



CIU MI Report

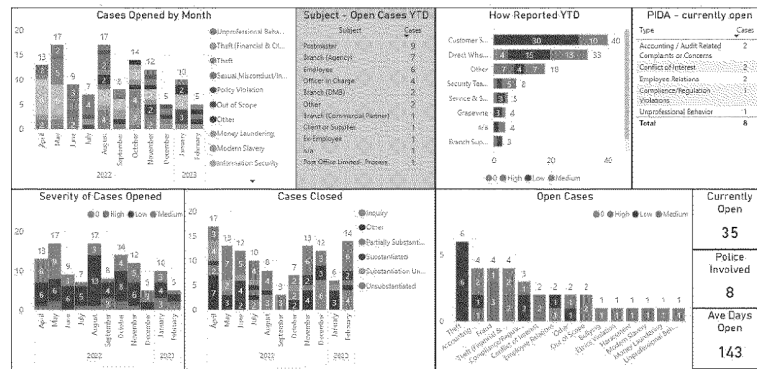
February 2023

Strictly Confidential

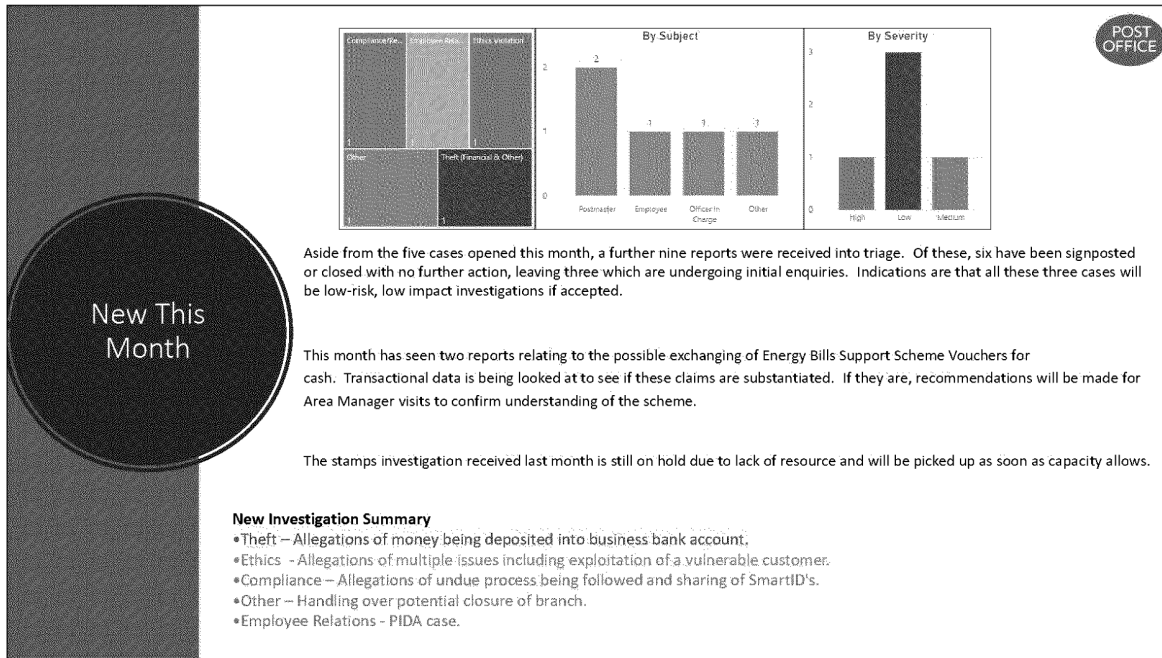
Executive Summary



- New cases halved this month (10 to 5) and included one high-risk investigation.
- A review of the low value, in-branch discrepancy cases currently on hold is underway and has led to a 133% increase in the number of cases closed (14 from 6).
- Increased workloads, quality assurance checks and high priority Inquiry matters mean a continuation of the pausing of some of the low-risk cases.
 - Eight low value in-branch discrepancy cases on hold (was 20).
 - One high value stamps investigation not started due to lack of resource.
- Of the 35 open investigations, eight are PIDA related and four have identified potential misuse of SmartID's.
- Accounting/Audit, Fraud and Theft remain the three most common investigation types. This trend can be expected to continue or increase as people struggle to make ends meet with the rising cost of living.
- Eight cases are currently being investigated in conjunction with the police as the team take on more complex and high value cases. Additionally, support will be provided to the police in four low value cases which have been reported by PM's, with a further four cases being reviewed with the intention of being reported by CIU if an evidential threshold is met.
- The average investigation time has fallen by 7% to 143 (was 153) due to the increased number of cases closed this month. Liaison with other departments and / or the police for their investigations is the main reason for the protracted time scales.

Portfolio
Overview

- Four potential cases of staff sharing **SmartID's** (Blackburn Rd, Camp Hill, Dumpton, Shannon Rd).
- Three investigations relate to **Cash Pouches** (Glenwood, Guiseley, Silver St).
- One investigation relates to concerns around **Modern Slavery**, Area Manager aware. Reported to Gangmasters Licencing Authority and enquiries to be made around right to work visas, HMRC and sponsorship etc.
- Three **Fraud** investigations have been adopted from the Stamps TCG process, however, one of these is on hold due to lack of resource (Lower Rd, Rotherhythe). Evidence is being gathered in the other two (New Cross, Deane).
- The average length for investigations has fallen to 143 days (from 153). Whilst the more complex investigations are time intensive, may be waiting for reports from other departments or are currently with the police, this overall number has reduced due to the increase in cases closed this month. Work continues to review and close these at the earliest opportunity. Currently High-risk average is 155 days, Medium is 135 and Low is 142 – all show a reduction from last month.



Open Cases - Severity

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High - 10

- In-depth theft and money laundering investigation with police, potential money laundering (£5.3m) and around £400k cash loss to POL. 2 arrests made. Transactional data is currently being produced evidentially by CIU, who will be supporting police while interviewing the suspects.
- Stamps fraud. Stock pouches recorded on Horizon as being sent to Swindon, but no evidence of them collected by CVT or arriving at SSC. Statements to be produced and Transactional data requested from SSC. CIU gathering evidence to support the police investigation.
- Concerns around branch assurance auditors providing training to PMs for their own gain.
- Scam calls purporting to be from POL IT to a PM persuading them to complete banking deposits and transactions resulting in possible loss of circa £800k. Individual has ever held a SmartID. Work ongoing to establish if named individual has ever held a SmartID.
- A NED did not disclose a debt of around £213k with POL prior to appointment. Interim Investigation Report submitted. Interview conducted with NED who denies knowledge of any debt and has been told to refrain from involvement in board decisions.
- Payzone matters. Interim Investigation report provided to Ben Foat and Sarah Gray, external counsel advice being sought.
- Workers in Post Office being made to pay £10k each by PM for a fictional work permit. No work permit provided. AM aware and details reported to Gangmasters Licensing Agency for information. Enquiries to be made with immigration to check visa status.
- Stamps fraud. Stock pouches recorded on Horizon as being sent to Swindon, but no evidence of them collected by CVT or arriving at SSC. Initial enquiries ongoing.
- Fraudulent 'POL Cheque' and reversal transactions completed. Audit completed showing a potential loss of approx. £100k. PM suspended, reported to police and supporting evidence is being gathered.
- Combi-counter accessed to deposit monies into bank account. Initial enquiries are underway.

Medium - 14

- Two cases relate to Theft and two to Auditing / Accounting Concerns.
- One each of Money Laundering, Fraud, Bullying, Harassment, Compliance, Ethics and Unprofessional Behaviour. One 'Other' case testing Civil Recovery process.
- Two of the cases relate to the Inquiry – material to be reviewed to establish if any further lines of enquiry are needed.

Low - 11

- Six cases relate to Theft and two to Compliance Regulations.
- One case each in relation to Audit / Accounting and Employee Relations.
- One 'Other' case relates to handling of the closure of a branch.

Police Investigations

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CIU

- CIU are actively gathering evidence to support police investigations in eight current cases. Approx. **£2.66m** value.
- Three are High-Risk investigations:
 - Customer allegedly blackmailing PM, both parties arrested, interviewed under caution and released pending further investigation. PM's personal bank account containing large cash amounts has been restrained by police. Transactional data is being produced evidentially by CIU. CIU will be supporting the police during interviews of the suspect. Potential theft value £398k.
 - A large value stock discrepancy was adopted by CIU at the stamps TCG meeting and is being investigated in conjunction with Met police serious and complex team. Transactional data being produced and evidentially collated to support police investigation. Potential theft value £732k.
 - High levels of POL Cheque Reversals were identified. CIU gathering evidence to support Police Scotland who are investigating. Potential theft value £98k.
- Three are Medium-Risk investigations:
 - Allegation of theft of foreign currency identified at audit. Investigation ongoing in conjunction with South Wales Police. Transactional data being produced evidentially. Potential theft value £92k.
 - Large value of IOM bank notes (£2m) requested for repatriation from POL to Bank of Ireland, queried by PSNI due to volume. Investigations are underway with the cash centre to confirm quantity, dates and locations of where the notes were from. Potential value £1.1m
 - WHSmith employee fraudulently making transfers into personal bank account. Employee arrested, bank account frozen and comprehensive statements provided by CIU. The police reviewing officer is satisfied with the robustness of the Horizon data measures and all evidence has been passed to CPS for charging decision. Potential cash theft value £190k.
- Two are Low-Risk investigations:
 - Reports of a fraudster coercing a customer into withdrawing cash from a branch. Police are investigating.
 - Report received that discrepancies were being seen in cash bundles returned from POL cash centre to Bank of England. Upon reviewing CCTV, colleague can be seen spending a prolonged period at the machinery bundling the cash, before taking longer toilet breaks. CCTV secured and colleague suspended. Enquiries by both police and CIU are ongoing. Potential theft value £47k.
- Four cases pending which have been raised through the Stamps TCG process. One is on hold due to investigator capacity, three are on hold due to capacity of team providing transactional analysis. Approx. **£1.13m** value.
- CIU will support police investigations with any requested evidence in another four reported cases (suspected staff thefts). Approx. **£165k** value.
- A further four investigations are being reviewed by CIU to report to police those cases with evidence of criminal activity. Approx. **£85k** value.

SECURITY

- 14 cases open (no change since last month). Approx. **£660,500** value.
- 11 cases relate to Theft, three to Fraud and / or False Accounting:
 - One to be closed – repayment agreed.
 - Eight pending further evidence for either CPS or police to review.
 - Two charged awaiting trial.
 - Three open police investigations.

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Operational Improvements

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- Process:
 - Quality Assurance checks began this month with a two days per week commitment by each of the Senior Investigation Managers.
 - Feedback has been received and amendments are being reviewed for the first draft of the investigation manual.
- Cultural:
 - Presentation around function and constraints of CIU and Speak Up teams given to BEIS.
 - Presentation received by the whole team around Data Protection issues.
 - Workshops on disclosure and interviewing strategies were undertaken by the whole team.
- Risk Identification:
 - The continued lack of a reliable, comprehensive reporting system with functionality for direct reporting, analysis and data sharing. Mitigation: Work ongoing with procurement to gain final costing and issue Purchase Order to supplier by end of March to use this year's budget. Expectation will be for system to go live July / August 2023 with the option for decentralised teams to purchase additional licences thereafter.
 - Difficulties around extracting and maintaining data in the current stand-alone Speak Up reporting platform leads to potential duplication of work which is also recorded elsewhere for ease. Mitigation: A replacement stand-alone system which can easily feed into the new reporting system is being investigated.
 - Lack of resource - the complexity, as well as the number of cases being received or in the pipeline, is increasing. This, in conjunction with the apprenticeship and quality assurance commitment is impacting on the number of investigations that can be undertaken. Mitigation: A re-prioritisation of investigation criteria has been agreed, with cases falling outside of this being placed on hold until capacity is available. Four new staff to be recruited on fixed term (1 year) contracts to support Inquiry-related investigations. Uncertain whether additional BAU-type resource requests have been approved, however, it is likely to be some months before the positions are filled.