

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL

POLTD/1112/0228

OFFENCE(s)

1. Theft – Contrary to Section 1 (1) of the Theft Act 1968
2. False Accounting – Contrary to Section 17 (1) of the Theft Act 1968
3. Fraud by false representation (Fraud Act 2006 – Section 2)
4. Fraud by failing to disclose information (Fraud Act 2006 – Section 3)
5. Fraud by abuse of Position (Fraud Act 2006 – Section 4)

Name: Grant Ian ALLEN

Rank: sub postmaster Identification Code: 1

Office: Winsford FAD Code 217 401

Age: GRO Date of Birth: GRO

Service: 2 years 3 months Date Service Commenced: 6 November 2009

Personnel Printout: At Appendix: C

Nat Ins No:

Home Address: GRO

Suspended: Suspended on the authority of Gary Adderley – Contract Advisor

To be prosecuted by: Post Office Ltd

Designated Prosecution Authority: David Pardoe, Senior Security Manager

Discipline Manager: Glenn Chester – Contract Manager

Post Office Ltd

Legal & Compliance Team

These papers refer to a shortage in the accounts at Winsford Post Office branch. Mr Grant ALLEN the identified person named in the preambles of this report is the sub postmaster and there are a number of there are seven other members of staff employed.

The papers were assigned to Stephen BRADSHAW Security Manager on 23 February 2012.

## POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL

The personnel file and P356 data was requested and can be found in Appendix C at the rear of this file.

The stakeholder notification was prepared and sent to the Stakeholder. I have also spoken with the Stakeholder and advised him of the current situation.

The branch is a former Crown Office situated in a retail park close to the A54 High Street. The retail side consists selling a small amount of groceries, confectionary, cigarettes and newspapers.

An audit was undertaken at the branch on Thursday 2<sup>nd</sup> February 2012 and conducted by Richard CROSS Field Support Advisor of the Network Support Field team. Mr CROSS was accompanied by his colleagues, Rob LYON, Jane TIMMS, Paul HAYHURST and Tim GORDON-POUNDER. The purpose of the audit was to verify assets due to Post Office Ltd and confirm compliance with a range of Business, procedures and regulatory requirements.

The auditors arrived at the branch at approximately 08:00 am and were allowed access to the secure area by Mr ALLEN.

At approximately 08:40 am Mr ALLEN asked Mr CROSS to accompany him to his office. Mr ALLEN admitted to Mr CROSS that the stock unit he used would be in the region of £10,000 short. He further stated to Mr CROSS that he was having financial difficulties and had been unable to make good the shortages in the accounts and he had inflated the cash on hand in the hope that he would receive an over scale payment from Post Office Ltd to make good the shortages. A record of this conversation was made and Mr ALLEN refused to sign the Record of Conversation (RC/1) confirming what he had stated to the auditor.

The branch operates nine stock units for counter services and the branch does not operate an ATM. The Office snapshot for KK stock unit indicated cash of £17885.85 (SB/7) was in the Stock Unit and a copy of the last cash declaration (SB/6) done by the branch showed £15,769.85 was the amount of cash declared as being in that Stock Unit branch.

The final result of the audit on the day was a shortage of £13,076.25 of which £12,967.80 is in the cash with further outstanding debt of £4,735.24 in respect of outstanding debt of a disputed invoice.

A breakdown of the Audit findings, are set in the table below.

Amount	Comment
£ 12,967.80 (-)	Identified as a shortage difference in the cash figures
£ 55.26 (-)	Identified as a shortage difference in the stock figures
£ 1.65 (+)	Identified as a surplus difference in the postage figures
£ 54.84 (-)	Discrepancy as per office snapshot
£ 13,076.25	Total Audit Shortage on day
£ 90.00 (-)	Outstanding transactions corrections not processed
£ 4,645.24 (-)	Outstanding debt previously settled centrally
£ 17,811.49	Total debt owed to Post Officer Ltd

Mr ALLEN declined the offer to double check the findings of the audit cash.

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

The Contract Advisor Mr Gary ADDERLEY made a decision to precautionary suspend Mr ALLEN. The branch has since been transferred to an interim sub postmaster.

Mr ALLEN was contacted on 27 February 2012 and stated that he was going to see his solicitor and that he had other issues with Post Office Ltd regarding data protection.

Mr ALLEN was again contacted on 28 February 2012 and confirmed that he had seen his solicitor and the request for him to attend a voluntary taped interview under caution was discussed. He further said that his solicitor had advised him not to attend until he had seen their Civil Litigation solicitor on 15 March 2012 as the solicitor thought there might not be any criminal case due to the data protection issue.

Mr ALLEN was again contacted by letter and informed that he if he did not reply further advice would be taken. Mr ALLEN contacted this office on 11 April 2012 and the interview was arranged for Thursday 19 April 2012 in Salford as Mr ALLEN was in the area.

Prior to the interview / search taking place a PORA was completed and a copy can be found in **Appendix C** of this file.

On 19<sup>th</sup> April 2012 I attended at Royal Mail House Clippers Quay Salford M50 3NW accompanied by my colleague, Andrew WISE, Security Manager. We introduced ourselves to Mr ALLEN and our identity cards were shown and the reason for the interview was explained to Mr ALLEN.

**Interview with Grant Ian ALLEN**

At 11.10 Mr Grant Ian ALLEN was interviewed at Royal Mail House Clippers Quay Salford M50 3NW. Present throughout the interview was Mr Andrew WISE Security Manager. Mr ALLEN declined the presence of legal representation and form GS001 (Identifying Mark **SB/1**) was completed, signed and dated by Mr ALLEN and is associated at **Appendix B**. Mr ALLEN also declined the offer to have a Post Office friend present. (Identifying Mark **SB/2**) was completed, signed and dated by Mr ALLEN and is associated in **Appendix C**.

The interview was taped recorded, covered two tapes and sealed with master tape seals 073554 and 073555 (SB/12 and SB/13). A typed tape summary (SB/14 and SB/15) has since been prepared, a copy of which is now at pages 11 to 31. The working tapes are associated in **Appendix B** of this file. I have retained the Master Tapes. A notebook entry of the interview was made and is associated in **Appendix B** of this file (Identifying Mark **SB/16**).

During the interview Mr ALLEN confirmed that he had taken over Winsford Post Office branch in November 2009. He became sub postmaster and retained a Post Office Manager and Deputy Manager. The Post Office branch was run under the company name of Allcoc Ltd.

Mr ALLEN said that they relocated in March 2010 and the cost of the refurbishment / move and other costs amounted to approximately £100,000. He further said that during the first four weeks after the move, the branch was not "running at full capacity" as the works carried out by ROMEC were not up to standard and a number of terminals had been wired incorrectly.

Mr ALLEN said that between the period of November 2009 and March 2010 he had to make good losses in the region of £1400 and this amount can be seen in his business accounts.

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

Mr ALLEN explained that during the period of March 2010 and April 2010 there was a discrepancy in the accounts of £3,000, he said that he had checked all the paperwork but could find no explanation for this discrepancy. He then made admissions that this £3,000 was never made good and had been rolled over from each Branch Trading Period to the next until the audit took place in February 2012.

Mr Allen's explanation for this discrepancy was that due to the relocation of the branch the Horizon system was not communicating (ie Polling) and the data on the Horizon system was not being sent.

Mr ALLEN also explained that for each subsequent Branch Trading Period, unless the discrepancy in the accounts was small (for example £50) the discrepancy was added onto the original £3,000 discrepancy from March / April 2010.

Mr ALLEN said that they use to roll over from one balance period to the next so he could see how the branch was performing and they completed the Branch Trading Statement at the end of each balancing cycle.

He further explained that when completing the Branch Trading Statement the discrepancy in each individual Stock Unit would be rolled into the next Stock Unit and the final discrepancy would be associated in the stock unit of either John (the Post Office Manager) or Karen (the Deputy Post Office Manager).

Mr ALLEN then stated that he would remove cash from his stock unit, that he confirmed was Stock Unit KK and give the money to either John or Karen to cover any discrepancy shortage. He said he did this to make the cash correct in all the other stock units and for him to carry the discrepancy.

Mr ALLEN then made admissions that he inflated the cash on hand in his stock unit to achieve a balance. He further stated that he would put the approximate amount of the discrepancy onto the unusable notes line when making his daily cash declarations.

It was said to Mr ALLEN that in 2010 the branch Horizon system would have been upgraded onto Horizon-on-Line and migrated after March 2010. It was further said that he would have been informed that a check of all the cash would be undertaken by the migration officer.

Mr ALLEN was asked that when the migration took place 2010 was the cash in the branch correct. He said because there were a number of Stock Units to be checked and only one person checking. He then made admissions that after one Stock Unit or the safe had been checked he would move the money from this stock unit / safe to his Stock Unit KK to ensure that the money purported to be in his stock unit was correct.

Mr ALLEN denied stealing any money belonging to Post Office Ltd and it was said to him that he had falsified documents by inflating the cash on hand via the mutilated notes. When asked if he knew it was wrong to do this, replied that he did not

It was said that the majority of the cash discrepancy (£11705) was attributed to his Stock Unit and Mr ALLEN said that was due to moving the cash out of his Stock Unit to cover the previous balance shortages. He also explained the final balance prior to the audit there was a discrepancy in the region of £1400 and he would have moved this amount of cash from his Stock Unit to the Stock Unit showing the discrepancy. This operation did not take place due to the audit.

Mr ALLEN also explained that the £4645.24 of outstanding debt was the cost incurred by relocating and the payment was due to ROMEC. He further said that he had not paid this bill because he was in dispute with ROMEC as the work carried out was not to the required standard.

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

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL

Mr ALLEN confirmed that Record of Conversation (RC/1) was correct and that he said that he did not sign it because of the way it was explained to him by the auditor.

Mr ALLEN was shown a re printed cash declaration for Stock Unit KK (SB/3), a balance snapshot for Stock Unit KK (SB/4) and an extract from the auditors electronic P32 report (SB/5). It was explained that the cash declaration (SB/3) was the amount of cash he had previously declared showing £7,000 of unusable notes, the balance snapshot (SB/4) showed that the amount of cash that should be held in Stock Unit KK is £17,885.85 and the P32 extract (SB/5) showed the actual amount of cash held in Stock Unit KK was £6180.85.

He agreed that difference between the balance snapshot (SB/4) and the P32 extract (SB/5) was the amount of cash short in his Stock Unit KK.

Mr ALLEN was shown six reprinted cash declarations (SB/6 to SB/11). He admitted that the cash carried forward for the branch and the cash carried forward for Stock Unit KK had been inflated. For example on SB/6 the amount carried forward was £25,331.85 and the amount of cash carried forward for Stock Unit KK was £6604.12. He confirmed that this was the case on all six Branch Trading Statements that he had been shown.

The shortage or surplus amount indicated on the cash declaration, for example on SB/6, a surplus of £51 is how the branch would have been performing if the cash had not been inflated. He confirmed that this was the case on all six cash declarations.

Mr ALLEN was asked when the money could be repaid and replied that he was not in a position to repay at this present time as he had put all his money into the business venture. He did say that he has an ongoing claim against his landlord and his solicitor said that he had a very good case. He said that from the expected compensation he would repay the outstanding amount due to Post Office Ltd.

At the beginning of the second tape, the tape machine was switched off to obtain permission to proceed with the interview without a Solicitor being present as Mr ALLEN indicated he was not sure if he wanted a solicitor after being told that a criminal offence had been committed.

At 12:28 David PARDOE Senior Security Manager verbally gave permission for the interview to continue. Form POL 002 was completed and the interview resumed at 12:07.

The interview was concluded at 13:05 and master tape seals 073554 and 073555 were completed and signed.

Mr ALLEN did agree to a voluntary search of the address where he and his wife are staying. However the search did not take place as the property was his mother-in-laws and was approximately 200 miles away from the place of interview. Post interview this was explained to David PARDOE Senior Security Manager who concurred that in this case it was appropriate that the search was not undertaken.

Mr ALLEN did give permission for Authority for Bank Disclosure of Information and took away a number of the relevant POL 045 forms to be completed and returned.

Forms NPA01 and POL 033 have been completed and copies can be found in Appendix C of this file.

To summarise:

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

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL

- Mr ALLEN denied stealing Post Office Ltd money.
- Mr ALLEN admitted inflating the cash on hand to cover the discrepancies.
- Mr ALLEN has admitted falsifying the branch accounts for the period of April 2010 to 2 February 2012.
- Mr ALLEN has not repaid any outstanding money.
- Mr ALLEN co-operated throughout the interview.

Business and Procedural weakness'

- ❖ During the course of this investigation I have not identified any failings in any security procedures other than the fact, that for whatever reason, Mr ALLEN admits to altering his cash declarations.

In Conclusion

Mr ALLEN is a

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Mr ALLEN became the incumbent sub postmaster in November 2009 and said that in the period up to March 2010 he made good losses of £1400.

Mr ALLEN said the branch relocated in March 2010 and for the period of March 2010 to April 2010 he stated they had losses of approximately £3,000, these losses were not made good.

Mr ALLEN said that in all subsequent branch balances (April 2010 to February 2012) any shortages in the accounts were added to the initial £3,000. However he did say that if the shortage was a small amount (for example £50) then he would put this money in.

Mr ALLEN said that all the shortages from each individual Stock Units would be rolled into either the Post Office Manager or the deputy Post Office Manager. He would then take the money fro his Stock Unit and give the money to the Post Office Manager or deputy Post Office manager. He would then carry the loss.

Mr ALLEN made admissions that he had inflated the cash for a 21 month period but denied theft. He could not explain the shortfall in the cash on hand at the branch but thought the losses were linked to faults within the Horizon system; however she could not produce any evidence to satiate her claim.

Mr ALLEN said that he was not in a position to repay the outstanding amount, but he was suing his landlord and expected to win the case and the money would be repaid from this compensation received. He also stated that he had sold his house and car and was living in the Post Office for a period of six months prior to his suspension.

Post interview the Non polled report for the Horizon system was requested after the branch relocated. The report shows that an engineer attended on the 16<sup>th</sup> and 17<sup>th</sup> March 2010, the engineer completed a base unit build and BT fixed a fault. A copy of the report can be found in Appendix B of this file.

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

A telephone call was also made to the Branch Conformation Team and they report that they had not been contacted in relation to any £3,000 discrepancy.

The call logs were also requested from the National Business Support Centre (NBSC) for the period of March 2010 to 23 April 2012. No calls are listed in connection with any discrepancies at the branch.

An abridged version of this report has not been produced for the discipline manager. Mr ALLEN's contract was terminated by letter under the terms and conditions of the Company Franchise Agreement between Post office Ltd and Allcoc Ltd.

Copies of all documents or exhibits mentioned in this report can be found contained within the appropriate Appendix of this file, the originals are held at this office. This report in addition to the summary tape transcripts have been sent electronically to the Post Office Security Team Casework Management Team via the generic address on 25 April 2012.

The evidence based on my analysis of the Branch Trading Statements and Horizon print out logs would appear to support the fact that Mr ALLEN has committed fraud, having dishonestly made false representations in the accounts namely the Branch Trading Statements for Winsford Post Office branch for the period of April 2010 to 02 June 2011 to the sum of £11,705.00.

It should be noted that the outstanding debt to Post Office Ltd is £17,811.49; however, the cash discrepancy in Mr ALLEN's Stock Unit amounted to £11,705. The remaining discrepancy in the audit was explained as follows by Mr ALLEN; £4645.24 is an outstanding debt and is a disputed invoice due to unsatisfactory work carried out by ROMEC. The difference in the cash figures is as a result of the last Branch Trading Statement shortages being held in the Post Office Managers / deputy Post Office Managers Stock Unit and not being given the money as previously described by Mr ALLEN.

The remaining discrepancy stock and postage figures are spread across all Stock Units.

At this stage I have no reason to question the reliability of any likely witnesses, should statements subsequently need to be obtained in this case.

At this present time there are no further outstanding enquiries to be made.

These papers are now submitted for the present position to be noted and for consideration as to whether the evidence is sufficient to support a prosecution. No doubt the file will be returned in due course with the next appropriate course of action to be taken.

Please feel free to contact me should you require any further information or clarification on any of the points raised in this report.

Stephen Bradshaw  
Security Manager  
Post Office Ltd Security Team

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

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL

01 May 2012

 Mobile: **GRO** (Mobex: **GRO**)  
 Royal Mail House 3<sup>rd</sup> Floor Clippers Quay Salford M50 3NW

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