

IN CONFIDENCE

To:	From:	cc:
Denise Reid Contracts Advisor	Richard Cross Field Support Advisor	Lesley Frankland Fraud Team Manager
		David Patrick Field Support Team Leader
		Branchsupportteam GRO
Date: 02/02/2012		

Audit of Post Office® Winsford, Branch Code 217401.	Exhibit Number
	Identifying Mark
	RC2

On Thursday 2nd February 2012 accompanied by my colleagues Rob Lyon, Jane Timms, Paul Hayhurst and Tim Gordon-Pounder I conducted an audit of the above named branch.

The purpose of this audit was to verify financial assets due to the Post Office® and confirm compliance with a range of Business processes, procedures and regulatory requirements. The audit was scheduled as a result of an intervention request by you following information that the Postmaster owed a considerable amount of rent to his landlord.

The audit revealed a shortage in the branch of £17811.49. A breakdown of the audit result and details of the audit findings are as follows:

£ 12967.80	(-)	Identified as a difference in cash figures
£ 55.26	(-)	Identified as a difference in stock figures
£ 1.65	(+)	Identified as a difference in postage figures
£ 90.00	(-)	Outstanding transaction corrections not processed
£ 54.84	(-)	Discrepancy as per office snapshot
£ 4645.24	(-)	Outstanding debt previously settled centrally
£ 17811.49	(-)	Total Shortage

We arrived at the branch at 08.00 am and introduced ourselves to the Postmaster Mr Grant Allen, who was already on the premises, and informed him we were to perform an audit on behalf of Post Office Ltd®. Although they were not residential premises Mr Allen told us he was living there, sleeping on a couch in his office.

Mr Grant Allen allowed us access to the secure area. Mr Allen was not present in the secure area throughout the audit. Mr Allen and his assistant, Mr John Walker, only

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entered the secure area when we ~~had been using stocks, keys etc. whilst the~~ audit was carried out.

Jane Timms contacted the Network Business Support Centre (NBSC) at approximately 08.40 am and advised that an audit would be performed at the branch, and that it would remain closed until its conclusion. The nominated branches offered were: Davenham, Over and Wharton and a notice placed on display at the branch detailing this information. I also asked the NBSC to notify the Outlet Intervention Office that an audit was being performed and that the branch would remain closed until its conclusion.

At approximately 08.40 am Mr Allen asked me to accompany him to his office. Once there he told me that we would find the stock unit he used to be around £10,000 short. Mr Allen told me he had been having financial difficulties running the branch, and he had been unable to make good some large losses that had occurred at the branch. Mr Grant had asked for an overscale payment from Post Office Ltd to enable him to carry on running the branch, and had been inflating the cash on hand figures in the hope he would receive the payment, enabling him to make good the losses. I completed a Record of Conversation detailing this; however Mr Allen was not prepared to sign it.

At 08.50 am I contacted Steve Bradshaw, Security Advisor, and informed him of what I had been told by Mr Allen.

The branch was divided into eleven stock units. Balance snapshots were taken for all eleven stock units, as well as cash declarations. An office snapshot was also taken, and all the cash, stock and currency on hand were then counted. After counting all the stocks, the cash was found to be £12967.80 short, and stock £53.61 short.

There was an outstanding Transaction Correction invoice for £90.00 that had not yet been accepted.

I informed Mr Allen of our findings but he did not do an independent check of the cash and stock as the shortage figure was what he had expected it to be.

The majority of the cash shortage, £11705.00 was found in stock KK. This stock was the stock used by Mr Allen himself.

Kris Green, Network Support Admin team rang me at 09.30 am to tell me the branch had an outstanding debt of £4645.24 that had previously been settled centrally.

I had telephoned you at 08.45 am to report a preliminary suspected shortage of approximately £10000. You were unavailable, but returned my call at 09.06 am and I told you I would ring you back with the final figure once I had completed the audit. This I did at 12.58 pm to report an overall shortage in the branch of £17811.49.

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The decision taken was to precautionary suspend Mr Grant Allen at 13.10 pm and that the branch would be transferred to a relief Postmaster subject to an agreement being reached between Mr Allen and his Landlord.

The assets were secured in safe until a relief could be appointed and the keys taken by me along with the alarm code that had been changed.

The audit and subsequent transfer of the branch was concluded at 15.31 pm The branch was rolled into TP 10 BP04 and a Final Account produced.

The amount of £13166.25 was posted to late accounts.

If you require any additional information, please contact me on the telephone number below

Richard Cross
Lead Auditor



GRO
Mobex **GRO**