

COMMERCIALLY SENSITIVE AND PREPARED IN CONNECTION WITH MEDIATION

Initial Complaint Review and Mediation Scheme

Post Office Preliminary Investigation Report

Branch Name:	Yetminster	Branch Code:	267518	Case Number:	M054
Applicant Name:	Miss Tracey Merritt	Status of Case:	Mediation Application	Date of Appointment:	05 th May 2007

Executive summary

This report investigates the complaint from the Applicant who was Subpostmaster of Yetminster Post Office from May 2007 and the outreach service in Chetnole village from January 2011 until the termination of her contract for services in November 2011. This termination followed the precautionary suspension of the Applicant in September 2011 which resulted from an audit revealing a discrepancy of £11,886. The Applicant asserts that there have been equipment and computer issues, 'unexplained losses' and a general lack of support and training from Post Office. She also cites concerns about the Security Investigation and asserts that Post Office has harassed her following the termination of her contract.

The Applicant has also raised these issues with her Member of Parliament. Three issues have been subject to a Spot Review by Second Sight.

1. Equipment issues:

It is evident that the Applicant experienced problems with equipment. These were resolved with advice to 'reboot' Horizon, by engineer visits or replacement equipment. Although Post Office has responded to the issues, it is recognised that this must be frustrating and caused inconvenience in a customer centric environment.

2. Training:

There is evidence that the initial training package was the standard package at that time and that this was deemed to be adequate and effective; this is supported by the comments of the experienced trainer, that there is no evidence of further requests for support and that no issues were raised on the first audit following the training.

Records show that migration to Horizon on Line was supported in line with Post Office standard policy and procedure.

The Applicant claimed that a cheque for £2,000 was entered onto Horizon by the Migration Officer as a dummy transaction as part of a training exercise on the 5th July 2010. Post Office has established that this cheque was entered on Horizon by User ID TME 001, which is the Applicant's user ID. There is evidence to show that the Migration Officer had her own User ID on Horizon, therefore there would be no need to use the Applicant's User ID.

3. Support:

There is evidence that issues raised in respect of discrepancies had been investigated by the Financial Service Centre and the Applicant responded to by letter. However, on reflection it may have been better to have explained this by a visit to the Applicant at the branch.

The branch had received numerous Transaction Corrections of which the majority correlate with

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discrepancies previously reported by the branch.

The Applicant cites that money was taken from her remuneration over a period of eight months. This was agreed with the Applicant to recover discrepancies that had been settled centrally on the Trading period of the 14th July 2010. This agreement was made in recognition that to request the amount in full immediately may put a financial hardship on the Applicant.

There were calls recorded on NBSC logs that the Applicant had been contacted following termination of her contract. This was not appropriate and it is clear that Post Office failed to ensure that all relevant parties had been notified of the branch closure. However the visit to the area by a Field Change Advisor was a necessary one to establish how Post Office could uplift equipment and to look at options for provision of service.

The Applicant asserts that there was a dialogue 'off tape' with Security Investigators, this is refuted by Post Office. The Security Operations Manager has confirmed that no further questioning took place. In addition, the Applicant's solicitor remained with Post Office Security Investigators at all times and it is documented in scripts of the interview undertaken at the firm of Solicitors.

On the basis of the above, it is Post Office's view that the performance of Post Office equipment may have been frustrating for the Applicant but it would not have caused discrepancies at the branch. There have been Transactional Corrections which correlate to most of the branch discrepancies. On this basis, the loss has not been caused by Horizon or the other issues stated by the Applicant. The most likely cause of the errors would appear to be human interaction whether this is deliberate or genuine.

The Applicant's complaint

The Applicant was appointed as Subpostmaster of Yetminster Post Office on 5th May 2007. The date stated by the Applicant on the application to the scheme was May 2005. We assume that this date was inserted in error by the Applicant.

The Applicant was also appointed as Subpostmaster of Yetminster Outreach on 12th January 2011.

Yetminster Outreach consists of a portable Horizon 'kit' that is taken to Chetnole Village Hall to provide Post Office Services. The cash, stock and Horizon 'kit' was stored securely at Yetminster Post Office when not in use.

The Applicant held this post until her precautionary suspension on 29th September 2011. The precautionary suspension was put in place following an audit at the branch on 29 September 2011, which showed accounting discrepancies. The letter cited misuse of Post Office money for 'something personal at home' which subsequently led to her contract for services being terminated on 25th November 2011.

The Applicant has raised issues concerning Horizon. Her application was received by Post Office via Second Sight on 12th October 2013. A more detailed Case Questionnaire (CQR) was received on 20th November 2013.

The main issues that were raised during the initial application and CQR can be divided into 3 categories: - Equipment & Computer issues, Operational & Procedural and Training & Support, although it is noted that there is an interconnection of all these areas in the specific issues.

Equipment & Computer Issues

The allegations raised in connection with Equipment & Computing issues were:

- Equipment breaking down and computer issues where multiple receipts were produced on one

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particular day;

- Engineers were called out to the Post Office several times. On one occasion the engineers replaced the hard drives and commented that this is a 'regular occurrence';
- One occasion when a customer's telephone bill was processed in error. The customer contacted the post office after receiving a red bill, phone cut off by provider;
- A general assertion that the system is full of bugs;
- An allegation that incidents of losses seemed to occur on the day of switch over (migration) to Horizon on Line – following a full audit prior to rollover to new system;
- A problem with hosted the Paystation, which needed new wiring and a new box but no engineer attended.

Operational & Procedural

The allegations in relation to Operational & Procedural issues were:

- Unexplained losses through the computer;
- Not being able to trace why losses occurred;
- The Post Office took £500 a month from wages for 8 months;
- Concerns regarding the taped interview and the subsequent house search where further questioning occurred unrecorded;
- Problems encountered with Paystation accounting;
- Not being able to check sales figures for commission purposes;
- Cash found after final audit which was not accounted for.

Training & Support

The allegations in relation to Training & Support issues were:

- A lack of training including in relation to the changeover to Horizon on Line;
- A lack of Support generally;
- Several requests were made to the Contract Manager to call the Applicant but they did not;
- A request for an investigation to take place;
- Numerous calls made to the call centre;
- Allegations of harassment by telephone calls after office was closed;

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- All emphasis was placed on the Applicant to investigate issues so no-one looks any further;
- A Freedom of Information Act request was made but did not provide the information the Applicant was seeking.

Case Review Actions

Summary of the information collated by Post Office

Information available from Post Office records:

Information area	Information provided with this response	Information not available as beyond retention period	Information not available for other reason
Record of Audits	X		
Correspondence and Case History	X		
Network Business Support Centre Logs (NBSC)	X		
Fujitsu Call Logs	X		
Transaction Corrections (TC's)	X		
Balancing Records 2010/2011	X		
Cash Management Records	X		
Taped Interview 09/11/2011	X		
Spot Review Report	X		
Training Records	X		

Record of Audits.

Three audits undertaken:

- **30th September 2009** – The audit showed discrepancy in branch of £17.90 (+) (£6.21(+)) in cash/stock, £11.69 (+) (discrepancy showing on the office snapshot) and a separate £1066.88 (-) outstanding discrepancy being held centrally at Chesterfield. (Doc 033 refers)
- **19th October 2010** - Compliance Audit Test, which identified 12 gaps in branch practices and processes. (Doc 034 refers)

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- **29th September 2011** - Audits conducted at Yetminster and Yetminster Outreach Service. (Doc 018 refers)
 - The audit of Yetminster revealed a discrepancy of £8,415.27(-) (£8,546.17(-) cash, £404.74(-) stock, £518.24 (+) postage and 17.40 (+) foreign currency).
 - The audit of Yetminster Outreach Service revealed a discrepancy of £3,471.50(-) (£3517.96(-) cash, £46.71(-) stock, £93.17(+) postage). It is noted that in the audit report there are 2 discrepancies (£17.40 incorrectly reported and £0.05p addition error) in the breakdown of the audit result. However, this has no effect on the overall audit result.
 - The overall discrepancy across both Yetminster and Yetminster Outreach Service was £11,886.77(-)

Correspondence and Case History (2010 to 2011)

27th September 2010 - Letter from the Contracts Advisor relating to £4,074.49 loss that had been settled centrally, requesting it be cleared by a cheque paid to Post office or nine monthly payments starting October 2010 for 1 x £428.96 and 8 x £430.00 (Doc 007 refers).

30th September 2011 – Letter from the Contracts Advisor after recent telephone call the previous day confirming the Applicant's contract had been suspended from Yetminster branch and Yetminster Outreach service (Doc 012 refers).

11th October 2011 – Letter from the Contracts Advisor saying he has received and reviewed the necessary paperwork and is advising the Applicant of the consideration of the summary termination of her contract due to 'Misuse of Post Office funds'. The Contracts Advisor is also inviting the Applicant for an interview on 21st October 2011 at Taunton Royal Mail delivery Office. (Doc 013 refers).

21 October 2011 - Letter from the Applicant, written without prejudice making a statement in response. (Doc 014 refers).

14th November 2011 – Emails between the Contracts Advisor and the Financial Service Centre (FSC) about the £2,000.00 cheque remitted out of Yetminster branch on 5th July 2010, the migration day to Horizon on Line. (Doc 015 refers)

No date - Fact Finding response/Enquiries to Written Response from The Applicant in relation to the Horizon on Line migration and the response from the Migration Officer. (Doc 016 refers)

14th November 2011 – 17th November 2011 – various emails between the Contracts Advisor to Fujitsu and Horizon IT team in relation to the Horizon issues raised by the Applicant and also providing answers to the Applicant's queries raised in her letter dated 21st October 2011. These issues were discrepancy at migration, issues with equipment and the episode where 'multiple receipts' were produced which are also raised in the CQR. (Doc 002 refers)

25th November 2011 – letter from the Contracts Manager to the Applicant to summarily terminating her contract. (Doc 017 refers)

04th January 2012 – letter from the Contracts Manager to the Applicant enclosing duplicate of letter sent on 25th November 2011 (Doc 033 refers)

16th January 2012 – A final letter from the Contracts Manager making a further attempt to get response from

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Applicant. (Doc 036 refers)

Record of NBSC logs in relation to Yetminster (Doc 021 refers)

296 calls were made to the NBSC between May 2007 and September 2011. They were in relation to:

- 10 related to accounting issues;
- 3 were in relation to Horizon equipment faults;
- 1 was a training request; and
- the remainder were procedural/general enquiries.

02nd August 2007 - Accounting query regarding a cheque for £99.00 not on listing

30th May 2007 - has Accounting query in relation to negative stock figures.

01st July 2008 - Horizon fault query in connection with AP Recovery. The system rebooted.

19th March 2009 – Accounting query in relation to a paystation barcode summary for £134.00 which was not processed

06th February 2009 - training request for support with management of office.

25th June 2009 Accounting query in relation to a credit card bill for £1,564.15 paid with Instant Saver account payment. Maximum payment of £1,000.00 allowed so confirming the customer would pay rest tomorrow

06th November 2009 Accounting query in relation to a business deposit entered for wrong amount (reversal).

23rd March 2010 – Accounting query in relation to a rem surplus discrepancy

24th August 2010 – Accounting query in relation to a bill payment. It was a Santander transaction but there had been no credit to the account

13th September 2010 – Horizon fault query in connection with a system problem with the data centre

05th October 2010 – Horizon fault query as could not scan cash bags. They did not enter values in the right order and cannot get out of screen for currency. The system appeared to be stuck.

12th October 2010 Accounting query in relation to stock received in error consisting of 50 Christmas books

2 Horizon faults 13/09/2010 system problem with data centre.

2011 - 2 accounting 25/02/2011 cheque finished to cash in error, 18/03/2011 refund – tax disc reversal.

Record of NBSC logs in relation to Yetminster Outreach

Four calls were received between 08th February 2011 and 20th September 2011

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08th February 2011 One shot password – Managers' access required.

08th February 2011 Query about facility to sell Euros – transaction not available on Outreach.

18th May 2011 Batch Control Voucher (BCV) ordering.

20th September 2011 Procedural call regards to screen message about rollover/reports to print message.

Fujitsu Call logs

Fujitsu received 41 calls received between May 2007 to September 2011 (Doc 002 refers)

The calls related to the following matters:

- 14 - Printer;
- 4 - Base unit - reboots /Frozen screen ;
- 4 - System freeze;
- 1 - Base unit - mains adaptor;
- 1 - Barcode reader;
- 3 - Pin pad;
- 1 - Monitor;
- 1 - Screen adjustment;
- 1 - Keyboard;
- 3 - No On-line service ;
- 1 - Server exceeded limit (appears to be user error);
- 1 - DVLA issue;
- 2 - Nationwide ADSL; and
- 4 - Passwords.

Yetminster (267518) Transaction Corrections (TC) (Doc 026 refers)

Explanation of a Transaction Correction

TCs are issued to branch via Horizon to rectify accounting errors made. They are sent overnight and received in the branch when the user logs on the next morning. The User has the option to accept at that time or postpone until later. Evidence is supplied to support the correction issued, either at the time of issue on Horizon or posted subsequently to the branch. TCs can be disputed if the branch fails to understand the error made or consider it is not proper to them. All TCs have to be accepted before the trading statement can be completed (once every 4 or 5 weeks). The TC generally results in a surplus or shortage in the branch, but can be used to clear amounts held in the

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suspense account. Depending on the amount involved the surplus or shortage should be withdrawn or made good but if a large amount the option to settle centrally is given. If an amount is settled centrally it is transferred to FSC to be resolved at a later date.

51 TCs were received at Yestminster between 2007 and 2011

These related to:

- 20 Cheques to Processing Centre (1st error on 29.06.2007, 20th error on 05.07.2010)
- 5 Bureau errors
- 4 Cash remittance errors
- 8 Paystation
- 2 Stock errors
- 4 Returned cheques unpaid (insufficient details on reverse of cheques)
- 1 Personal Banking
- 1 Alliance and Leicester
- 1 Post Office Saving Stamps
- 5 Other (insufficient information)

High Value Charge TC's (9) received (total value of £17,936.77) :

1. **14th June 2007** - Bureau error (Euros) - **£2,360.40** not booked in (accounted for) on Horizon

Total of Euro's on hand in branch on the previous day (13th June 2007) was 1,300 Euros. On 14th June 2007 total on hand increased to 4,800 Euros. (as per declaration made on Horizon)

A charge TC issued on 26th October 2007

2. **29th June 2007** - Cheques error for **£2,371.61** – amount claimed twice in error.

£2,371.61 was remitted out (of the Horizon and sent to the Processing Centre) at 11:58 and £2,371.61 was remitted out at 11:59

This gave a negative cheque figure for £2,371.61. To correct this, a cheque figure was generated for £2,371.61 and sold to 'other stamps'. (This now gives a negative figure on 'other stamps'. On 04th July 2007 Stamps were declared correctly which now gave a surplus in 'other stamps' of £2,734.57 as shown.

	Other Stamps			Declaration		
21	Ordinary	267518	04/07/2007	Discrepancy - Pos	17	-2,734.57
145	Surplus	267518	04/07/2007	Declaration		
	Discrepancy			Discrepancy - Pos	17	2,734.57

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(suspense)

Charge TC issued on 10th October 2007 to correct.

3. Cash remittance error on 20th January 2009 - £3,000.00 not booked in.

Cash declared on 20th January 2009 and no cash variance check made.

Cash declared on 21st January 2009. The variance check carried out showed £2,058.30 surplus in cash.

A Charge TC was issued on 05th February 2009

4. 06th October 2009 - Stock error for £1,200.00 regarding 2nd stamps entry in Suspense Account. This has no effect on the office balance as this was only correcting an error in the Suspense Account. When there is a discrepancy in a stock delivery to a branch, the amount of the discrepancy is held in the Suspense Account to await correction, thus not affecting the accounts.

5. 09th February 2010 - Bureau error (Euro's) not booked in for £1,757.47

On 10th February 2010 a declaration discrepancy in branch of +1800 Euros (£1,583.67) was reported.

A Charge TC was issued on 24th March 2010

6. 29th May 2010 - Cheques remitted out incorrectly for £2,596.34 (remitted out twice)

On 29th May 2010 and 01st June 2010 no cash variance checks were made.

On 02nd June 2010 a cash discrepancy of a surplus of £2,596.34 was noted.

A Charge TC was issued on 23rd June 2010

7. 05th July 2010 – Cheques were remitted out incorrect in the sum of £2,000.00 (over claimed). The actual value received was £1,407.17

(Note - 05th July 2010 was the last day of Horizon before change to HOL.)

It was confirmed from the transaction logs that 10 cheques received on 05th July 2010 totalled £1,121.17 and 2 cheques from 03rd July 2010 total £286.00. The net total of cheques was £1,407.17

The total value remitted out £1,407.17 at 15:13 (user TME001) on 05th July 2010. There was also a second remittance out at 15:56 for £2,000.00 (user TME001) following a cheque/cash adjustment at 15:55 for £2,000.00

On the previous Wednesday 30th June 2010 there was a balance discrepancy of £2,360.93 (-). All branches on the final day of the 'former' Horizon received a visit from the Migration Officer who conducted a cash check. Subpostmasters were notified that this would be part of the migration process.

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A Charge TC was issued on 20th August 2010

8. 24th July 2010 – Cheques were remitted out incorrectly for **£905.90** (over claimed)

The matter was identified as a Santander payment (code 260) made on 22nd July 2010 at 15:25.

The cash declared on 24th July 2010 showed a surplus of £2,50 (+) following a variance check .

If a cash transaction was made the accounts would be in surplus. If this was a genuine cheque transaction and the cheque was lost by the Subpostmaster then branch and Subpostmaster is liable for discrepancy.

A Charge TC was issued on 20th August 2010

9. 05th October 2010 -Bureau error (Euro's) not booked in for **£1,745.05**

On 06th October 2010 a positive declaration in branch was made of 2000 (+) Euros (£1,742.31)

A Charge TC was issued on 01.12.2010

The total TC's issued was for a value of £15,830.87 identified as surpluses in accounts. £905.90 was not proven as a surplus and is currently not an identified transaction.

Low Value Transaction Corrections can be identified in Doc 010

Balancing Records 2010/2011 (Discrepancies over £500)

Trading Period End Date	Gains (£)	Losses (£)
11/07/2007	5,144.38	
16/08/2007		686.82
14/11/2007	1,103.02	
13/02/2008	1348.40	
16/04/2008	563.13	
17/09/2008	990.35	
19/11/2008		1,403.32
17/12/2008	1,488.40	
14/01/2009		783.81

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11/02/2009		649.92
18/02/2009		895.26
18/03/2009		510.51
20/05/2009	3,650.52	
17/06/2009		524.84
15/07/2009		1,216.01
19/08/2009	928.07	
16/09/2009		778.94
13/01/2010		959.36
17/02/2010	1,198.72	
14/04/2010		1,879.42
19/05/2010		578.29
16/06/2010	1,004.07	
23/06/2010		976.32
14/07/2010		4074.49
15/09/2010		4,194.57
12/01/2011		1,566.98
16/02/2011		586.70
16/03/2011		722.49
13/04/2011	959.60	
18/05/2011		673.73
Total (discrepancies over £500)	18378.66 Gains	23661.78 Losses

Spot Review Summary (3 key issues raise)

No.	Key Issues	Post Office Response
SR006	Were transactions input using the Applicant's user ID centrally following her suspension	No evidence to support allegation. Confidential transactions will not be attributed to a user once they are suspended. Phone calls were probably due to

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	Applicant received calls from the help desk after she was suspended about transactions in the outreach branch	records having not been updated on a timely basis. See Spot Review SR006 (Doc 031 refers)
SR010	Postage Labels and Power/Communications Failures During a transaction for £0.67p the system froze and then printed out 6 duplicate receipts	Horizon logs show no receipts for £0.67p, no evidence of a system failure or freezing and no evidence of multiple receipts being printed. No shortfall could have occurred. See Spot Review SR010 (Doc 001 refers)
SR011	GIRO Payments and an Apparent Loss of Audit Trail SPMRs cannot properly account for GIRO payments that have been made in their branch as no audit trail is produced	Branches are able to review on Horizon all transactions in the last 60 days. Branches are able to print and retain a report showing all Giro deposits and withdrawals on a given day. See Spot Review SR011 (Doc 035 refers)

Response to issues raised by Applicant		
	Issue raised	Investigation findings
1.	Equipment & Computer Issues	<p>Despite evidence of numerous telephone calls to the Horizon Helpdesk to rectify faults with the equipment, either by a simple reboot or requiring an engineer visit, no loss of data or transactions have been identified. This is supported by the e-mail from the Horizon IT team on 17th November 2011. In this it clearly stated that 'regarding kit losing data/transaction, no transactions are held within the kit'. (Doc 002 refers)</p> <p>It is evident that the Applicant has experienced numerous faults with the equipment, where either a simple reboot has been required or more serious faults have required an engineer visit. In some instances this has led to repairs or replacement of equipment.</p> <p>The issue regarding multiple receipts being produced has been subject of a Spot Review.(SR010) – (Doc 001 refers)</p>

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2.	<p>Horizon migration to On line has caused discrepancies</p> <p>The Applicant asserts that the error relates to the day after the branch migrated to Horizon (Online). It is stated that the Migration Officer, as part of the training showed how cheques should be accounted for and that a 'dummy' transaction was completed for £2,000 as part of the training and the error was made as the Migration Officer failed to reverse this at the time.</p> <p>The Applicant further stated that when she balanced she deleted the cheque figure out of the system in the 'adjust' stock screen. This action resulted in an increase to her cash figure as referred in the debt recovery concurrence report. (Doc 008 refers).</p> <p>The Applicant states that the Migration Officer used her log on details.</p>	<p>By examining balancing records and transaction logs, evidence shows that a self-generated cheque figure of £2,000 was the cause of a transaction correction for the same amount. This was not a fault of the migration process.</p> <p>Evidence from the transaction log shows an adjustment from cash to cheque figure of £2,000.00. This was carried out under USER ID TME001 which is the Applicant's User ID.</p> <p>Post Office findings are that this could not have happened due to the adjustment made by USER ID TME001 of the cash to cheque figure.</p> <p>A remittance out for a cheque of £2,000 was completed and therefore this would have meant that there would be no entry on the adjust stock screen to allow the Applicant to delete the cheque. Further, no cheque was actually sent as confirmed subsequently in a transaction correction.</p> <p>All users are accountable for any actions undertaken using their own log on ID and password. Therefore any compromise of passwords would be as a result of the user allowing access to their password.</p> <p>Records show that the Migration Officer used her own log on, JLA001, on the day after migration.</p> <p>Records show that The Migration Officer recalled the Applicant mentioning cheques listings and issues with these, however she denied undertaking a dummy transaction for a cheque of £2,000.00. (Doc 016 refers)</p> <p><u>Further issues cited as part of the Applicants' complaint</u></p> <p><i>The Applicant states that she had shown a £2,000.00 loss on the day the new horizon on line was transferred. Evidence from the event log shows that at 16.56pm on the day following migration the cash variance showed a discrepancy of £1019.54(+). There is evidence that on the previous balancing day, 30th June 2010 there was a discrepancy of £2360.93(-) On the 5th July 2010 migration</i></p>
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		<p><i>day, the applicant, under her log on ID adjusted her cash to a cheque figure of £2,000.00 and then remitted out of Horizon a 'non-existent' £2,000.00 cheque. It was communicated to Subpostmasters that the trainer on this day would be conducting a cash check.</i></p> <p>Reference to the £2,000 shortage from the new system going live on 05th July 2010 and FSC ringing on the 18th August 2010 to say discrepancy is now £4,000(Doc 008, 015 refer).</p> <p>For the Trading Period of 17th June 2010 to 14th July 2010 the following should be noted:</p> <ol style="list-style-type: none"> 1. A Charge Transaction Correction for £2,596.34 was accounted for within the period. 2. A loss of £976.32 was removed from the Suspense Account in preparation for migration. 3. There was a discrepancy of £2,360.93(-) on 30th June 2010. <p>The above covers the Trading Period after the date of the migration and relate directly to the loss on the 14th July for £4074.49, which the Applicant states is explained by the £2000 cheque (doubled up).</p>
3.	Customers Red Phone bill processed on Horizon, yet did not reach phone company and customer was 'cut off'.	The bill for £11.82 dated 18 th May 2010 has been identified on the Transaction logs and was incorrectly processed as a Santander payment and not as it should have been as a Barcoded Bill. It would appear from the photocopy that the customer did not produce a barcoded bill. This would therefore be the cause of the delay in payment being made to the phone company. In addition, it could have resulted in the payment not being identified once it reached the phone company. These factors, ultimately lead to the customer's complaint.
4.	Problem with Paystation and no engineer attended.	<p>This is standard practice if a Paystation is faulty new leads would be sent out for the Subpostmaster to changeover and if the fault still existed a new terminal would be posted out.</p> <p>The Paystation is a stand-alone terminal, where transactions are accounted for the following morning by means of a Transaction Acknowledgment (TA) being sent electronically to Horizon.</p>
Operational & Procedural		
5.	Unexplained losses through the Horizon system and unable to trace why losses occurred.	<p>Balancing records (Doc 003 refers) and Transaction Corrections (Docs 010/011 refer) show a trail of numerous discrepancies in the accounts.</p> <p>In the period the Applicant was in post at Yetminster Post Office she received Transaction Corrections giving a net charge of £18,293.45 Post Office can identify surpluses of £15,830.87 in the accounts</p>

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		<p>which would almost have covered these errors.</p> <p>All TC's would have been sent with evidence or a contact number for the Subpostmaster to query if necessary.</p>
6.	Post Office took £500 a month from wages.	<p>The amounts of (£428.96 for the 1st month and £430.00 for the next 8 months) were deducted from the Applicant's remuneration as per the letter from the Contracts Manager 27th September 2010 to repay an outstanding amount of £3,868.96. The discrepancy of £4,074.49(-) being held at FSC from the Trading Statement of 14th July 2010 was reduced by £205.53 (+) again from the Trading Statement of 18th August 2010</p> <p>As it is recognised that a large discrepancy could be difficult to repay immediately, payment in instalments was set up to prevent financial hardship.</p>
7.	Issues were raised regarding the time between when the taped interview with the PO Security Operations Manager actually finished and the period between driving to the Applicant's house where a search was conducted.	<p>Scripts of the taped interview (Docs 004/005 refer) undertaken at Morton Law Solicitors state no questioning occurred when the tapes were changed.</p> <p>There is no evidence of further questioning, as stated in the e-mail from Post Office Security Operations Manager.(Doc 006 refers)</p> <p>The interview was conducted for the contemplation of criminal proceedings given the Applicant's admissions to the auditor and the fact the Post Office cash was missing. Nothing was explained to the Applicant, as it is not standard practice to hold conversations 'off record'.</p> <p>The Applicant's solicitor remained with the Post Office Security Operations Manager and his colleague at all times.</p> <p>(Doc 006 refers)</p>
8.	Problem with Paystation accounting	<p>There is evidence of issues which has resulted in 8 Paystation errors received – £70 in credits and £45 in charges. This resulted in a net credit of £25. Therefore there was no loss to the Applicant. .</p> <p>Records do not show any request for support was made in connection with these issues.</p>
9.	Sales figures – unable to verify for commission purposes.	<p>This would normally be covered at the on-site training. The NBSC is available for this type of question and this could be explained over the telephone.</p> <p>There is no evidence of this information being requested.</p> <p>As part of the initial training a Balancing work-aid is supplied to new Subpostmasters. This work-aid shows details of how to obtain a Sales Report.</p>

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10.	Final Audit	<p>The audit on 29th September 2011 discovered a shortfall of £11,886.77 (-).</p> <p>On the day of the Applicant's suspension when the final audit was carried out there was a personal cheque of the Applicant's on hand for £9,500.00 which had not been accounted for on Horizon. The Applicant stated she had removed the cash the previous night for 'something personal' at home and nothing to do with the shop.</p> <p>It has been suggested that cash was found after the audit. This has been discussed with the Field Support Advisor on 02nd January 2014 who attended the branch to conduct removal of all cash and stock. He categorically states that no cash was found on his visit. Had any cash been accounted for during the audit and not have been received back at the cash centre this would have been queried by the audit team. Only cash produced at the audit is able to be included.</p> <p><u>Further issues cited as part of the Applicants' complaint</u></p> <p>Applicant states 'Chesterfield (FSC) phoned, adjustments carried out incorrectly causing more discrepancies'. FSC at the time of the call were not aware that these adjustments had been made as part of the audit verification.</p> <p>These adjustments would have been made by the Field Support Advisor to correct the stock and also to account for the Outreach at the time of the audit.</p> <p>No changes would be made to the original audit discrepancy by making these adjustments.</p> <p><u>Additional Information</u></p> <p>Records show that a Security Investigator received Information from a third party raising concerns about the branch and suggested that an audit may be required. There is evidence in the Cash Management Records that Cash Declarations being reported may not have been a true reflection on what was actually in the branch. (Doc 022 Refers).</p>
	Training & Support	
11.	Lack of training, including Horizon migration, lack of support.	<p>Initial training of the Applicant revealed no concerns. (Doc 009 refers).</p> <p>There is no evidence of the Applicant requesting further training through the NBSC. Support was provided for migration to Horizon On-line. There is no evidence to show that further support was requested. Records suggest that the Applicant was under the impression that she would be able to undertake the migration</p>

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		<p>herself.</p> <p>Training materials were issued to all branches in advance of the migration. This package contained a DVD and workbooks.</p> <p>The Applicant stated that the Migration Officer 'left early'. There are no records to establish this.</p> <p>It was standard procedure that the Migration Officer attended for approximately $\frac{1}{2}$ day on the day the migration took place. They also attended the following morning to support for the first hour or two at most.</p> <p>The Migration Officer in this instance was an assistant from a local Post Office Branch. All Migration Officers received full training in preparation for this role.</p>
12.	Requests for Contracts Manager to call were said to have been made on the 28 th and 30 th December 2011.	<p>Call logs from NBSC support the Applicant's complaint that the 2 calls stated were received at NBSC on 28th & 30th December 2011.</p> <p>Letters from the Contract Manager were sent to the Applicant on 21st December 2011 and 4th January 2012.</p>
13.	The Post Office failed to investigate the 'unexplained' cheque error for £2,000.00 that appeared to double to £4,000.00	<p>Records show that FSC did investigate this matter, however on reflection this may have been better explained in a visit to the branch.</p> <p>This was communicated by letter to the Applicant on the 27th September 2010, which stated that the matter had been investigated at Chesterfield and the error would have created a surplus in branch and not a loss as suggested in the Applicants letter of 21st October 2011. (Doc 007 refers).</p> <p>With regards to the cheque for £2,000.00, this is explained at number 2 above.</p>
14.	Numerous calls to call centre	<p>Between May 2007 to September 2011 there were 296 calls made to the NBSC.</p> <p>Of these 10 related to accounting issues, 3 were Horizon equipment faults, 1 was a training request the remaining 282 were procedural/general enquiries. These are detailed above.</p>
15.	Harassment by telephone calls after branch closed	<p>The Branch was incorrectly contacted on 03rd October 2011 regarding adjustments completed by the FSA on the Final Audit. The Branch was also contacted again between 20th to 24th October 2011 regarding compliance tests and also on 10th November 2011 by FSC regarding completion of Branch Trading Statement (BT).</p> <p>Once it was established that the Applicant had been suspended and should not have been contacted, measures were taken to ensure no</p>

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		<p>further telephone calls were made (Doc 029 refers).</p> <p>This would suggest that these calls were a breakdown of communication within Post Office and that not all relevant business units were informed of this as part of a round robin process.</p> <p>Part of this complaint has been addressed under the Freedom of Information request –see 17.</p> <p>Also this has been subject to a Spot Review – SR006</p> <p><u>Further issues cited as part of the Applicants' complaint</u></p> <p>Later in January 2012 contact was made with the branch regarding removal of equipment by a Field Change Advisor (FCA), referred to as Max by the Applicant. The FCA visited the area on the 25th January 2012 on a 'fact finding' mission to look at options for reintroducing a service in the village. The FCA also visited the branch to collate information on equipment to be removed.</p> <p>Confirmation with the FCA has established that no attempt would be made to access the Horizon as an FCA has no user access, which would explain the perception that there seemed to be a problem with Horizon.</p>
16.	All emphasis put on the Subpostmaster	<p>The Subpostmaster is ultimately responsible for all discrepancies, and operational procedures at the branch.</p> <p>Notwithstanding this Post Office through its support system at NBSC offer advice and support to Subpostmasters.</p>
17.	Freedom of information request in response to harassment telephone calls, failed to give any answers	<p>2 letters of correspondence were sent from the Post Office Freedom of Information unit.</p> <p>On 02nd March 2012 a letter was sent requesting further clarification to deal with the request. On 02nd May 2012 a further letter was sent advising that without sufficient details the Post Office are unable to identify the information requested.</p> <p>The response included the rationale that the cost limit set for Post Office is £450 and due to the size and scope of the organization the task required to provide the information would exceed this limit and therefore Post Office is not obliged to comply with the request.</p>

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Documents being provided to Second Sight	
M054_POL_Spot Review SR010_JH_001	<i>Re multiple receipts on Horizon printer</i>
M054_POL_Response from IT_JH_002	<i>E-mail from IT explaining equipment issues/faults recorded</i>
M054_POL_Balancing records_JH_003	<i>Details of losses/gains at end of Trading Period</i>
M054_POL_Scripts of taped interviews_JH_004/JH_005	<i>Interview at Morton Law Solicitors</i>
M054_POL_Security Operations Manager response_JH_006	<i>E-mail from Security Operations Manager confirming no further questioning took place</i>
M054_POL_Debt recovery by instalment letter_JH_007	<i>Letter from Contracts Manager</i>
M054_POL_Debt recovery concurrence report_JH_008	<i>Comments from Contracts Advisor re disputed debt at time of migration to HOL</i>
M054_POL_Learning Action Plan_JH_009	<i>Training Record/Action Plan</i>
M054_POL_Low value TC's_JH_010	<i>Record of Transaction Corrections</i>
M054_POL_High value TC's_JH_011	<i>Record of Transaction Corrections</i>
M054_POL_Suspension letter_JH_012	<i>Letter from Contracts Manager advising Applicant of suspension</i>
M054_POL_Charge letter_JH_013	<i>Letter from Contracts Manager advising Applicant of charges</i>
M054_POL_Applicants response to charges_JH_014	<i>Letter from Applicant to Contracts Manager</i>
M054_POL_Adjustments at HOL migration_JH_015	<i>E-mail to FSC £2000 cheque discrepancy</i>
M054_POL_Fact finding around migration_JH_016	<i>Enquiries from Contract Advisor in response to applicant</i>
M054_POL_Termination letter_JH_017	<i>Letter from Contracts Manager terminating contract and explaining reasons why</i>
M054_POL_Audit Report 290911_JH_018	<i>Report of Final Audit on 29.09.11 from auditor</i>
M054_POL_Horizon Fujitsu call data_JH_020	<i>Calls to Horizon Service Desk</i>
M054_POL_NBSC Calls_JH_021	<i>Calls to NBSC (transactions etc.)</i>
M054_POL_ONCH figures _JH_022	<i>Cash figures declared</i>
M054_POL_P356 Staff Employed_JH_023	<i>Record of staff employed</i>
M054_POL_Offender Report Preamble_JH_024	<i>Investigation Report</i>

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M054_POL_Balancing records_JH_025	<i>Record of Trading Period discrepancies</i>
M054_POL_Transaction Corrections_JH_026	<i>TC's issued to branch to correct accounting errors</i>
M054_POL_TC's issued net value_JH_027	<i>Net value of Transaction Corrections issued</i>
M054_POL_Outreach Balancing Records_JH_028	<i>Balancing Records for Yetminster Outreach</i>
M054_POL_Harassment with Applicant after suspension_JH_029	<i>E-Mail in response to phone calls received from FSC after suspension</i>
M054_POL_Final response from Post Office Freedom of Information Unit_JH_030	<i>Letter giving final response from Post Office Freedom of Information Unit</i>
M054_POL_Spot Review SR006_JH_031	<i>Re calls from helpdesk after suspension about transactions at Outreach</i>
M054_POL_Spot Review SR011_JH_035	<i>Re query about loss of audit trail on Giro payments</i>
M054_POL_Audit Report 300909_JH_033	<i>Audit Report from 30.09.09</i>
M054_POL_Compliance Audit 191010_JH_034	<i>Report from Compliance Audit from 19.10.10</i>
M054_POL_Duplicate_040112_JH_032	<i>Duplicate letter from Contracts Manager following no response to letter sent 25.11.11</i>
M054_POL_Duplicate_160112_JH036	<i>Final letter in attempt to get response from Applicant</i>