going through each section in detail and copies provided of 2 sections which were pertinent to the PO, although whole manual was applicable. Deployment monitored in individual staff members copy.
11	MH	Asked about ongoing staff management.
12	SK/AK	Provided evidence of customer flow management survey, detailing transactions per hour, plotted on charts to identify peaks, troughs and areas needing attention.
13	MH	Asked about branch performance and development.
14	SK/AK	Discussed various examples implemented for growing sales and the good working relationships with the BDM.
15	MH	Asked how this could have happened and what could have been done to prevent it?
16	SK/AK	Totally unaware until auditors discovered the discrepancy. Trusted ~~Paul~~ Peter Holmes. SK Assumes that it must have happened over a period of time but have been deceived.
17	MH	Explained contractual responsibilities and asked for proposals for repayment of the £46,049.16. Also explained that any criminal proceedings would be progressed by the Fraud team.
18	SK/AK	Agreed to a £6K lump sum payment followed by monthly instalments to spread the repayment over 2yrs,
19	MH	Asked if there was anything else that SK wanted taking into account.
20	SK	Provided a copy of written submission which MH agreed to take away and read in detail.
21	MH	Thanked SK & AK for attending and confirmed next steps.

Interview notes received and agreed Please note we were supplied a CD which was supposed to have a copy of the interview on it but it was blank

Signed: GRO Date: 13/10/08

Name: Sunil Khanna, Spmr Jesmond

Signed: GRO Date: 13.10.08

Name: Anil Khanna

1st Floor Admin Block, Manchester Mail Centre
77 Oldham Road
Manchester
M4 5AA
GRO

Your Ref:
Our Ref:

Mr Sunil Khanna
Subpostmaster
Jesmond Post Office
GRO

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31 October 2008

Dear Mr Khanna,

I am writing following our meeting on 9 October 2008, in which you put forward reasons why your contract for services should not be summarily terminated. The disc sent to you following the meeting does actually contain a copy of the recording made, however, there is a period of silence at the beginning of the disc with the recording commencing after approx a couple of minutes.

I have reviewed the papers relating to this case very carefully and have taken into account the points you have put forward.

After consideration I have decided not to summarily terminate your contract for services as Subpostmaster Post Office® Jesmond branch. I do feel however, that the situation at the branch is partly due to the fact that you did not have appropriate effective controls in place to ensure the efficient operation of the branch. However, taking all the mitigating circumstances into account, I am prepared to give you another opportunity to improve your performance as Subpostmaster of Post Office® Jesmond branch.

Reinstatement is on the condition that you make yourself available for Post Office Ltd refresher training at your branch and that you ensure a fully trained manager is in place to run the branch in your absence and sufficient fully trained staff in place to meet customer demand. You are also required to make good the outstanding debt of £46,049.16, which is currently held in Chesterfield for your branch.

As we discussed during our meeting on 9 October, I am prepared to accept a proportion of this amount to be repaid over a period of time provided there is a lump sum payment made prior to reinstatement. My proposal is for £7,049.16 to be paid by cheque prior to reinstatement and the remaining £39,000 to be repaid over 30 equal monthly instalments of £1,300 which will be deducted from your remuneration. Please can you arrange for a cheque for this amount, payable to Post Office Ltd, to be forwarded to me with your reply to this

letter by Monday 10 November 2008.

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I have made provisional arrangements for the branch to be transferred back to you on Wednesday 19 November 2008. I have also requested that a Post Office Ltd trainer attends the branch to run through with you management controls and good working practices that should help you meet your contractual obligations. The date this will take place will be advised to you shortly by a member of our scheduling team. This arrangement is dependant upon you accepting the conditions of reinstatement and agreement to the proposal for settlement of the outstanding debt. If you are unable to meet the repayment terms as detailed above, then I will require your proposal for settlement of the debt supported by documentary financial evidence to prove your inability to do so.

Please sign and return one copy of this letter by the date stated above and I enclose a second copy for your retention. I wish to thank you for your co-operation during the course of this investigation and wish you well for the future.

Yours Sincerely,

GRO

Michael Haworth
Agent Contract Manager (Northern England)
Post Office Ltd

enc:
cc:

POL00066624

INVESTIGATION REPORT

DATE: 22/09/08 **TIME: 2.00PM**

PRESENT: ANIL KHANNA, SUNIL KHANNA, PETER HOLMES.

Peter attended on his own without a work colleague or a trade union representative

Sunil explained that this was an investigation meeting following a visit by the Post Office auditors where it was discovered, by them, that there was a large discrepancy in the amount of cash held in the Jesmond Post Office. This discrepancy was showing a shortfall in the region of £46,000.00 and that we were here today to try to establish how this shortfall came about.
Sunil asked Peter if he understood the seriousness of the matter. Peter acknowledged that he did.

Q; Do you accept that that there was a shortfall in the region of £46,000.00. or do you believe the auditors may be wrong?

A; I agree its short but I don't know how.

Q: Peter please explain what you think has happened to show a shortage of over £45,000?

A: It must be a computer error. I have been waiting for error notices.

Q: How can a Post Office have a shortage of over £45,000? Can you explain this?

A: I don't know. I can only think it's the computer.

Q; Did you seek advice from the helpline or Horizon or even myself about the possibility that the computer was faulty?

A; No but we were having problems with Horizon.

Q How long were you having problems with the computer?

A; Two or three days off and on. Sometimes we would be doing a transaction and the system would crash. We called out BT and Horizon but they kept on saying nothing was wrong. At one point we changed the fax machine.

Q So that may explain a shortage for that one week, how much would you say your balance was showing for that week?

A; About £3,000 short.

Q Did you contact anyone telling them that the computer system, Horizon may be responsible and try to resolve this shortage?

A; No

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Q Did you contact me

A No

Q Do you not think you should have?

A Yes but I thought an error notice would have come through.

Q But it didn't?

A No

Q Despite an error notice not coming through did you later think to inform me or anyone at the Post Office?

A No.

Q Following that particular cashing up period what was your balance like i.e. in the next four weekly cashing up period?

A It was about £4,000 short.

Q On top of the previous £3,000 shortage?

A Yes

Q Had the computers gone down in this period?

A No

Q So what was the explanation for this shortage?

A I was waiting for an error notice to come through?

Q While waiting for the error notice to come through did you inform me or anyone at the post office?

A No. I just buried my head in the sand. It was stupid. I know.

Q; Why did your four weekly balance sheet not show these shortages?

A; I used to do two balance sheets. The first would tell me the balance and if it was short I would adjust the second balance sheet to show that it balanced.

Q; Did you actually put the money in to make it balance.

A No I would just add a figure for the amount it was short of.

Q So you signed and declared false accounts.

A Yes. I've even admitted that to the Post office investigators.

Q: Over how many months has this cover up been taking place?

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A: Nine – Ten months approximately. I was waiting for error notices which I know can take up to ten months.

Using the horizon I put the shortage in a 2nd cash declaration. I did this on each occasion expecting the error notices to be received at any time.

I admit I did falsify the accounts, but I was waiting for the error notices.

I had problems with the horizon. Sometimes it crashed. This I suspect cleared data or did not record certain transactions. I am sure it is a software problem.

Error notices can take up to one year to come through!

Q: When did you last receive an error notice?

A: I haven't received one for sometime.

Q: Was your balance ever showing a surplus?

A: No.

Q: Are you sure it was never over?

A: No it was never over.

Q: Did you do the monthly balance?

A: yes it was only me.

Q: So you signed each document as being correct i.e. the accounts balanced?

A: Yes only I did it and I always signed the balance sheets.

Q: If there was over £45,000 short over ten months- that was over £3,00 - £4,000 per month. Why did you not consult with your co-workers, or seek assistance from your Sub Post Master or from helpline of the Post Office?

A: Yes I should have sought assistance earlier. I just buried my head in the sand.

Q: Have you ever banked money personally belonging to you using the pose Office?

A: Yes

Q: Do you know it is against company policy to undergo personal transactions yourself?

A: Yes I did know but I am the manager and my position is such that I considered that I am exempt from this procedure.

Q: How do you think the amount of over £45,000 has disappeared?

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A: well it couldn't have been paid out to customers.

It couldn't have been paid in short as we check even sealed bags.

It has to be a computer error. Perhaps a card transaction error, A department or departments must be missing in the horizon in which the money is located.

Q: Assuming that an error notice is not forthcoming for whatever reason, did you take the money?

A: No. I would never steal. I have not taken the money

Q: Do you have an outstanding debt, gambling issues, expensive hobbies?

A: No.

Q: You are aware that neither I nor Anil ever entered the Post Office without a member of staff being present?

A: Yes.

Q: You also know that neither I nor Anil know of the Post Office alarm code number?

A: Yes I know.

Q: You also know that we neither have used the horizon system. We do not even possess an I.D card?

A: yes I am aware of that.

Q: You previously, on a monthly basis, supplied me with the monthly balance sheets allowing me to see overs and the shortages?

A: Yes.

Q: Since October 2007 to the current date you have never presented to me the monthly balance sheets why?

A: You would notice that their were substantial deficits. I thought that the error notices would sort themselves out.

Q: How are things at home?

A: Fine.

Q: How is your wife's business going?

A: It's okay. I have got all the receipts for all outgoing and incomings. My bank accounts are not showing anything which I cannot account for. Everything is in order.

Q: Any thing spent on buying expensive Items such as a new car, improvements to your house?

A: I have not got a new £45,000 car. I have replaced my bedroom carpet at a cost of £200.00. I have not spent any money that did not belong to me.

Q: Did anybody else complete the balance sheets?

A: No just me.

Q: Why just you Peter? We try to encourage that all staff should be familiar and confident in completing all tasks since you never know when they may be expected to do it e.g. if you are ill or perhaps on vacation.

A: I am the manager. It is the manager's role to do it. I am also must quicker in doing it. Even Doreen does not know how to do this. I have never shown her how to do this. I'm the manager it's my duty to do the four weekly balance.

Q: Has any member of staff been shown how to do the four weekly balance?

A: No just me.

Q You are telling me that the deficit is due solely to error notices.

You are telling me that it is a computer malfunction and that you have not taken the money.

You have admitted that only you do the monthly balance sheets, and knowing that the accounts did not tally, you signed the sheets every month to show that they did.

You acknowledge the fact that this amounts to false accounting, a criminal offence, applying your signature to such a document on several occasions.

A: Yes I agree with the above. I was stupid to do such a thing, in hind sight I should have sought help. I just buried my head in the sand. But I did not take the money. It has to be a computer error.

Peter was asked to sign after reading the notes. Peter declined.

Peter was given a copy of the original rough notes.

Peter was advised that we would be investigating further and would be in contact very shortly.

Meeting closed at 3.20pm 22/09/08