

*M010
CQR final*

CASE QUESTIONNAIRE – ALLISON HENDERSON

Your Details	
Surname: HENDERSON	Forenames: ALLISON
Your address: <input type="text" value="GRO"/>	
Postcode: <input type="text" value="GRO"/>	
Telephone number 1: <input type="text" value="GRO"/>	Email address: <input type="text" value="GRO"/>
Telephone number 2:	
Unique Case Reference No: M010 Professional Advisor: STEVE DARLINGTON Address: HOWE & CO SOLICITORS, 1010 GREAT WEST ROAD, BRENTFORD, TW8 9BA Email Address: [REDACTED]	

*rec'd 01 July 2014
(email)*

Your Branch	
Name of Branch: WORSTEAD	FAD Code of Branch: 2261367
Address of Branch: BACK STREET, WORSTEAD	
Postcode: NR28 9RN	
Your role at the branch (ie. Subpostmaster, Subpostmistress, clerk, etc.): SUBPOSTMISTRESS	
When did you begin in this role? JUNE 1997	Are you still in this role? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO If no, when did you leave this role: FEBRUARY 2010

CASE QUESTIONNAIRE

1. What is the main issue or main issues you wish us to consider that relate to Horizon or its associated processes?

- a. Wholly inadequate training. (TRAINING)
- b. Reconciliation Discrepancies.(DISCREPANCIES)
- c. Unhelpful and negative communications in dealings with the Helpline, the auditors and subsequent investigators. (UNHELPFUL COMMUNICATIONS)
- d. Hardware problems. (HARDWARE PROBLEMS)
- e. Investigative Processes flawed (INVESTIGATIVE PROCESSES)
- f. Final amounts claimed by POL are disputed. (DISPUTED SHORTAGES)
- g. Costs and Losses suffered by the SPM as a result of POL's actions. (COSTS AND LOSSES)

2. When did the incidents relating to the main issue or issues occur?

- a. **TRAINING** Horizon was installed in 2001. The SPM was given 1.5 days training.
- b. **DISCREPANCIES** 2006, February 2010.
- c. **UNHELPFUL COMMUNICATIONS** Helpline from 2006 onwards, suspension and prosecution February 2010
- d. **HARDWARE PROBLEMS** From installation in 2001 through to February 2010
- e. **INVESTIGATIVE PROCESSES** February 2010
- f. **DISPUTED SHORTAGES** 2006, 2010
- g. **COSTS AND LOSSES** 2010 and ongoing

3. What prior contact have you had with the Post Office in regard to the incidents/issues that you are now reporting?

- a. **TRAINING** When the SPM started in 1997 she received two weeks on-site training **after** the branch opened. At that point the accounting systems were wholly manual. When POL migrated to Horizon online the SPM received only 1.5 days training. Her line manager gave her an unofficial checklist setting out the monthly reconciliation procedure. The SPM had never used a computer before and found Horizon very complicated. However, it is patently obvious that 1.5 days training on a totally new system is wholly incapable of imparting a full understanding of Horizon to anybody, never mind someone with minimal IT knowledge and experience.

We demand that POL supplies the content of the Horizon training course given to the SPM.

We demand that POL sets out its reasons for delivering a 1.5 day course on Horizon to this SPM when the norm is two weeks for new SPMs, and even then the course does not cover every element of the system.

b. DISCREPANCIES

Prior to 2006 the SPM experienced minimal reconciliation issues and all discrepancies were eliminated via Error Correction notices.

In 2006 a discrepancy of £2,000 appeared. The SPM could not get through to the Helpline and she worked until 10pm at night in an attempt to identify the reason for such a large discrepancy. She rolled over so that she could open the following day. The discrepancy remained at that level for around two months. The SPM did not receive any Error Notices and became increasingly concerned. She took out a personal loan of £2k to put into the business in the hope that an Error Notice would come through at some point and she would be able to repay it.

However, when the £2k loan was put into the til, the next time the SPM performed a balance the shortfall had doubled to £4k. The SPM was now extremely concerned and had no idea what to do. In order to continue trading she rolled over the system again hoping that Error Notices would come through which would rectify the situation.

No Error Notices were received. The differences kept changing and the SPM continued to rollover in the forlorn hope that Error Notices would come through at some point. (It is common for Error Notices to come through many months after the initial transactions processing errors which caused the shortage). This situation continued until auditors arrived in February 2010.

c. UNHELPFUL COMMUNICATIONS

The SPM often called the Helpline and found it of little use.

d. HARDWARE PROBLEMS

The SPM complained about the freezing screen to POL and was eventually provided with a new screen. However, the same problems continued.

The SPM also spoke to the Helpline about frequent reboots and switching the system off overnight in order that her sleep was not disturbed by the noise it produced.

e. INVESTIGATIVE PROCESSES

The auditor arrived in February 2010 and performed an audit while the SPM was in the living room. (The branch was very small and was in fact incorporated into the SPM's house)

The SPM believed the discrepancy was £9k. The auditor initially said the discrepancy was £18k. However, he undertook the balance again and the discrepancy fell to £11.9k (!)

We demand that POL sets out its standard 'auditing' procedures in detail.

We demand that POL sets out how a professional 'audit' can supposedly identify an £18k discrepancy and then minutes later conclude the discrepancy is 30% less.

The SPM subsequently attended an investigation meeting. The SPM was suspended and a relief SPM appointed. The SPM was under the impression that the matter would be quickly resolved. However, after 10 working days of a relief SPM working in her home the SPM sent the relief SPM away because the SPM felt it was a massive intrusion into her private property. Several weeks later POL turned up to take away the cash and the stock.

- f. DISPUTED SHORTAGES** The SPM attended the audit and subsequent investigation meeting regarding the asserted shortage. At no point did she accept that she had taken any money whatsoever.

- g. COSTS AND LOSSES** None

4. How was the issue or issues resolved at the time they occurred?

- a. TRAINING** Not resolved.
- b. DISCREPANCIES** The asserted shortage was resolved by the SPM paying £11.9k to POL.
- c. UNHELPFUL COMMUNICATIONS** Not resolved
- d. HARDWARE PROBLEMS**

The SPM's Horizon screen often froze. She often turned off the screen and re-input the same transactions again. When she complained about this to POL she was given a new screen, However the same problem persisted.

Sometimes the whole system would go down during processing necessitating a full reboot which could take up to 20 to 30 minutes. Sometimes the system would not reboot and the SPM had to call the Helpline. On these occasions the Helpline took actions remotely and this resulted in a fresh reboot of the system.

e. INVESTIGATIVE PROCESSES

The SPM was interviewed under caution in Norwich on 11th March 2010 around four weeks after she was suspended. A Federation rep also attended but was not allowed to speak.

Prior to the meeting POL took six-months worth of records from the post office. At the meeting POL claimed they had returned these to the SPM prior to the meeting and that they had been signed for. This was determined to be a blatant lie as the SPM received the documents on 23rd March, twelve days after the meeting took place.

During this supposed investigative meeting the SPM was accused of stealing the money in one lump sum and also that she stole the monies over time. The SPM denied stealing any monies whatsoever. These accusations appear in the Interview notes and the 'summary of facts' produced by POL. These were unaccompanied by any evidence and as such must be viewed as assertions unsupported by any evidence whatsoever. No substantive 'audit' or 'investigation' took place. The interviewer basically repeatedly asked the SPM where the money had gone with no recourse to any evidence. The muddled and prejudiced approach of the interviewer is evident in the following appendices. They highlight the various assertions as to when the money was taken and the fact that the interviewer was already treating the SPM as a criminal. The full notes of the interview and 'statement of facts' have not been included as it is assumed that POL has access to these documents.

- APPENDIX 1**
- APPENDIX 2**
- APPENDIX 3**
- APPENDIX 4**
- APPENDIX 5**

Shortly after this meeting the SPM resigned on advice from the Federation rep.

f. DISPUTED SHORTAGES

Resolved by the SPM paying monies to POL. However, the SPM disputes the shortage and vehemently refutes any accusation that she took any monies out of the branch to which she was not entitled.

g. COSTS AND LOSSES

Not resolved

5. What is the monetary value of the issue or issues you are now reporting?

a. TRAINING

None

b. DISCREPANCIES

The £11.9k shortage asserted by POL.

c. UNHELPFUL COMMUNICATIONS

None

d. HARDWARE PROBLEMS

None

e. INVESTIGATIVE PROCESSES

None

f. DISPUTED SHORTAGES

The £11.9k asserted by POL

g. COSTS AND LOSSES

The SPM was so shocked by the whole affair that she has not worked for anyone since and cannot face running a business. The incident has had a massive detrimental impact on her self-confidence and has also [REDACTED] **GRO**

The SPM paid £11.9k to POL and also incurred £10k of her own legal costs. In addition the SPM has accrued around £4.5k in bank charges as a result of this situation.

The SPM originally purchased the house including the post office for £97k. Without the post office it would have been £75k.

The SPM has lost the income stream from the post office. Her property is also worth less than it would have been if it had retained the post office element.

Her husband was the chairman of the Parish Council in a very small village of approximately 600 adults. There was a great deal of public embarrassment and 'no smoke without fire' comments. Her husband resigned as chairman to protect the integrity of the council due to adverse comments in the village.

All of these elements must and will be taken into account when computing the total financial impact of POL's actions.

6. Were you the subject of either civil recovery action or criminal prosecution regarding the main issue or issues you are now reporting?

The SPM was prosecuted for theft at Norwich Magistrates court. The SPM pleaded 'not guilty' and the case was referred to Norwich Crown Court. The SPM had one meeting with her solicitor and met counsel once, ten minutes before the hearing. She was advised that if she pleaded 'not guilty' and was then found guilty she had a 75% likelihood of a custodial sentence. Needless to say the SPM was greatly shocked by this advice.

She was advised to plead guilty to false accounting in return for dropping the theft charge. She would also be told that she could not mention any problems with Horizon in court.

7. How were the actions against you (if any) resolved?

In the event the judge would not even hear the case until the 'shortage' had been paid back by the SPM!! An incredible turn of events which demonstrates the sheer prejudice exhibited in this case.

The SPM paid £11.9k to POL. The SPM went back to court in front of the same judge. The SPM pleaded guilty to false accounting. She was sentenced to 200 hours community service. She was also ordered to pay £1,500 costs, although POL had tried to claim costs of £3k.

8. What is your explanation for the events forming the main issues or issues you are now reporting?

The SPM worked for many years using the manual system in place pre-Horizon and never experienced any difficulties. All of the issues started to arise after Horizon Online was installed.

The SPM has difficulty in identifying specific reasons for the discrepancies experienced. However, several potential factors have been identified as potentially affecting the integrity of the Horizon system.

The SPM's bedroom was above the post office area in her house. The Horizon terminal was very noisy at night. She called the Helpline and was told that it should never be switched off. When she told them the noise was disturbing her sleep she was simply told to switch it off !

We demand that POL states whether or not turning the Horizon terminal off at night, as the SPM was advised to do, can affect the integrity of the data on the system

The SPM experienced significant hardware problems (see 2 (d) above) often resulting in complete reboots of the system and the Helpline taking actions remotely to assist in this process.

We demand that POL explicitly considers whether or not the frequent screen crashes and reboots could have impacted the integrity of the system data.

It is a proven fact that when the swipe-card system was implemented for Giro credits in 2008 the audit trail previously available for such transactions no longer existed. This fundamental flaw meant that it was impossible to verify any such transactions from that point onwards because no documentation whatsoever was retained.

We demand that POL reviews all Giro credits from the date of the imposition of the change to the system through to termination.

We demand that POL clearly states that it is impossible to verify such transactions.

We demand that POL admits that the removal of the audit trail for Giro credits prevents the identification and rectification of any input errors.

We demand that POL clearly states that it is unfair to hold SPMs responsible for balances on Horizon whilst simultaneously preventing SPMs from ensuring their accuracy.

It is a known fact that Fujitsu can, and frequently did, remotely access branch terminals and amend transactions without the knowledge or authority of the SPMs.

APPENDIX 6

We demand that POL provides details of any and all remote access to this SPM's terminal

It is a known fact that in certain situations the Horizon system auto-generates transaction reversals and attaches the user code of persons on the branch who have not actioned them.

APPENDIX 7

We demand that POL provides details of any and all such transactions which occurred in this branch.

9. Did you request assistance from the Post Office regarding the issue or issues you are now reporting?

The SPM frequently requested assistance.

10. What assistance, if any, was provided?

None, apart from patchy Helpline responses.

GENERAL POINTS

The SPM took over the branch in 1997 which at that time used pre-Horizon manual system. She experienced no problems with this system. Her branch migrated to the Horizon Online system and the SPM, having had

no experience with computers whatsoever, received only 1.5 days training. This was woefully inadequate. This level of training simply cannot impart a proper understanding of the complex Horizon system to anyone, still less someone with no prior IT experience.

The SPM received a ten-year long service certificate and a 'good conduct' commendation in 2007.

The SPM's problems commenced in 2006 and continued until February 2010. The SPM worked extremely hard to try and identify reasons for the shortages but struggled to find any, nor did she receive any subsequent Error Notices.

The SPM does not know how the shortages occurred but is adamant that she did not take any monies. POL undertook no audit or investigation. POL simply compared the balances on Horizon with those at the branch and accused her variously of taking the money in one lump sum and taking it in a piecemeal manner. No evidence has been provided at any point to substantiate either of these claims.

The SPM experienced significant hardware problems which necessitated frequent reboots of the system. This could have impacted on the integrity of the data on the system. There is no audit trail for credits to Giro Bank accounts from mid-2008 onwards. It is known that Fujitsu access branch terminals remotely and it is also known that the Horizon system can auto-generate transaction reversals with no human input whatsoever. These are all potential sources of system error which undermine the credibility of the balances on Horizon to such an extent that those balances can only be relied upon if they have been properly audited. POL's 'audits' are not audits. They simply consist of blind faith in the numbers produced by a flawed and discredited system. These issues can only be investigated by POL as POL holds all related data. The SPMs have no information regarding these issues by definition.

This whole issue has had a massive detrimental impact on the SPM's self-confidence and she has been unable work since she resigned her position.

The SPM is, from this process, seeking:-

- 1. Full restitution of all monies paid to POL, plus interest accrued.**
- 2. Compensation for the health issues brought on by the stress she was put under as a result of POL's actions.**
- 3. Full compensation for the reduced value of her property as a result of POL's actions.**
- 4. Full apology in writing and in the local and national media.**
- 5. Compensation for having to do 200 hours community service. Apart from the stigma attached, her husband also had a direct working relationship with the local probation service identifying and providing work projects in the Parish – a real source of embarrassment.**
- 6. Practical and financial assistance from POL to overturn the unfair criminal conviction and have her criminal record removed.**

I, _____, confirm that the contents of this Case Questionnaire are, to the best of my knowledge and belief true.

Signed

Dated

GRO

I, *Allison Henderson*, confirm that the contents of this Case Questionnaire are, to the best of my knowledge and belief true.

Signed:

GRO

Dated

21st June 2014

ALISON HENDERSON _____ M010

CASE QUESTIONNAIRE APPENDICES

1. POL's STATEMENT OF SHORTAGE
2. PAGE 13 OF TAPED INTERVIEW
3. PAGE 14 OF TAPED INTERVIEW
4. PAGE 19 OF TAPED INTERVIEW
5. PAGE 2 OF 'SUMMARY OF FACTS' COMPILED BY POL FOR PROSECUTION
6. INTERNAL POL EMAIL ADMITTING REMOTE ACCESS
7. POL REPORT ADMITTING HORIZON FLAWS

APPENDIX 1: POL'S STATEMENT OF SHORTAGE

1 of 2

IN CONFIDENCE

To:	From:	cc:
Mrs Allison Henderson Subpostmaster Worstead	Keith Kinrade Field Advisor	Sue Muddeman Contracts Advisor Outlet Intervention Team Jason Collins Fraud Team Leader Julia Mann Field Support Team Leader

Date: 10 February 2010

Audit of Post Office Branch

Worstead

226136

Section 1 - Introduction

An audit of the above branch, led by myself, was undertaken on 10 February 2010. 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.

Section 2 provides a management summary, including the financial audit result.

Section 3 details a breakdown of the result of the financial audit.

Section 2 - Management Summary

The financial audit revealed a current trading position of £11,957.78 short subject to a reconciliation of some figures (undertaken after the audit). A breakdown of this figure, including any pending transaction corrections or losses being settled centrally, can be found in section 3.

Due to findings revealed at audit and a decision taken by the Contracts Advisor to temporarily suspend you from your role as subpostmaster pending further enquiries, compliance testing was not carried out on this visit, therefore there are no appendices attached.

2 of 2

Section 3 - Result of the Financial Audit

Financial assets to the value of £10035.69 were physically verified compared to the amount due to Post Office® of £ 21993.47

The difference between these figures is broken down as follows:

£	11963.15 (-)	Identified as a difference in cash figures
£	5.37 (+)	Identified as a difference in stock figures
£	0.00 (-)	Identified as a difference in foreign currency figures
£	0.00 (-)	Identified as a difference in cheque (voucher) figures
£	0.00 (-)	Suspense account entries discounted
£	0.00 (-)	Nett discrepancy declared from previous balance period, within current Trading Period
£	0.00 (-)	Transaction errors revealed to documentation
£	0.00 (-)	Outstanding transaction corrections not processed
£	11957.78 (-)	Total shortage

In addition to the above figure, the following amounts are noted, leaving the total shortage unchanged:

£	0.00 (-)	Pending transaction correction, advised by Product & Branch Accounting on the day of the audit
£	0.00 (-)	Outstanding amount, previously settled centrally, as confirmed with Product & Branch Accounting on the day of the audit
£	11957.78 (-)	Total shortage

Comments

The shortage of £11,957.78 has been sent to 'Late Account' Product & Branch Accounting and is to be settled in accordance with terms agreed with your Contracts Advisor.

APPENDIX 2: PAGE 13 OF TAPED INTERVIEW

Royal Mail Group

ROYAL MAIL - CONFIDENTIAL
Record of Taped Interview - Continued

13
14/5

Tape counter times	Person speaking	TEXT
26.04	AH	trading statement everything was ok and it all balanced in the end and everything was ok. 4 weeks later when the auditors came in it was £12,000 so in that 4 weeks from what you're saying, £12,000 disappeared.
	AH	Yeah ok.
	CK	Now obviously I've had a look at your transaction logs over the last couple of months and you don't have a very large amount as in value for specific transactions ok so to lose £12,000 in 4 weeks have you got any idea what's happened with that?
	AH	No.
	CK	Would it be something a transaction that you've done wrong bearing in mind that the highest transaction I saw was about £400 in the last couple of months?
	AH	Well I don't know that's why hopefully you're looking through it and you'll sort it out you'll find it I don't know.
	CK	Well what we're looking at going by what you're saying is in 4 weeks from the January to the February you lost £12,000.
	AH	Ok:
	CK	I don't believe that is where we're looking I believe that this money was gone long before January.
	AH	Well if that's the case why was it not picked up before then, I mean if you know every transaction I'm doing and everything I'm doing why was it not picked up before?
	CK	No no we're not talking about every, what I'm saying to you is the audit came to you and you're short right?
	AH	Right yeah.
	CK	But you're saying to me no no no hang on a second everything was

13

APPENDIX 3 PAGE 14 OF TAPED INTERVIEW Royal Mail Group

ROYAL MAIL - CONFIDENTIAL
Record of Taped Interview - Continued

(14)
21/5

Tape counter times	Person speaking	TEXT
		right on the 6 th .
	AH	As far as I can remember.
	CK	Right so we're looking at. well it's a lot, it's £12,000 not a few pounds it's £12,000 I'm saying to you the system gave you a discrepancy then you're saying that well sometimes yeah and I find it.
	AH	What do you want me to say that you know the day before this I decided to have a nice holiday on 12 grand?
	CK	No I'm not saying that the money went in one go what I'm saying to you is I don't believe that the money went in the 4 week period that you're telling me it did go in.
	AH	Ok.
	CK	I think the money had gone either in dribs and drabs or whatever long before that over a period.
	AH	Well as I say if that was a case and you can pick this up and every transaction I do on that system is picked up then why was, if it started a long time ago as you say why was it not picked up before then, why do you wait until it's 12 grand if you think I'm taking out 5 here or 2 there or whatever do you understand what I'm saying?
28.39	CK	I understand that but I can't see why you're asking that because you're saying to me.
	PW	These investigations are done retrospectively, the first point that the Post Office turned up at your door was when the auditors turned up and the auditors went there for whatever reason, it might have been, I mean I don't know why the auditors turned up it might have been because they saw anomalies in your figures I don't know, I don't know why the auditors turned up we didn't ask them to go they just turned up as part of their programme but the first time that Post Office ask you to present to them

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APPENDIX 4 PAGE 19 OF TAPED INTERVIEW

Royal Mail Group

ROYAL MAIL - CONFIDENTIAL
Record of Taped Interview - Continued

19
ck/s

Tape counter times	Person speaking	TEXT
		responsible for putting the figures in the counting for, the Post Office gave me all these cash to look after on their behalf I don't know where it is I don't know what's happening I don't want you to think that that's good enough for when we go away and someone looks at this and decides what's to happen next that people think well that's alright then.
	AH	No I know at the end.
	PW	There is suspicion in relation to his.
	AH	I know and that's what I said to you just a little while ago I know at the end of the day that I signed a contract.
	PW	It's not contractual it's legal.
	AH	To make.
	PW	It's legal criminal.
	AH	Yeah alright.
	PW	You're in a criminal interview.
	AH	Yeah if you let me finish I was going to say I signed a contract to say that I would make good any losses I could keep any overs and I know at the end of the day I've got to try and get a job to try and pay the money to the Post Office that they think I took.
	CK	Right but that.
	AH	Then when that's happened and after that I also know that the chances are you're going to prosecute me, I know that but irrespective of what I say here that's going to happen so it's.
38.30		It was put to AH that it was difficult to believe she does not know what has happened. She was reminded of the caution.
39.30		It was put to AH that she had created a false account and that she had

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APPENDIX 5: PAGE 2 OF 'SUMMARY OF FACTS'

The Defendant was referred to the branch trading statement for 6th January 2010, in particular the cash in hand figure of £16,712.83. The Defendant was asked that when the trading statement was completed was that amount of cash in the safe, to which she replied, *"I should imagine so, if that's what's there."* (15.34)

The Defendant confirmed that she would have counted the cash. The Defendant was later asked whether she completed the branch trading statements in the same way each month and she replied, *"Yeah."* (16.52)

The Defendant was then shown a schedule of cash in hand figures that the Investigation Manager had prepared based upon the branch trading statements he had obtained. It was pointed out to the Defendant that up until the time of audit when it was discovered that there was £8,000 in cash in the Post Office, there had been an average sum of about £20,000 in cash held at the office. -The Defendant confirmed that it was a shock to discover the shortage at audit.

It was pointed out to the Defendant that £12,000 therefore must have gone missing in a four week period.

The Defendant later said that she could not recall having a problem in the accounts but that she quite often did and that her method was to pick through and sort it out. She said, *"you know if your stamps and whatever are out then you have to go through and recount."* (24.35)

The Defendant was later asked what had happened and she replied, *"I don't know and I can't say any more, I'm not prepared to say any more, I've got no other answers to give you."* (33.31)

The Defendant denied that she had stolen money from the Post Office. The interview subsequently concluded.

APPENDIX 6 IRELAND POL EMAIL
ADMITTING REMOTE ACCESS

Andrew Winn
23/10/2008 12:46

To: Alan Lusher/e/POSTOFFICE@POSTOFFICE
cc:
Subject: Re: Rivenhall

Alan

Responses to the specific questions:-

1. The only way POL can impact branch accounts remotely is via the transaction correction process. These have to be accepted by the branch in the same way that in/out remittances are. If we were able to do this, the integrity of the system would be flawed. Fujitsu have the ability to impact branch records via the message store but have extremely rigorous procedures in place to prevent adjustments being made without prior authorisation within POL and Fujitsu. These controls form the core of our court defence if we get to that stage. He makes a casual accusation that is extremely serious to the business. As usual he should either produce the evidence for this or withdraw the accusation.

wrong

Cheques can be carried across branch trading periods. This is necessary for branches who have accepted cheques after the last collection has been made. If they were forced to rem out they would be producing a legally binding trading statement that states there are no cheques in the branch when there is - and we would then suspend them!

2. What "the abnormal nature of these entries" means, I assume no one knows. The implication is that he acknowledges that when he "made good" at branch trading he did not and falsified his branch trading statement and rolled the loss forward. So for example, at period end his derived Horizon cash position was £20K but he only physically has £10K. He rolls over by telling Horizon he has put an extra £10K into the till - so the derived position is still £20K carried forward into the next trading period (even though there is only £10K in the till). His claim is that if he then ran a snapshot report immediately after roll the derived cash position would be £30K - still only £10K in the till but the carried forward cash position has increased thus doubling the cash shortage.

This would be clearly evidenced by a discrepancy being shown between the carried forward and opening cash positions in subsequent branch trading statements. If that does not satisfy him he would need to establish that his trial balance actually balances. If it does (and it will) he would need to demonstrate where the balancing £10k element of the loss is.

These are all things for him to prove. If he can support any of his allegations we will investigate - and be extremely worried whilst doing so.

Hope this helps

Andy
GRO
Alan Lusher

Alan Lusher
15/10/2008 10:51

To: Andrew Winn/e/POSTOFFICE@POSTOFFICE
cc:
Subject: Rivenhall

Hi Andrew,

I spoke to you a few days ago about a suspension at Rivenhall. From our conversation, I believe that you had a good understanding of the problem and I would be grateful for further guidance. Rivenhall is a one position rural branch - the only abnormal product being an ATM

I have attached notes of the interview should you want to refer to them, although they are rather long. There are two issues which the suspended subpostmaster, Mr. Graham Ward, raised:

1. He claims that on a number of occasions figures have appeared in the cheques line of his account. He suspects these have been input to his account electronically without his knowledge or consent. He

APPENDIX 7 POL REPORT ADMITTING HORIZON FLAWS

THIS DOCUMENT IS SUBJECT TO LEGAL PROFESSIONAL PRIVILEGE AND MUST NOT BE DISCLOSED TO
ANY PERSON WITHOUT THE EXPRESS AUTHORITY OF POST OFFICE LTD GENERAL COUNSEL OR
CARTWRIGHT KING SOLICITORS

Horizon data
Lepton SPSO 191320

STATUS: DRAFT

Author: [REDACTED]

Version: 1

Last edited by: [REDACTED]

Last edit date: 12/06/2013

Horizon data - [REDACTED]

Executive Summary

A transaction took place at [REDACTED] on the 04/10/2012 at 10:42 for a British Telecom bill payment for £76.09; this was paid for by a Lloyds TSB cash withdrawal for £80.00 and change give for £3.91. At 10:37 on the same day the British Telecom bill payment was reversed out to cash settlement.

The branch was issued with a Transaction Correction for £76.09, which they duly settled; however the postmaster denied reversing this transaction and involved a Forensic Accountant as he believed his reputation was in doubt.

Reviewing the data

On looking at the credence data, it clearly indicates that the reversal was completed by [REDACTED] at 10:37 04/10/2012 and was reversal indicator 1 (existing reversal) and settled to cash. An existing reversal is where the session number/Automated Payment number has to be entered to reverse the item. (Copy in Appendix 1)

The Fujitsu logs were requested for this branch, but whilst waiting for these to arrive communications took place with [REDACTED] at Fujitsu for more details to gain an understanding what had occurred at this branch.

Questions asked and extracts from various emails in response.

Question - I am requesting Fujitsu logs for [REDACTED] to look at a reversal that [REDACTED] denies transacting, do I need to request further details, and also could you explain what happens when the system fails. ([REDACTED] looked at data at his end prior to me receiving the Fujitsu logs. (Copy in Appendix 1).

Answer - This shows that Session 537803 was successfully saved to the BRDB, but when the user [REDACTED] Logged On again Recovery reversed the session in session 537805.

It isn't clear what failed, but if it was a comms error, then the system would have printed a disconnected session receipt and the Clerk should have given the customer £80 and told him his Bill was unpaid. The fact that there is no indication of such a receipt in the events table suggests the counter may

have been rebooted and so perhaps may have crashed in which case the clerk may not have been told exactly what to do.

The reversal was due to recovery (Counter Mode Id = 118) so this was not an explicit reversal by the clerk. This scenario is fairly rare so it is certainly quite easy for the clerk to have made a mistake and either he or the customer could be in pocket / out of pocket (depending on exactly what happened!). The system is behaving as it should. (email 30/01/2013)

Question - I can clearly see the recovery reversal on the Fujitsu logs received, but would this have been clear had we not previously discussed this issue. (Copy of transactions and events in Appendix 1)

Answer - Note that the standard ARQ spreadsheet may not make it easy to confirm that the Reversal was part of Recovery, but the underlying logs used to extract them can show it. (Email 30/01/2013)

The files *4 to 25 Oct 12.xls* and *Events 4 to 25 Oct 12.xls* are part of the standard ARQ returned. Rows 141 to 143 of *4 to 25 Oct 12.xls* clearly show a Reversal. Also Row 70 of *Events 4 to 25 Oct 12.xls* shows that session 537803 (ie rows 138 to 140 of *4 to 25 Oct 12.xls*) has been recovered and this event has the same timestamp as the Reversal Session. Also row 71 of *Events 4 to 25 Oct 12.xls* shows that a receipt was generated from the session 537805 (not explicitly, but it was the only session at that time). This receipt would have told the user that a Rollback had taken place (but the logs don't make that explicit). If that is sufficient for your purposes, then you do have all you need in the standard ARQ.

However what I was able to confirm from my look at live data a couple of weeks ago and is also held in the underlying raw logs is confirmation that the reversal was generated by the system (and not manually by the user). What might also be available in the underlying logs is whether or not the system was re-booted - I suspect it was but have no evidence one way or the other (and it isn't in what was extracted this time either). I can confirm that the user did Log On again (row 69 of *Events 4 to 25 Oct 12.xls*). (Email 11/02/2013)

Question - I can see where this transaction is and now understand the reason behind it. My main concern is that we use the basic ARQ logs for evidence in court and if we don't know what extra reports to ask for then in some circumstances we would not be giving a true picture.

I know you are aware of all the horizon integrity issues and I want to ensure that the ARQ logs are used and understood fully by our operational team who have to work with this data both in interviews and in court.

Just one question from my part - if the reversal is system created but shows as an existing reversal, could this not be reflected with a different code, i.e. SR (system reversed) to clear up any initial challenges. My feelings at the moment are not questioning what Horizon does as I fully believe that it is working as it should, it is just that I don't think that


some of the system based correction and adjustment transactions are clear to us on either credence or ARQ logs.

Answer - I understand your concerns. It would be relatively simple to add an extra column into the existing ARQ report spreadsheet, that would make it clear whether the Reversal Basket was generated by Recovery or not. I think this would address your concern. I'm not sure what the formal process is for changing the report layout. Penny can you advise as to the process: Is this done through a CR? (email 13/02/2013)

Recommendations

I do believe that the system has behaved as it should and I do not see this scenario occurring regularly and creating large losses. However, my concerns are that we cannot clearly see what has happened on the data available to us and this in itself may be misinterpreted when giving evidence and using the same data for prosecutions.

My recommendation is that a change request is submitted so that all system created reversals are clearly identifiable on both Fujitsu and credence.


Security - Fraud Analyst
12th June 2013

ALISON HENDERSON _____ M010

CASE QUESTIONNAIRE APPENDICES

1. POL's STATEMENT OF SHORTAGE
2. PAGE 13 OF TAPED INTERVIEW
3. PAGE 14 OF TAPED INTERVIEW
4. PAGE 19 OF TAPED INTERVIEW
5. PAGE 2 OF 'SUMMARY OF FACTS' COMPILED BY POL FOR PROSECUTION

APPENDIX 1: POL'S STATEMENT OF SHORTFALL

1 of 2

IN CONFIDENCE

To:	From:	cc:
Mrs Allison Henderson Subpostmaster Worstead	Keith Kinrade Field Advisor	Sue Muddeman Contracts Advisor Outlet Intervention Team Jason Collins Fraud Team Leader Julia Mann Field Support Team Leader

Date: 10 February 2010

Audit of Post Office Branch

Worstead

226136

Section 1 - Introduction

An audit of the above branch, led by myself, was undertaken on 10 February 2010. 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.

Section 2 provides a management summary, including the financial audit result.

Section 3 details a breakdown of the result of the financial audit.

Section 2 - Management Summary

The financial audit revealed a current trading position of £11,957.78 short subject to a reconciliation of some figures (undertaken after the audit). A breakdown of this figure, including any pending transaction corrections or losses being settled centrally, can be found in section 3.

Due to findings revealed at audit and a decision taken by the Contracts Advisor to temporary suspend you from your role as subpostmaster pending further enquiries, compliance testing was not carried out on this visit, therefore there are no appendices attached.

2022

Section 3 - Result of the Financial Audit

Financial assets to the value of £10035.69 were physically verified compared to the amount due to Post Office® of £ 21993.47

The difference between these figures is broken down as follows:

£	11963.15 (-)	Identified as a difference in cash figures
£	5.37 (+)	Identified as a difference in stock figures
£	0.00 (-)	Identified as a difference in foreign currency figures
£	0.00 (-)	Identified as a difference in cheque (voucher) figures
£	0.00 (-)	Suspense account entries discounted
£	0.00 (-)	Nett discrepancy declared from previous balance period, within current Trading Period
£	0.00 (-)	Transaction errors revealed to documentation
£	0.00 (-)	Outstanding transaction corrections not processed
£	11957.78 (-)	Total shortage

In addition to the above figure, the following amounts are noted, leaving the total shortage unchanged:

£	0.00 (-)	Pending transaction correction, advised by Product & Branch Accounting on the day of the audit
£	0.00 (-)	Outstanding amount, previously settled centrally, as confirmed with Product & Branch Accounting on the day of the audit
£	11957.78 (-)	Total shortage

Comments

The shortage of £11,957.78 has been sent to 'Late Account' Product & Branch Accounting and is to be settled in accordance with terms agreed with your Contracts Advisor.

APPENDIX 2: PAGE 13 OF TAPED INTERVIEW

Royal Mail Group

ROYAL MAIL - CONFIDENTIAL
Record of Taped Interview - Continued

13
114/5

Tape counter times	Person speaking	TEXT
		trading statement everything was ok and it all balanced in the end and everything was ok. 4 weeks later when the auditors came in it was £12,000 so in that 4 weeks from what you're saying, £12,000 disappeared.
	AH	Yeah ok.
26.04	CK	Now obviously I've had a look at your transaction logs over the last couple of months and you don't have a very large amount as in value for specific transactions ok so to lose £12,000 in 4 weeks have you got any idea what's happened with that?
	AH	No.
	CK	Would it be something a transaction that you've done wrong bearing in mind that the highest transaction I saw was about £400 in the last couple of months?
	AH	Well I don't know that's why hopefully you're looking through it and you'll sort it out you'll find it I don't know.
	CK	Well what we're looking at going by what you're saying is in 4 weeks from the January to the February you lost £12,000.
	AH	Ok.
	CK	I don't believe that is where we're looking I believe that this money was gone long before January.
	AH	Well if that's the case why was it not picked up before then, I mean if you know every transaction I'm doing and everything I'm doing why was it not picked up before?
	CK	No no we're not talking about every, what I'm saying to you is the audit came to you and you're short right?
	AH	Right yeah.
	CK	But you're saying to me no no no hang on a second everything was

Yes it was no doubt

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APPENDIX 3 PAGE 14 OF TAPED INTERVIEW Royal Mail Group

ROYAL MAIL - CONFIDENTIAL
Record of Taped Interview - Continued

14
c19/5

Tape counter times	Person speaking	TEXT
		right on the 6 th .
	AH	As far as I can remember.
	CK	Right so we're looking at. well it's a lot, it's £12,000 not a few pounds it's £12,000 I'm saying to you the system gave you a discrepancy then you're saying that well sometimes yeah and I find it.
	AH	What do you want me to say that you know the day before this I decided to have a nice holiday on 12 grand?
	CK	No I'm not saying that the money went in one go what I'm saying to you is I don't believe that the money went in the 4 week period that you're telling me it did go in.
	AH	Ok.
	CK	I think the money had gone either in dribs and drabs or whatever long before that over a period.
	AH	Well as I say if that was a case and you can pick this up and every transaction I do on that system is picked up then why was, if it started a long time ago as you say why was it not picked up before then, why do you wait until it's 12 grand if you think I'm taking out 5 here or 2 there or whatever do you understand what I'm saying?
28.39	CK	I understand that but I can't see why you're asking that because you're saying to me.
	PW	These investigations are done retrospectively, the first point that the Post Office turned up at your door was when the auditors turned up and the auditors went there for whatever reason, it might have been. I mean I don't know why the auditors turned up it might have been because they saw anomalies in your figures I don't know, I don't know why the auditors turned up we didn't ask them to go they just turned up as part of their programme but the first time that Post Office ask you to present to them

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APPENDIX 4 PAGE 19 OF TAPED INTERVIEW

Royal Mail Group

ROYAL MAIL - CONFIDENTIAL
Record of Taped Interview - Continued

19
CK/5

Tape counter times	Person speaking	TEXT
		responsible for putting the figures in the counting for, the Post Office gave me all these cash to look after on their behalf I don't know where it is I don't know what's happening I don't want you to think that that's good enough for when we go away and someone looks at this and decides what's to happen next that people think well that's alright then.
	AH	No I know at the end.
	PW	There is suspicion in relation to his.
	AH	I know and that's what I said to you just a little while ago I know at the end of the day that I signed a contract.
	PW	It's not contractual it's legal.
	AH	To make.
	PW	It's legal criminal.
	AH	Yeah alright.
	PW	You're in a criminal interview.
	AH	Yeah if you let me finish I was going to say I signed a contract to say that I would make good any losses I could keep any overs and I know at the end of the day I've got to try and get a job to try and pay the money to the Post Office that they think I took.
	CK	Right but that.
	AH	Then when that's happened and after that I also know that the chances are you're going to prosecute me, I know that but irrespective of what I say here that's going to happen so it's.
38.30		It was put to AH that it was difficult to believe she does not know what has happened. She was reminded of the caution.
39.30		It was put to AH that she had created a false account and that she had

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APPENDIX 5 : PAGE 2 OF 'SUMMARY OF FACTS'

The Defendant was referred to the branch trading statement for 6th January 2010, in particular the cash in hand figure of £16,712.83. The Defendant was asked that when the trading statement was completed was that amount of cash in the safe, to which she replied, *"I should imagine so, if that's what's there."* (15.34)

The Defendant confirmed that she would have counted the cash. The Defendant was later asked whether she completed the branch trading statements in the same way each month and she replied, *"Yeah."* (16.52)

The Defendant was then shown a schedule of cash in hand figures that the Investigation Manager had prepared based upon the branch trading statements he had obtained. It was pointed out to the Defendant that up until the time of audit when it was discovered that there was £8,000 in cash in the Post Office, there had been an average sum of about £20,000 in cash held at the office. --The Defendant confirmed that it was a shock to discover the shortage at audit.

It was pointed out to the Defendant that £12,000 therefore must have gone missing in a four week period.

The Defendant later said that she could not recall having a problem in the accounts but that she quite often did and that her method was to pick through and sort it out. She said, *"you know if your stamps and whatever are out then you have to go through and recount."* (24.35)

The Defendant was later asked what had happened and she replied, *"I don't know and I can't say any more, I'm not prepared to say any more, I've got no other answers to give you."* (33.31)

The Defendant denied that she had stolen money from the Post Office. The interview subsequently concluded.

I, Allison Henderson, confirm that the contents of this Case Questionnaire are, to the best of my knowledge and belief true.

Signed **GRO**

Dated 21st June 2014