

14 February 2012

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## Memo



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Your Ref: CRM 267013 RGW  
Our Ref: POLTD /1011 / 0186

Horizon data for the period of December 2010 to January 2011 was obtained and examined. The result of the analysis shows that stock on hand has been manipulated.

For example the summary with the indentifying mark **SB/21** shows that on the 8 November 2010 first class large stamps with a total value of £132 were sold. No further first class large stamps were sold but on the 24 November 2010 first class stamps with a value of £990 were reversed out of the Horizon system.

No further first class large stamps are sold and on 12 January 2011, first class stamps with a value of £3,300 are again reversed out of the Horizon system. Then on 25 January 2011 first class large stamps with a value of £33 are sold.

During the period of 2 November 2010 to 31 January 2011 first class large stamps with a value of £165 were sold and first class stamps with a total value of £4,290 were reversed out of the Horizon system.

By performing these actions the stock level would be increased by the difference between sales and the reversed amount. For example:

50 x 1c Large sold	£165
Reversed value	£4290
Difference	£4125

The stock level would be increased by £4125 and by this increase the cash level would be decreased by the same amount of £4125.

When the branch performs their Branch Trading Statement, the accounts should show a surplus of £4125. The sub postmaster under the terms and conditions of their contract would the remove this surplus from the accounts.

The same practice has been used on the 50 x 2<sup>nd</sup> class large, self ad sheet 1c x 100, self ad sheet 2<sup>nd</sup> x 100. The majority of these transactions (£11,817.50) have been performed under the User ID of KIS001 and KIS002, Khayyam Ishaq the sub postmaster.

The remaining £2985 were done on 24 November 2010 under the User ID of ULI001, who is the clerk Umar Liaquat. The 24 November 2010 is a Wednesday and would be the day that Mr Ishaq has stated that he would check the cash. The inference drawn from this is that if Umar Liaquat is responsible for inflating stock levels, when Mr ISHAQ counted the cash he would have noticed a significant surplus in the cash of nearly £3,000.

The examination of the Horizon data also shows that Mr Liaquat was logged onto the system at 9 am and logged off at 17.10. The data shows Mr Ishaq being log on and off the system a number of times. See table below:

User ID	Date	Time	Stock Unit	Activity
ULI001	24/11/2010	09:00:44	AA	User ULI001 logged on.
KIS001	24/11/2010	09:24:21	AA	User KIS001 logged on.
KIS001	24/11/2010	11:29:13	AA	User KIS001 Logged off by system due to inactivity
KIS001	24/11/2010	12:00:37	AA	User KIS001 logged on.
ULI001	24/11/2010	17:10:44	AA	User ULI001 logged out
KIS001	24/11/2010	17:10:51	AA	User KIS001 logged out
KIS001	24/11/2010	17:11:12	AA	User KIS001 logged on.
ATM001	24/11/2010	17:11:17	ATM	User ATM001 logged on.
ATM001	24/11/2010	17:48:51	ATM	User ATM001 logged out
KIS001	24/11/2010	18:15:12	AA	User KIS001 logged out

The total difference between stamps sold and stamps reversed out of the system is £14,802.50.

Although at the audit the stock was adjusted by £17,961.18 (SB/4) the inference is that stock to the value of £3158.68 may have been reversed out of the Horizon system prior to the dates. It should be taken into account that the analysis shows the large values reversed out of the Horizon system and does not take into account the minor values reversed out for example stamp cards on hand 299, actual stamp cards 298 (SB/3).

Mr ISHAQ has stated that he checked the cash on hand every week but changed his version of when he actually checked the stock levels. However if he has indeed checked the cash every week then he would have noticed a discrepancy in the accounts as the stock levels were increased and therefore the cash required is decreased by the same amount, this is irrespective of whenever he checked the stock levels.

It should also be noted that on the Branch Trading Statements TP 06 (SB/7) to TP 09 (SB/10), for example the self adhesive 2<sup>nd</sup> class x 100 increased in volume from 137 sheets to 407 sheets on hand.

Enquiries have been made with HR and they confirm that no claims for Holiday substitution or sick substitution were made by Birkenshaw Post Office branch between January 2009 and February 2011.

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The file is returned for further advice regarding possible charges. A copy of SB/21 can be found in Appendix B of this file.

**GRO**

Stephen Bradshaw  
Security Manager  
Post Office Ltd Security Team