



02 April 2014

Stephen McGowan
Major Crime & Fatalities Investigation
Crown Office
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Our Ref: AJ/LJI/RDU/POST/3/13
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Dear Stephen

Elaine Doran

I refer to your email of 11 March 2014 sent to Belinda Crowe. I have been asked by the Post Office to respond to this email as it concerns matters that Ms Crowe has no knowledge of. I also believe that the Post Office has already responded to these requests. I supplied Ms Crowe's details to Paul Miele as I was told that you wished to contact someone from the Post Office about the mediation scheme.

The issues that have arisen in recent times and that were dealt with in the second sight interim report relate to the on line Horizon system. The system in 2004 which Mrs Doran was using was not on line. Therefore the Horizon system that was in place when the interim second sight review was done was not the same as the system that was in place in 2004.

The Post Office has very little information about the Doran case. As you know the matter was not reported by the Post Office but was reported to the Crown by the police. The Post Office has had sight of the brief report and copy productions that were obtained by Paul Miele and passed to **bto** Solicitors on 12 December 2013.

I have enclosed an advice note prepared by Counsel for the Post Office in relation to the Doran case which was sent to Paul Miele on 22 January 2014. I expect that you have seen this but please note that it remains the Post Office's view that it is difficult it is to identify what may have produced the shortage at the Post Office in Carlisle due to the passage of time and limited information available.

For these reasons, I have been instructed by the Post Office to confirm that it will not be possible to establish whether the system worked accurately in 2004.

Finally, you will see that Counsel for the Post Office has advised that given that there was no evidence that the system continued to misbehave after Mrs Doran left, it would seem 'vanishingly remote' that a fault had developed with the system which automatically cured itself when Mrs Doran stopped working there.

Please be reassured that the Post Office is trying to assist the Crown as much as possible and that the Post Office has been instructing **bto** Solicitors to respond on its behalf.

Yours faithfully

GRO

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v

ELAINE DORAN

ADVICE ON EVIDENCE

1. This advice relates to an allegation of Embezzlement of £7,583.95 by a counter clerk in the Post Office within Scotmid Supermarket, Carlisle, which dates back to March and April 2004. The charge against the defendant was found not proven. I am asked if we can identify whether there may have been an issue with Horizon.
2. This was not a Post Office prosecution and accordingly I have seen no Post Office Ltd file relating to the case.
3. I have been given very limited papers in the case and have none of the original statements. I have the police summary and a number of exhibits including some Horizon printouts, handwritten workings and the auditor's report. Most of the exhibits are without value in the absence of the statements producing them.

Prosecution Case

4. Elaine Doran was employed as a counter clerk in the Post Office within Scotmid Supermarket, High Street, Carlisle. There are four serving positions and an office area containing a safe.
5. Each of the clerks was issued with an individual stock unit of cash which is contained within a canvas bag, sealed with a zip and padlock. The clerks had a key to the padlock for their unit, which they retained - a second key was held

within the safe within a sealed envelope. The defendant's stock unit was assigned the designation 'BB'.

6. During the working day, each of the clerks would enter each transaction they carried out onto the Horizon computer system – noted by the police as the 'electronic transaction log'. At the end of the day they reconciled the cash within their stock unit against the total shown on the Horizon system, then filed a receipt showing any actual cash shortages or overages.
7. On 1 March 2004, Sharon Neil, then manager of the Post Office, was made aware by Margaret Purdie, counter clerk, that she had inadvertently used the stock unit 'HH' on the computer when the defendant was logged in. This caused both stock units to 'converge'. According to the police report, witness Purdie discovered her mistake when she tried to reconcile 'HH' stock unit with the Horizon computer system. Witness Neil decided to wait until the defendant attended at work the next day to discover where the cash shortage arose.
8. The report notes that on 2nd March 2004 the defendant and witness Purdie attempted to separate the stock units and found a shortage of £5,500. At this time witness Neil recorded the shortage at stock unit 'BB', the defendant's unit, as £4.03 over and witness Purdie's, stock unit 'HH', at £5,507 short. Witness Neil thereafter made Pat Devanney, Post Office Controller, and David Muirhead, Senior Loss Investigator for Scotmid, aware of the shortage. Both attended and spoke to the defendant, who claimed that there must be a computer problem.
9. Witness Devanney thereafter made arrangements for the Horizon system to be interrogated. Witness Neil checked the balance for stock unit 'BB' and found that it was £3,600 short. The defendant had declared a discrepancy of 50p over. Witness Neil looked at previous documentation and found that on 1st March 2004 stock unit 'BB' was £1,900 short and the defendant had signed for a 91p shortage. The defendant was allowed to remain working until the interrogation of the Horizon system was complete.

10. On Wednesday 21 April 2004 Steven Adamson, Post Office Inspector, attended at locus to carry out a routine audit of the stock units.

11. The Audit figures were as follows:

• Authorised Loss (10/3/2004)	£5507.62 (-)
• Authorised Loss (14/4/04)	£321.63 (-)
• Previous week's loss	£8.14 (-)
• Difference at Audit	£2096.29 (-)
• Authorised Gain (14/4/04)	£313.77 (+)
Total	£7619.92

12. He found that the defendant's unit, 'BB', was £2,087.78 short. Witness Neil found that the defendant had made false declarations on 19 and 20 April 2004. (Witness Adamson's report is contained in the recovered productions).

13. Witnesses Devanney and Muirhead attended at the Post Office and interviewed the defendant, asking her to explain the shortages. The defendant stated that she declared what was shown on the computer screen and that she had not stolen the money. The defendant was thereafter suspended and the matter was reported to the police.

14. The defendant was there after interviewed under tape recorded conditions within Lanark Police Office on 29 June 2004. During the interview the defendant made no admissions and repeatedly stated that she did not know what had happened to the money

Defence Case

8. The defendant stated at the scene and apparently in interview, which I have not seen, that she had stole no money and had merely declared what was on the computer screen.

Horizon Issues

11 The difficulty with this case is the passage of time and the lack of documentation. The case itself predates the migration to the Horizon on Line

system which has caused the recent publicity. The Second Sight Interim Report, dated 8th June 2013 deals, in the main, with the Horizon on Line system and addresses two “bugs” which relate to that system. It also refers to another bug, at para 6.10, which has been disclosed in English Courts. This relates to a problem at Callender Square Post Office, Falkirk – some 35 miles from Carluke. We are unaware of any other faults confirmed with the pre Horizon on Line System.

Discussion

- 12 Without a great deal of information, which is not to hand and probably never could be assembled some 10 years after the event, the task of stating definitively or even to a balance of probabilities what went wrong at the sub post office at Scotmid Supermarket, High Street, Carluke is somewhat difficult. The limited papers that I have are mute as to issues of training, proper use of the system or potential abuses. The accidental use of the defendant’s stock unit by the witness Purdie sets some bells ringing in this regard.
- 13 The figures cited in the papers are a puzzle in themselves. The Audit loss was recorded as £7,619.92 – the police report says that the defendant was charged with embezzlement of £7,583.95. How the latter figure is arrived at is a mystery. Similarly when the March discrepancies were discovered the initial count by the witness Neil recorded the shortage unit at stock unit ‘BB’, the defendant’s unit, as £4.03 over and witness Purdie’s, stock unit ‘HH’, at £5,507 short. A subsequent count by Witness Neil showed the balance for stock unit ‘BB’ and found that it was £3,600 short. In the audit the authorised Loss of the 10/3/2004 was shown as £5507.62.
- 14 If the defendant’s unit was only responsible for £3,600 of the loss where was the remainder of the £5,507 sustained and why was that remainder laid at this defendant’s door?
- 15 Another interesting feature of this case is why the defendant was allowed to continue at her post after the losses and misdeclarations were discovered in March?

Conclusion

- 16 The reality is that, in the absence of any evidence that the system continued to misbehave after the defendant’s departure in April 2004, the likelihood of a

fault developing with the system and curing itself automatically immediately she leaves is vanishingly remote. Far more likely is the interference of some human agency affecting the figures either through failing to follow the procedures correctly or with dishonest intent. If it was the latter then whether it was the defendant or another setting her up would be impossible to establish with any materials that we are likely to be able to gather.

Harry Bowyer
Barrister
Cartwright King Solicitors.

28/01/2014

GRO

