

IN CONFIDENCE

To:	From:	cc:
Glenn Chester Contracts Advisor	Paul Field Audit Officer	Investigation Team Manager Paul Hemely Business Development Manager Network Compliance Audit Manager Outlet Intervention Team
Date: 21 August 2008		

Audit of Post Office@lbstock, Branch Code 223217.

On Wednesday 20th August 2008, accompanied by my colleague, Kevin Watkins 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.

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The audit revealed a shortage in the branch of £43894.15. A breakdown of the audit result and details of the audit findings are as follows:

£	43894.15	(-)	Identified as a difference in cash figures
£	43894.15	(-)	Total Shortage

We arrived at the branch at 08.45 am and introduced ourselves to, Mrs [redacted] Wife of subpostmaster Mr Michael Rudkin when [redacted] arrived at approximately 09.00 am and advised that we were to perform an audit on behalf of Post Office Ltd®.

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Mrs Rudkin allowed us access to the secure area, and was not present in the secure area whilst the audit was carried out.

I contacted the Network Business Support Centre (NBSC) at approximately 09.15 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: [redacted] and a notice placed on display at the branch detailing this information. I also asked the NBSC to notify the Outlet Intervention Office that an audit was being performed and that the branch would remain closed until its conclusion.

Mrs Rudkin asked if she could have a word in the back room after she had opened the safe and logged onto the Horizon system. When we were both in the back room Mrs Rudkin, broke down in tears and stated that the safe would be a little short and that her husband did not have any idea that the safe and therefore the office would be short. I asked if she knew approximately how short she stated it would be approximately £40K. I immediately asked her not to tell me anything else. As Glenn Chester, Contracts Advisor for this office was on annual leave, I spoke to Paul Williams, Contracts Advisor, advising him of the situation and he stated that the subpostmaster would have to be suspended. I was asked by Paul that if I was happy to do so then I would suspend the subpostmaster this I did.

When Mrs Rudkin first told me of the shortage she immediately stated that her husband had not worked behind the counter in over 12 months and he had no idea of what had taken place. As she was very nervous of telling her husband I asked if she would like me to be present when she told him, which she did.

I went with Mrs Rudkin upstairs and spoke to Mr Rudkin. It was obvious to me that he knew nothing of what was happening in the office as his first thought was horror that this was happening and that they would now lose both the office and business. I then advised Mr Rudkin that he was suspended immediately and that we would carry on with the audit and notify him of the shortage on completion of the audit.

As Diane Matthews, Fraud Manager North was on annual leave I contacted Dave Pardoe and advised him of the situation. Colin Price from the Fraud section contacted me and advised that Mike Wilcox and Gary Thomas would attend the office and interview both Mr and Mrs Rudkin.

Due to the nature of the shortage neither Mr or Mrs Rudkin were in the secure area until we had completed the audit and got a shortage figure. Mr Rudkin was happy for this situation to take place.

Paul Williams advised me that a relief subpostmaster would be sought and we would be informed of the outcome.

The office was transferred to Mrs Mary Stewart. Unfortunately Mrs Stewart was unable to attend the office but asked if a member of staff Mrs Sue Ball could check and sign for her this she did. All cash and stock was secured in the safe and Mr Rudkin passed to Mrs Ball 3 sets of safe and office keys

The audit and subsequent transfer of the branch was concluded at [REDACTED] [REDACTED]. Stock unit AA was rolled to TP05 BP01 but the lottery stock was left in TP04 BP01. This allowed the office to continue with the Lottery as it was a rollover and Mrs Stewart was attending the office the next morning to roll the lottery over and produce the Branch Trading Statement for TP 04

The shortage amount of [REDACTED] was posted to Late Account.

No Compliance Tests were carried out at this audit other than those control gaps that were observed whilst on site

If you require any additional information, please contact me on the telephone number below

Paul Field

Audit Officer



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On the 11/11/11, accompanied by my colleague 11/11/11, conducted an audit at 11/11/11 ¶

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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 ¶

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The audit revealed a 11/11/11 in the branch of 11/11/11. A breakdown of the audit result and details of the audit findings are as follows ¶

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