

IN THE WINCHESTER CROWN COURT
CASE NO: T2007 0043

BETWEEN:-

REGINA

-v-

JOSEPHINE HAMILTON

CASE OPENING

This note is provided as an outline to the Crown's case for the assistance of the Court and the Defence. It is not and does not purport to be a comprehensive analysis of the evidence. The Crown may rely on matters not mentioned in this summary.

Parties

Indictment

Summary

1. This case involves the theft of over £36,000 from the Post Office by the defendant, Josephine Hamilton. At the time of the offending she was the sub post mistress and had responsibility for the effective running of the post office at South Warnborough. Like many such premises, the post office is situated within a shop.

Background

2. Mrs Hamilton, now years old, had been the sub-post mistress there since 21st October 2003. This is a paid position. She is permitted to employ her own staff to assist in the running of the Post Office, and in this case she employed someone called Mrs June Partridge.
3. The defendant had been trained in the use of the Post Office computer system, known as 'Horizon', and in the running of the Post Office generally. The Horizon system records the details of all transactions made at the premises. Every Wednesday the office must prepare

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weekly accounts, known as the cash account. The accounting week runs from Thursday morning to Wednesday evening. On 5th October 2005 the system of accounting changed to one involving Branch Trading Periods, and thereafter monthly Trading Statements were produced.

4. This sub-post office, as with all such post offices, carries out a number of functions. As well as selling items like stamps, and distributing forms for eg passport applications, post offices act as agents for the Department of Work and Pensions in providing benefits to members of the public. These take many forms: retirement benefit, incapacity benefit, disability benefit etc. These transactions are recorded on 'Horizon'. This system is connected nationwide.

Facts of this case

5. On Monday 6th March 2006 Rebecca Portch, who works within the Retail Cash Management Team for the Post Office, contacted the premises and spoke to someone, believed to be the defendant. Mrs Portch explained that the reason for her call was the very high level of cash reported as being kept on the premises. Although cash on hand is needed at any Post Office, high levels of cash represent a security risk. Mrs Portch requested that the defendant return at least £25,000 to the Post Office by 8th March. The defendant soon after contacted her union representative and indicated that there were problems at the post office.
6. The next day, on 7th March, the defendant 'went GRO' and was GRO for four weeks. Because of the concerns about the information provided, and the failure to return the cash as requested, Graham Brander [post office investigator], Elaine Ridge [Area Intervention Manager] and Alan Stuart [auditor] attended at the South Warnborough Post Office on 9th March 2006. After a check of all the documents and accounts, it was found that the post office was short by £36, 644.89. Later that morning investigators attended the defendant's home address and invited her to attend an interview.
7. Subsequent analysis of the documentation revealed that the cash on hand figure recorded on the weekly cash accounting documents had steadily increased from about £15,000 at the end of 2004 through to over £35,000 by February 2006. The prosecution indicates that this represents the defendant's efforts to hide the fact that she was in fact taking money from the post office during this time, and by recording the high cash figure was trying to cover up the

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fact that she had taken it. This would never have come to light until or unless a physical check or audit had been carried out or the money had been replaced. Had the defendant had genuine concerns or problems regarding the post office or any aspect of it there is in place a Helpline and other internal avenues that can be pursued to assist with such difficulties.

8. After liaising with the defendant's solicitor in order to secure a convenient time to conduct an interview, the defendant was interviewed by Post Office investigators about these matters on 5th May 2006. The defendant was provided with documentation outlining the allegations being made against her. She in turn provided a prepared statement indicating, in short, that she did not consider that she had received adequate training and that the post office systems were inadequate. She asserted in it that she had never stolen any money or acted dishonestly. Having read out the prepared statement the defendant was asked a number of particular questions, to which she responded by saying 'no comment'.
9. After interview the defendant was asked about her financial situation. She indicated that she owns a property worth about £420,000 on which they have a mortgage of £230,000. Both her sons have left home. She said that she and her husband pay £600/month towards the cost of her mortgage and post office remuneration is in the region of £500/month.
10. Mrs Partridge, who was employed by the defendant and worked within the shop and post office from January 2005, says that the defendant always did the cash accounting. During her time there, Mrs Partridge says that only she and the defendant worked there. Mrs Partridge denies that she had taken any of the missing money. She also says that she did not have access to the safe where the cash would be held.

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Conclusion

11. The truth is that the defendant had been inflating the cash on hand figure at the post office over a period of several months prior to the audit on 9th March 2006. She had done this in order to disguise her thefts of cash. She was the only one with responsibility for cash accounting at the premises. She prepared all of the formal documentation. She was the only one with access to the safe where cash was kept. There is no doubt the money has been taken and that the Post Office have therefore lost over £36,000. There is no explanation as to why she falsified the accounts to represent that the cash was in fact held at the post office.

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There is no report by her of any problems with procedure. Records held by Network Business Support Centre [NBSC], the helpline (currently in Unused, Item 6) show a number of calls between 1st December 2003 – 3rd February 2004 referring to losses, including specific amounts of £2,082, £2,000, £4,183.53 and £3,191. There is no other person who could have taken the cash without her knowing it had gone missing.

Burden/standard of proof

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25th June 2007

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Juliet McFarlane
Principal Lawyer

From Graham Brander
Investigation Manager

POLTD/0506/0685

Date 11/08/2006

Further to your memo dated 26 June 2006, I have now completed the enquiries covered in your points 1 – 3.

- 1 South Warnborough Post Office, like the vast majority of other offices, does not have an Over Night Cash Holding (ONCH) target. The cash requirements for this office are determined by an automated system (Flexible Planning/Planned Orders). The system plans their cash needs on the latest cash usage and payments at the office. If the office were holding too much cash, then a message would be sent to the office on Horizon, advising them of how much cash to return. The message does not just flash up but would have to be accessed via the appropriate menus on Horizon. Additionally, Horizon would also advise the office of how much cash was due to be sent to the office. There is an override facility, so that the Postmaster can alter the amount of cash he/she is due to receive on the Planned Order. Unfortunately, it would appear that records of amounts requested to be returned are only held for thirteen weeks.

Concerns regarding the amount of cash held by this office were initially raised by Ms Rebecca Portch, Retail Cash Management Support on Monday 06 March 2006. Ms Portch had identified that this office paid out, on average, £2,500 a week, yet had been holding in excess of £20,000 since the start of the year. On 06 March 2006, Ms Portch contacted South Warnborough Post Office and asked the Postmistress to return at least £25,000 on Wednesday 08 March 2006. As you are aware from my original report, this money was not returned and the Postmistress, Mrs Jo Hamilton was GRO on Tuesday 07 March 2006. A deficit of £35,644.89 was then identified following an audit on Thursday 09 March 2006.

Mr Paul Duckworth, Retail Cash Manager North has supplied me a schedule detailing daily cash on hand figures that were input into Horizon at South Warnborough Post Office between the period 01 January 2006 and 09 March 2006. A copy of this schedule can be found at Appendix B (contents no. 16). It can be seen that three entries are highlighted, all of which are for low value cash holdings. It would appear that the office didn't declare it's cash on those days and the Flexible Planning System has put in predicted cash on hand figures based on the transactions that would have been conducted.

Copies of e-mails from Ms Portch and Mr Duckworth detailing the above can be found at Appendix C (see contents no. 12).

I have established that apart from Mrs Hamilton, the only other person who appears to have worked in the Post Office between January 2005 and March 2006 is Mrs June Partridge. I have obtained a statement from Mrs Partridge, a copy of which is associated at Appendix A.

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Mrs Partridge states that she was employed to work in the village shop but assisted in the Post Office as and when required. The Post Office is contained within the Village shop. She states that she never assisted with the balancing at the Post Office and that she never completed any cash declarations. She also states that she was only aware of the cash in the counter drawer and never accessed the safe. She stated that if the cash in the counter drawer was getting low, Mrs Hamilton would replenish it from the Post Office safe.

South Warnborough Post Office migrated to Branch Trading on 05 October 2005. No visit would have been made to the Post Office but they were sent an Interactive Training CD ROM, a copy of the Transition Guide a copy of the Quick Reference Guide, a Branch Trading Calendar and one each of the Branch Trading Balancing and Reporting manuals. Each Postmaster would also have been invited to attend the numerous Face 2 face Events explaining the migration to Branch Trading. A number of offices requested replacement items or videos in exchange for the CD ROM. There is no record of South Warnborough Post Office requesting a video.

Copies of e-mails from Mr Martin Drake, Business Change Manager detailing the above can be found at Appendix C (see contents no. 13).

An e-mail from Ms Claire Smith, Capability Development Manager details the fact that Mrs Hamilton did not take the Branch Trading 'Grass Roots' test. This was a voluntary test only. A copy of that e-mail can be found at Appendix C (Contents no. 14).

The auditor completed the Branch Trading Statement for period 11 on 09 March 2006. It would appear that Mrs Hamilton must have been the person who completed Branch Trading Statement for period 10 (13/01/06 – 08/02/06). This statement showed a shortage of £6.74 and the cash on hand as being £35,515.83. As the cash on hand for Trading Period 11 (08/02/06 – 09/03/06) was £1,933.48 then either the whole audit deficit of £36,644.89 went missing between those two periods (no evidence to suggest it has) or the cash figure on Trading Statement period 10 must have been false. It appears that Mrs Hamilton was not completing weekly balances, as she should have been. Each Trading Period is split into four or five Balance Periods and a Final Balance should be produced at the end of each week and then rolled to the next Balance Period e.g. Trading Period (TP) 10, would start in Balance Period (BP) 01 and after the first week should be rolled to TP 10, BP 02 and so on until the end of the Trading Period.

2. As previous mentioned a statement has been obtained from Mrs Partridge. It states that she was not responsible for the fraud and did not assist with the balancing.
3. I have not obtained any statements regarding the training given to Mrs Hamilton. In Mrs Hamilton's prepared statement she states that when she first started working in the Post office she received two weeks of half-day training sessions.

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She implies that initially there was nothing very technical about working in the Post Office. She states that she 'mastered' balancing with the help of one of her staff. When Mrs Hamilton became Postmaster in October 2003 she would have been asked if she required any training. Records kept in the Area Office, Bournemouth indicate that no training was required. A copy of that record can be found at Appendix B (contents no.17). Details of the Branch Trading package supplied to Postmasters are covered in point 1.

In Mrs Hamilton's prepared statement she mentions card accounts and suggests that the Post Office has turned into a bank for which she received no training. In Mrs Partridge's statement she states that the only training she received was that which was given to her by Mrs Hamilton, including how to serve customers in respect of the Post Office Card Account.

I have spoken to Mr Graham Ward, Investigation Team Casework Manager who advises that a standard statement could be obtained from Fujitsu covering the fact that the discrepancies would not be due to system error.

In respect of NBSC calls, Mr Ian Speck, Service Review Manager has advised me that it is impossible to highlight what call may have caused a discrepancy. He basically states that discrepancies are due to mistakes made at the Post Office branch, either directly with the customer, which wouldn't be recoverable or by incorrectly using Horizon, which would usually be recoverable by means of an error notice (now called Transaction Correction) being generated when a mismatch in the accounting becomes apparent. A copy of the e-mail from Mr Speck is associated at Appendix C (contents no. 15).

Having looked at the call logs myself I cannot see anything that relates to a single or multiple discrepancies that would account for the audit deficit of £36,644.89.

In addition to the response to points 1 – 3 above, I have to advise you that I have not received any disclosure in respect of Mrs Hamilton's bank accounts. I posted disclosures signed by Mrs Hamilton to the two banks in question but the banks have advised me that they never received them. I sent out further disclosure forms to Mrs Hamilton, explaining the situation but so far these have not been returned to me.

I have received from the Area Office, Bournemouth details of £112,000 that was being repaid to creditors by Mrs Hamilton. Mrs Hamilton disclosed this information to the Post Office in lieu of her appointment to become Postmaster at South Warnborough Post Office. It states that she entered a voluntary arrangement with creditors in January 1999 to repay £112,000 at the rate of £200 a week. The repayments stopped in March 2003 due to lack of income. A copy of this information is included at Appendix C (see contents no. 16).

These papers are now re-submitted for you to advise on the sufficiency of the evidence.

Graham Brander
Investigation Manager
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