

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL
POLTD/0910/ 0129

OFFENCE
Theft/False Accounting

Name: Mrs Duranda CLARKE

Rank: Clerk Identification Code: 1

Office: Thaxted SPSO Branch Code 203 114

Age: Date of Birth:

Service: 2 years 4 months Date Service Commenced: 02/07/2007

Personnel Printout: N/A

Nat Ins No:

Home Address:

Suspended: 16/11/2009 by Robert Hubbard, Subpostmaster

Handed into custody: 23/11/2009 by PC Bishop

At: Braintree Police Station

To be prosecuted by: Royal Mail Group (including Post Office Ltd)

Designated Prosecution Authority: Andy Hayward , Senior Security Manager

Corporate Security Criminal Law Team

The circumstances giving rise to this investigation are as follows:

On Monday 16th November 2009 an audit of accounts was conducted at Thaxted Post Office, 8-12 Town St, Thaxted, CM6 2LA. The audit was led by Keith Skelton who was assisted by Lorraine Richards, both Field Support Advisors.

The audit result was a loss of £46,168.20, but there is an expected claim transaction correction for £5k for an incorrectly accepted debit card payment transaction which will effectively reduce the loss to £41,168.20.

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Having received this information I contacted Keith Skelton who informed me that the Manager, Duranda Clarke, had informed him that there had been a shortage in the cash around the beginning of August and she had been inflating the cash in the hope that a transaction correction would be received to account for the loss. I requested that Mr Skelton obtained a statement from Mrs Clarke to that effect.

On arrival at the office I spoke with Keith Skelton who gave me a breakdown of where the losses were identified with the main problem being a loss in the cash of £45,994.06. I was handed two statements written by Keith Skelton, one signed by Valery Hubbard Subpostmaster's wife and one signed by Duranda Clarke Officer in Charge. Copies of both statements can be found in Appendix 'A'.

The content of Mrs Hubbard's statement was that she was not aware of the loss until the audit. However, Mrs Clarke admitted that she was aware of the loss and had been since around the beginning of August when a loss was identified when balancing. Since that time she had been inflating the cash on hand and had not informed the Subpostmaster of the situation.

Whilst waiting for my colleague Graham Brander to arrive, I gathered a number of documents together that included cash declarations, hand written cash sheets and final balances. I also obtained the Trading Statements contained within a folder dating from Trading Period 12, 2006 to date.

The Post Office is positioned on the main road through the village. It is sited to the far right of the private business which is a confectionary and newsagents shop. It is a reasonable sized office with two counter positions and offers a wide range of services including MVL's. Whilst I was in the secure area I was able to observe the general running of the Post Office. It appeared on the face of it that this was a very well run office to the extent of writing vehicle registration numbers on the inside cover of the MVL book, which is not a practice I have ever seen at any other office. The office balances on a weekly basis and all the work was neatly bundled together which made it easier to obtain the required documents. The cash on hand is kept to a minimum with outwards remittances despatched on a weekly basis.

Once Graham Brander arrived we were in a position to conduct fact finding interviews with the Subpostmaster Mr Robert Hubbard, Mrs Valery Hubbard and counter clerk Mrs Cynthia Dillon, all of which took place in the office at the rear of the shop.

Mr Hubbard was offered the right to have a Friend present at his interview to which he declined. Form GS003 was completed and a copy can be found in Appendix 'C'.

Mr Hubbard confirmed that he does not normally work in the Post Office but does occasionally help out during busy periods. Duranda Clarke is the officer in charge who has worked at the office since July 2007 and has been assisted by Cynthia Dillon since July 2009 who was taken on to cover for the clerk who had recently resigned. Both Mrs Clarke and Mrs Dillon are contracted to full time hours and had both worked previously at Saffron Walden Post Office and

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references were obtained prior to their employment. Mrs Hubbard works part-time as she is trying to retire in order to GRO

Having spoken to the staff and auditors Mr Hubbard was now aware that Mrs Clarke had admitted to inflating the cash to cover for the loss that had first occurred around the beginning of August. Mr Hubbard confirmed that Mrs Clarke is responsible for the running of the office and she will order and return remittances on a Wednesday and perform the weekly balance assisted by the other two members of staff. Due to a change in the staffing in July 2009 Mrs Hubbard has been present on a Wednesday to assist with the balancing and to train Mrs Dillon.

Cash declarations are entered on a daily basis by any member of staff but a variance check is not performed, therefore the loss would not have been identified until an audit was performed. Mr Hubbard's understanding is that Mrs Clarke is responsible for the entering of the cash on hand when balancing and would always inform him or Mrs Hubbard of any discrepancy.

Mr Hubbard recalled that there had recently been a query from the Cash Centre where a remittance had been received but upon opening the pouch it was noticed that there was a £5k shortage. Mr Hubbard spoke to Mrs Clarke about this and she informed him that the balance was £5k over the night before and that the cash was in the safe. She was told that in future any discrepancy, no matter how much, should be shown as a loss or gain. Enquiries have since been made and the remittance in question was despatched on 23/09/09.

Mr Hubbard had commenced his own investigation as to the whereabouts of the missing money before I arrived and was aware that Mrs Clarke had made an error recently by inputting a business transaction for £19,210.49 as a personal deposit. He was concerned that the reversal and re-entry may have somehow doubled up and caused the loss. Although this should not have had an effect on the balance I contacted Alliance & Leicester (A&L) to confirm that the customer had not received a double credit.

I was also aware that there had recently been a customer complaint that was related to the delayed processing of A&L business deposits. Mr Hubbard confirmed that Mrs Clarke had been reprimanded over this and the deposits had been processed on the date of receipt since that time and a letter of apology had been sent to the customer. As the customer in question had left their deposit book at the Post Office I also confirmed with A&L that the recent deposits made had all been credited to their account and that no further deposits were outstanding.

Mr Hubbard was clearly distressed by the situation and was finding it hard to comprehend how such a loss could occur. However, he has since repaid the full loss and therefore there is no outstanding debt to PO Ltd.

Mr Hubbard had been precautionary suspended earlier that day by Sue Muddeman, Contracts Advisor and the office was due to be transferred to the temporary Subpostmaster the following day.

Mrs Valery Hubbard was offered a Friend at her interview and she too declined. Form GS003 was completed and a copy can be found in Appendix 'C'.

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Mrs Hubbard confirmed that she worked part-time at the office during busy periods and assisted with the weekly balance but was not responsible for the cash declaration on Wednesdays. The procedure followed was Mrs Hubbard would check the stock and sometimes count the cash but as she sat near the A4 sized printer she would produce the reports. Mrs Clarke would make a hand written note of the cash on hand on a locally produced proforma. These figures would then be entered by her and then she would hand the cash declaration to Mrs Hubbard to show how much was in the office. This figure was expected to be roughly between £20k to £25k and that was what was produced on a weekly basis. As Mrs Hubbard had access to the safe she was aware that this was the amount that was likely to be on hand and never needed to question it. She was always made aware of the result of the balance which was never a problem. Mrs Hubbard claimed she was not aware that Mrs Clarke had re-entered an inflated amount of cash and therefore would have had no way of identifying the loss. Daily cash declarations are entered by all staff members but variance checks are not performed so they are not aware of the actual daily balance result.

Mrs Hubbard did not believe that Mrs Clarke would steal Post Office money but could not understand why she had not reported to either herself or her husband the difficulties she had found herself in. This would have assisted with attempting to identify where and if a mistake had occurred at the time of the loss. Mrs Hubbard denied that she had stolen any money belonging to Post Office Ltd.

Cynthia Dillon was offered to have a Friend present at her interview but she declined. Again Form GS003 was completed and a copy can be found in Appendix 'C'.

Although Mrs Dillon had worked previously at Saffron Walden Post Office, this was sometime ago and only for about six months and she is now undertaking refresher training from both Mrs Hubbard and Mrs Clarke. She confirmed her role at the office was to serve the customers and assist in the shop. She would also summarise the daily dockets but would not get involved with either ordering or preparing remittances for despatch. She has entered the daily cash on hand before but does not do a variance check as she had not been trained to do so. She had started to assist with the weekly balance by counting the philatelic items and phone-cards but did not have any involvement with entering the cash on hand as this was done by Mrs Clarke.

Mrs Dillon did state that although they usually do not serve with another persons log on, Mrs Clarke and Mrs Dillon are aware of each others passwords just in case they need to use both terminals whilst the other person is absent from the counter. Datestamps and counter positions are not individual to each clerk and as such they can sit at any position and use any datestamp.

Mrs Dillon denied any knowledge of the loss until it was identified at the audit and could offer no explanation as to why or how it occurred.

Following these fact finding interviews Mrs Clarke was invited into the office where I informed her that I suspected her of theft and false accounting and cautioned her at 18:02 hours. She

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was informed of her legal rights and Form GS001 was completed, a copy of which can be found in Appendix 'A'.

I requested that she consented to searches of her person, vehicle and locker which she duly gave. Forms GS005/5c/5d were completed and copies can be found in Appendix 'B' Notice of Powers and Rights were given at 18:10 hours.

A search of her bag revealed a piece of paper with hand written figures on totalling £16k, annotated 'J' and 'Me' (Husbands name is John), copy of which can be found in Appendix 'B'. No other items were seized. Having just completed the person search Mrs Clarke's husband called her and she informed him of our intention to conduct the further searches of her vehicle and home address. He instructed her to withdraw consent, which she did immediately.

A notebook entry was made detailing the events of the day which signed by both Mrs Clarke and Mr Brander, a copy of which is enclosed in Appendix 'B'. Following this Mrs Clarke was escorted from the Post Office.

On Monday 23rd November Mrs Clarke was arrested at her home address by officers from Saffron Walden Police Station. A search of her home was conducted but nothing of an incriminating nature was found. She was subsequently transported to Braintree Police Station for an interview under caution. Copies of the custody and search records can be found in Appendix 'B'.

Mrs Clarke required Legal Representation and used the services of the duty Solicitor, Nicholas Hillyard from McCormack Solicitors, Basildon. Disclosure was given and a consultation was had prior to the interview.

The interview commenced at 13:19 hours and concluded at 14:49 hours and consisted of two Master Tapes seal numbers 247170 and 247171. Tape transcripts have been prepared and can be found at pages 9 to 61 of these papers. Working tapes are enclosed in Appendix 'B'.

Mrs Clarke confirmed that she has been employed at Thaxted Post Office since July 2007 having worked previously at Saffron Walden Post Office. She holds the position of the Manager and works full-time and is responsible for general counter service duties and the preparation and despatch of the weekly cash remittance. She is also responsible for counting, manually recording, and the entering of the cash on hand during the weekly balance and is assisted at this time by Mrs Hubbard and Mrs Dillon.

Mrs Clarke initially confirmed that the original loss was around £40k about the beginning of August, give or take a few pounds, but was sure it was that amount. On a weekly basis she would inflate the cash on hand to cover for the loss but would show a small loss or gain that she believed was the genuine figure. She did not inform anyone of the loss in the hope that a transaction correction would be received and the loss resolved.

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When evidence was put to her showing that the inflated cash figures at the start of the fraud was only £25k she changed her mind as to the initial amount of the loss and back tracked saying she couldn't remember the actual figures.

A number of final balances, cash sheets and cash declarations were produced from week ending 01/07/09 to 11/11/09. Mrs Clarke confirmed that in the beginning the cash was balancing and that the cash sheet and cash declaration agreed to the final balance. However from around week ending 05/08/09 she had been inflating the cash to cover for the loss that was now shown to be £25k (the difference between cash sheet and cash declaration) but had grown each week to £46k at the time of the audit.

From the documents it could be seen that this was the case and I have since prepared a schedule showing this information, a copy of which is enclosed in Appendix 'B'. Also enclosed in appendix 'B' are a sample of the cash sheets, cash declarations and final balances produced at the interview.

Mrs Clarke admitted that she was showing what she believed was the genuine loss or gain each week and was covering the bulk loss by inflating the £20 or £10 notes. She confirmed that she would enter the actual amount of cash on hand and print off that cash declaration which was what Mrs Hubbard would see. She would then go back into the system to re-enter the cash with the inflated figures. Mrs Hubbard would be unaware of this and due to the processes they followed at balancing it was Mrs Hubbard who would print and sign the monthly Trading Statement.

Mrs Clarke agreed that it was not possible to lose £40k and she stated that she was expecting a transaction correction for what she believed was a mistake. She could not really explain why she did not inform Mr Hubbard even after he had warned her about declaring accurate figures when the remittance problem arose.

Mrs Clarke claimed that she was not in financial difficulties but had the same outgoings and expenditure as other people. Her husband is a self employed black taxi driver and they live in a rented property. She has a credit card debt and a store card debt, both which she regularly pays.

I produced to Mrs Clarke the small piece of paper seized from her handbag but she was unable recall what the figures related to although she confirmed it was her handwriting. She offered a possible explanation as it could relate to figures working out the cost and deposit of purchasing a black taxi rather than renting one as is the case now.

Mrs Clarke denied stealing any money belonging to PO Ltd but admitted falsifying the accounts from August to November.

At the conclusion of the interview Mrs Clarke was bailed to Braintree Police Station on 28th December 2009 at 11:30am pending further enquiries.

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I requested Fujitsu data to cover for the period from 1st July to 26th August 2009. Along with the cash declarations, hand written cash sheets and final balances, this data has assisted with the preparation of the schedule in Appendix 'B'. It can be seen from the schedule that the loss increases on a weekly basis from 05/08/09 showing an initial difference of £25k up until the audit where the total has reached almost £46k. During week ending 23/09/09 it can be seen that the loss decreases which is when the error is made with the remittance. The following week the loss increases by £5900 which would be partly due to the rectified remittance. However the loss also increases by an additional £900.

Genevieve Lloyd left the business in July as her husband is in the army and was posted abroad. However she was last logged onto the system on 30/07/09 which is during the first week that the loss was identified. Therefore it maybe necessary to interview Mrs Lloyd if she is still here to ascertain her record of events prior to charges being prepared if deemed appropriate. Although she played no part in the False Accounting aspect she may have information regarding the loss.

It would appear that Mr Hubbard has placed a lot of trust in his staff, which includes his wife. Unfortunately Mrs Hubbard has been duped into believing that the actual cash on hand was the last figure that was entered prior to the final balance being printed. She would therefore never know that Mrs Clarke had then inflated the cash on hand to cover for the loss without looking at the Final Balance. With the exception of shared passwords the only procedural failing that I can identify is that the daily cash declaration was not entered as a variance check and therefore at no point would the loss be identified by any member of staff until an independent full audit was conducted. Had a variance check been entered then the loss would have been identified much earlier and it is highly likely that the loss would have been substantially lower.

As Mr Hubbard has made full repayment to PO Ltd there is no outstanding debt. However, Mr Hubbard is £41k out of pocket and is looking for reimbursement should a successful prosecution ensue.

The periods of offences are over a fourteen week period from week ending 05/08/09 to 11/11/09 and I have retained the accounting documents.

NPA and antecedents have been completed and can be found in Appendix 'C'.

These papers are submitted for the outcome of enquiries to be seen and noted and for the advice as to whether this case is suitable for a prosecution.

GRO

Lisa Allen

Tel: **GRO**

9 December 2009