

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

POLTD/1112/0007

SUSPECTED OFFENCE : FRAUD / THEFT**Name:** Lynette Jane Hutchings**Rank:** Subpostmaster**Identification Code:** 1**Office:** Rowlands Castle SPOB**Branch Code** 107937**Age:**

GRO

Date of Birth:

GRO

Service: 4 years 7 months**Date
Commenced:****Service** 29/08/2006**Personnel Printout:** at Appendix C**Nat Ins No:**

GRO

Home Address:

GRO

Contract for Services 30/03/2011: by Nigel Allen, Contracts Advisor
Suspended:**If applicable to be prosecuted by:** Royal Mail Group (including Post Office Ltd)**Designated Prosecution Authority, if applicable:** Dave Pardoe, Senior Security Manager – Operations**Discipline Manager:** Nigel Allen, Contracts Advisor**Nigel Allen**

Mrs Lynette Hutchings is the subpostmaster at Rowlands Castle sub Post Office® branch (SPOB), which forms part of a hardware stores outlet and is situated in the suburb of Rowlands Castle which is a few miles north of Havant in Hampshire.

On Wednesday 30 March 2011, Mr Adam Shaw, Field Support Advisor attended Rowlands Castle SPOB with his colleague Mrs Sarah Juliff, in order to verify the cash on hand at the branch. Mrs Hutchings was present when they identified a deficit in the accounts of £9,743.76.

The deficit is broken down as follows:

Cash	- £10,868.08
Stock	+ £ 905.43
Postage	+ £ 132.10
Foreign Currency	+ £ 86.79

I contacted the Cash Management Team and asked them to send me a schedule detailing Over Night Cash Holdings (ONCH) as well as cash remittances despatched and collected and details of any calls made to the branch.

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The Cash Management Team use computer software known as SapADS. This system collects data from every Post Office® Branch's computer system (Horizon) including payment information, closing cash totals within the branch, broken down by each note and coin denomination, plus cash returned/delivered to and from the branch.

The SapADS system then calculates cash requirements for each branch, depending on historical data, by forecasting daily cash requirements up to and including the next service day. So the system will either ask for a certain amount of cash to be returned from the branch or will calculate how much cash to send out. This is known as the Planned Order.

The schedules which I initially received from the Cash Management Team cover data from 07 April 2010 to 07 April 2011. From these I created a further schedule which shows a breakdown of the ONCH, amounts of cash collected from the branch on a given date and any amounts held as 'Cash In Pouches'. When a cash amount is first remitted out on Horizon it sits in the Suspense Account as 'Cash in Pouches' until it is collected and cleared from Horizon, or for whatever reason it is reversed out.

I have identified a number of suspicious entries on these schedules which predominately relates to entries in the £50 notes. Some examples of my findings are detailed below. Please advise if you require copies of the schedules.

On 12 April 2010 there is an amount of £16,050 against the £50 notes. This figure includes the £16,000 shown in the Cash In Pouches column. In order to record how much cash is held in our branches on a daily basis, any cash remittances awaiting collection are added to the £50 note column e.g. on 12 April 2010 there is £16,000 awaiting collection and the figure shown in the £50 notes column is £16,050, which means that £50 was entered against the £50 notes when the cash was declared that day.

The following day we see that the £16,000 is collected and thus drops out of the £50 column, leaving just the declared figure of £150. However, on 14 April 2010 it can be seen that the £50 notes 'jump' up to £4,450, which is a day when the Branch Trading Statement was completed. The following day there is nothing entered in the £50 note column yet there were no collections.

On 19 April 2010 we see that the amount shown against the £50 notes is £8,800 but this includes the £8,500 awaiting collection. However, on Wednesday 28 April 2010 there is a further unexplained 'jump' from £250 to £4,400 in the £50 notes before dropping down to £550 the following day.

On 19 May 2010 we can see the same pattern which occurred when the previous Branch Trading Statement was completed in that the £50 notes 'jump' up to £5,450 from £450 and then drop down to £550 the following day.

The same pattern occurs on every date a Branch Trading Statement is completed with the exception of 16 June 2010. On this date it appears to me that the £10 notes have been inflated instead of the £50 notes. I came to this conclusion based on the fact that the amount declared against the £10 notes had risen by around £7,000 when compared with the previous day's declaration. Generally the amounts declared against the £10 notes on Wednesdays don't differ that much from what was declared on Tuesdays.

The pattern also continues whereby on some Wednesdays, usually in the middle of a Trading period, the £50 notes 'jump' up, before dropping down again the following day.

The last Branch Trading Statement completed prior to the audit was on 16 March 2011. On this date it can be seen that the £50 notes 'jump' from £1,200 the previous day to £11,800 before dropping back down the following day to £1,050.

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The Cash Management Team also sent me a copy of four log entries. The first one dated 07 March 2011 details a telephone call from Mr David Dixon to the branch asking a 'lady' to return £30,000 the following day. The 'lady' apparently stated that 'they were hanging onto excess cash as they were expecting people to come back from the holiday period and withdraw more cash'.

The next log entry, on 09 March 2011 details the fact that the branch failed to return the requested £30,000 and that an audit was requested. Looking at the main ONCH schedule referred to earlier in this report it can be seen that £14,000 was returned by the branch on 08 March 2011.

The final two log entries simply refer to the fact that the branch is shut due to an audit taking place and that Mrs Hutchings has been suspended. Copies of all four log entries can be supplied to you if required.

I received a number of Branch Trading Statements and Horizon printouts from you which you had obtained from Mr Shaw. The Branch Trading Statements covered the period of 11 October 2006 to 16 March 2011. Some of these have not printed very clearly and as such Mr Shaw produced reprints for the ones covering the period 15 September 2010 to 16 March 2011. The vast majority of the Branch Trading Statements had not been signed and most showed no discrepancies in the accounts.

The documentation obtained by Mr Shaw included a number of cash declaration slips. One that was completed at 17.45 hrs on 16 March 2011 showed a total amount declared of £29,572.20 including £100 in the £50 notes.

Mr Shaw obtained from the Horizon system an Event Log Balancing, which showed all cash declarations made from 17 February 2011 to 30 March 2011. It can be seen that on 16 March 2011 at 17.53 hrs the cash is declared again for £29,572.20 and the postage stamps are declared for £10,980.34. At 17.54 hrs a Variance Check is conducted which shows a deficit of £11,714.15. Stock unit AA is then balanced and the discrepancy committed, although the rollover of AA to the next Trading Period is abandoned at 17.56 hrs.

At 17.57 hrs the cash is re-declared for £41,286.35 and a compensatory surplus of £11,714.15 is shown. AA is balanced once again and the surplus discrepancy is committed. At 18.02 hrs AA is rolled over to the next Trading period and the Branch Trading Statement is created at 18.03 hrs then rolled to the next Trading Period. As stock unit AA committed both a deficit and a surplus discrepancy of the same amount i.e. £11,714.15 before it was rolled over, the Branch Trading Statement produced on 16 March 2011 thus shows no discrepancies. A copy of the Event Log Balancing & cash declaration slip can be supplied to you if required.

The various cash declaration slips obtained by Mr Shaw did not contain one showing a total amount of £41,286.35 as declared at 17.57 hrs on 16 March 2011. However, as this was the last declaration made on that day the breakdown of what was declared can be seen from the main ONCH schedule. As mentioned previously the cash declaration slip produced at 17.45 hrs showed a declared amount of £100 against the £50 notes. On the ONCH schedule we can see that on 16 March 2011 that £11,800 was declared against the £50 notes as part of the overall total of £41,286, an increase of £11,700.

I was made aware that there were two errors pending for this branch relating to cheque remittances. One was in Mrs Hutchings' favour (Claim) of £430 due to an error made on 31 January 2011 and one was against (Charge) of £1,501.07 due to an error made on 14 February 2011. I have analysed the Credence POLMI database and they appear to be genuine errors, however they affect the current outstanding debt at the branch, which equates to £10,814.83. Had these errors not have been made then that would have been the deficit identified when the audit was conducted on 30 March 2011.

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At 11.23 hrs on Wednesday 20 April 2011 I commenced a tape-recorded interview with Mrs Hutchings in the conference room adjacent to my office at Eastleigh Post Office. Also present was Mr Gary Thomas, Security Manager and Ms Izzy Hogg, solicitor.

Typed summaries of the tapes have been prepared, copies of which are associated with this report.

From the summaries it can be seen that Ms Hogg reads out a prepared statement following which Mrs Hutchings answers 'no comment' to all questions put to her by Mr Thomas and I.

As can be seen from the tape summaries the aforementioned schedules and printouts were put to Mrs Hutchings, as well a number of Branch Trading Statements and questions relating to the prepared statement. Mrs Hutchings was also reminded of the caution and that this was her opportunity to give an explanation for the deficit and the apparent inflation of the £50 notes.

The interview comprised of three master tapes, reference 073451/52/53 and concluded at 13.40 hrs.

I asked Mrs Hutchings if she was prepared to supply me with copies of her bank statements to which Ms Hogg stated that she hadn't yet had chance to advise her client on financial matters. As such I supplied her with a number of GS045 Bank Authority Disclosure forms and it was agreed that I would contact Ms Hogg after my return from holiday on 03 May 2011 to ascertain if statements would be forthcoming. I have since spoken to Ms Hogg who advised that bank statements will be provided to me although at that stage she was waiting for these to be produced by Mrs Hutchings.

No searches were conducted as part of this investigation.

The current period of suspected offending runs from 07 April 2010 to 30 March 2011.

To date Mrs Hutchings has not repaid any of the money and as such the outstanding loss to Post Office Ltd remains at £10,814.83. She gave no indication as to if and when she would be in a position to repay any of this money although I explained to her that any payments would be received without prejudice to any action the Post Office may take.

Subject to the receipt and analysis on any bank statements received I have now completed all anticipated enquiries in respect of this case.

I sent you an e-mail on 20 April 2011 which detailed any procedural failings identified. Please feel free to contact me should you wish to discuss.

This report has been produced in order that you have sight of the current situation and that it may assist you with any issues in respect of Mrs Hutchings' contract for services as subpostmaster at Rowlands Castle SPOB.

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
Security Manager
Post Office Ltd

06 May 2011