

## Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a)  
and 5B, MC Rules 1981, r 70)



Statement of Diane Sarah Matthews

Age if under 18 Over 18 (If over 18 insert 'over 18')

This statement (consisting of five pages each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated the 23 day of March 2006

Signature

I have been employed by Royal Mail Group for 20 years. I am currently employed within Post Office Ltd as an Investigation Manager. Part of my duties are to investigate possible criminal offences committed against Royal Mail Group.

As part of these duties, on 1<sup>st</sup> June 2006 I attended Bransholme Main Post Office accompanied by my colleague Stephen Bradshaw. The purpose of this visit was to undertake a tape recorded interview with Janet Skinner, Subpostmistress of North Bransholme Post Office regarding a shortage in the Post Office accounts.

The interview commenced at 12:00 hours, however due to a faulty tape machine, the interview was ended. A room was made available at Bransholme Police station where at 13:27 hours, the interview recommenced. Miss Skinner refused legal representation throughout the course of the interview. I now produce form CS001, Legal Rights forms as item DM1.

The following Branch Trading Accounting Statements were shown to Miss Skinner. Trading Period 09 for period 23/11/2005 to 22/12/2005, which I now produce as item DM2 and period

Signature

Signature witnessed by

CS011 (Side A)

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(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)

Continuation of statement of DIANE SARAH MATTHEWS

26/04/2006 to 25/05/2006 which I now produce as item **DM3**. Miss Skinner confirmed that she had produced these Trading statements and that it was her signature on the documents.

Miss Skinner signed the master tape seals numbered 043366, 043367 and 043368, which I now produce as item **DM14**. The interview was concluded at 15:32 hours. The tapes used with the faulty tape machine were signed with seal numbers 043407 and 043409 which I now produce as item **DM15** I have prepared a typed summary of the tape recorded interview which I now produce as item **DM16**.

Following the interview, data provided by Fujitsu Services, who operate the Horizon Computer system was obtained and analysed. I now produce the data discs as **DM4** for data January 2006 and May 2006.

From the data I produced a series of schedules showing:

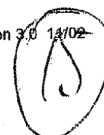
- The transfers of cash between stock units at North Bransholme Post Office,
- The cash declarations made on stock unit CC,
- The rollover of stock units at the end of a Branch Trading Period
- A summary of events on stock unit CC.

These schedules were compiled for two periods covering Trading Period 10 ending 25<sup>th</sup> January 2006 and Trading Period 02 ending 25<sup>th</sup> May 2006. The schedule for transfer of cash between stock units has 11 columns, ID being the actual computer position used to undertake the transaction. User being the individual user attached to the system. Stock Unit (SU), being the individual stock which the transactions were performed on. Time being time the transaction was completed. SessionId being the unique identifying number given to each transaction by Horizon at the start of the session. TxnId being the unique identifying number

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Continuation of statement of **DIANE SARAH MATTHEWS**

given to each transaction by Horizon at the end of the session. Mode being either TO for Transfer out of the stock unit or TI for transfer into the stock unit. Product number being the identifying code given to each item available at a Post Office either as a transaction to customers or a function of the stock units for example code 6276 is the identifying code for a transfer in transaction, Code 6277 for a transfer out and code 1 for cash. Quantity for number of. Sale value is the amount in £'s and pence.

I now produce the schedule of transfers involving stock units for January 2006 as item **DM5** and for May 2006 as **DM9**.

The summary of Cash Declarations has 8 columns, Group ID is the branch code which identify's a Post Office, North Bransholme being 174321. ID, Date, Time, User and Stock User (SU) as detailed above. EPOSSTransaction.T being the Horizon system event undertaken, in this case a cash declaration. EPOSSTransaction.TI being the Outcome this being a declaration completed with a discrepancy in the amount declared to what the system derived as being required to balance the stock unit.

I now produce the schedule of Cash declarations made on CC stock unit for January 25<sup>th</sup> 2006 as item **DM6** and for 24<sup>th</sup> May 2006 as item **DM10**.

The summary of Stock Rollovers has the same 8 column headings as the Cash Declaration schedule as detailed above. The rollover of a stock unit from one Trading Period into the next is completed when all required summaries and declarations have been made and the person undertaking the balance is satisfied the details are an accurate reflection of the cash, stock on hand and transactions performed. The date reflects the date undertaken and could be after the Trading Period end if the rollover of the stock unit is undertaken the following day.

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Continuation of statement of **DIANE SARAH MATTHEWS**

I now produce the schedule of Stock Rollovers for Trading Period 10, 25th January 2006 as item **DM7** and for Trading Period 2, 24th May 2006 as **DM11**.

The summary of Events for Stock Unit CC again has the same 8 column headings as in the previous 2 schedules detailed overleaf. This shows all reports requested by the user, all declarations made and any rollover completed.

I now produce the schedule of the Summary of Events for Trading Period 10 ending 25<sup>th</sup> January 2006 as item **DM8** and for Trading Period 2 ending 24<sup>th</sup> May 2006 as item **DM12**.

The accounting paperwork for trading period 02, ending 24<sup>th</sup> May 2006 was obtained and the cash declarations made on CC stock unit were examined. It was noted that two declarations were entered within a four minute period varying in the total declared by £15,466.60. I now produce these cash declaration printouts as item **DM13**.

It should be noted that the times on the schedules for January are correct, however the times on the schedules for May are 1 hour behind. This is due to archived data being saved in GMT.

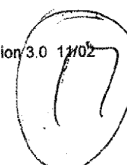
I analysed the data on the schedules produced. Stock unit CC was used as a place solely to record shortages. This was so that they did not interfere with the balancing of the main counter stock unit AA.

Stock unit AA was used to serve customers on a daily basis and from which, all staff logged onto at the same time as it was setup as a shared stock unit. This also means that the cash and stock in each draw was used by all staff and was not segregated. Stock unit BB was rarely used and only when there was any problems with Stock Unit AA.

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**Witness Statement***(CJ Act 1967, s9; MC Act 1980, ss 5A(3)(a) and 5B, MC Rules 1981, r 70)*Continuation of statement of **DIANE SARAH MATTHEWS**

The staff present at the end of the day would produce reports and make declarations into stock unit AA without any shortage being highlighted. At the end of a trading period, the cash would be declared with any significant shortages being transferred from AA or BB into Stock Unit CC prior to the account being produced.

The system derived cash total within CC stock was declared as a record of cash being present in that stock unit. However there was no cash present in this stock unit and a nil figure should have been declared which would have revealed a shortage in the accounts produced.

By using this method the branch accounts were shown to be balanced and correct for each Trading Period. If all the shortages had been declared correctly, and stock unit CC showed a nil cash balance, the branch accounts would have reflected these shortages.

For example if any one of the stock units balanced short by £500, the branch accounts would show a £500 deficit in the cash figure. By transferring this £500 into an empty stock unit, then declaring that this stock unit holds £500 in cash, the branch accounts would show no deficit.

Therefore as the accounts were showing a balance each and every trading period this would not trigger any problems which would require further investigation by Post Office Ltd.

On 24<sup>th</sup> May 2006 stock unit CC declared that £40,253.85 in cash was present. When the audit was undertaken on 31<sup>st</sup> May 2006 there was a further discrepancy of £18,688.56 discovered in the cash. This makes a total cash shortage of £58,942.41 between what the branch stated was present and the actual amount of cash held at the branch.

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