

STRICTLY CONFIDENTIAL

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Case Summary and Decision Paper For Disciplinary and Culpability Cases

Case: Summary Termination

1.	CASE DETAILS	
	Agent's Name:	Mrs Katherine McAlerney
	Office Name and Address:	GRO
	Branch Code:	185713
	Date of Suspension/Incident:	19 th January 2007
	Charge / Culpability amount	Poor Accounting Failure to make good losses Breach in Contract Section 12, paragraph 4 & 12
	Date of Interview:	5 th April 2007
2.	BRIEF CASE HISTORY	
	<i>Insert brief description of events leading up to this stage, adequate to provide sufficient information to any third party reading so they could understand what has happened so far.</i>	
	<p>Leitrim Post Office is situated in a rural area and the small office is sited within a small grocery store which is attached to a Public Bar. Katherine McAlerney has been the Sub Postmaster of Leitrim Post Office for nearly 7 years and was employed previously as a Secondary School Teacher. The Public Bar and Post Office premises are owned by Katherine McAlerney and her husband. They are opening a restaurant in May and also rent two properties. They have a small mortgage on the business. Leitrim Post Office opens 9.00 hours to 17.00 hours daily except Thursday opening time is 09.00 hours to 12.00 noon. Closure days are Wednesday and Saturday and the office conducts between</p>	

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15 /20 transactions daily. Katherine McAlerney employs Selina Mussan (full time) to work in the grocery store and in the Post Office. Selina has been employed for 3 years. The branch transacted approximately £1500 - £1700 in transactions per week leaving a surplus cash figure of £300.

Since being appointed as Subpostmaster of Leitrim Post Office® the BDM Colum McKingney has no performance issues and the office files shows that there have been no previous warnings issued and that Mrs McAlerney is of good conduct. The branch currently operates restricted hours and the branch remuneration currently stands at £3899.93.

An audit was conducted at the branch on the 19th January 2007, which highlighted the following deficiencies:

£	1375.85	(-)	Identified as a difference in cash figures
£	252.39	(-)	Identified as a difference in stock figures
£	868.70	(-)	Identified as a difference in postage figures
£	2494.94	(-)	Total Shortage

In addition to the above, the following amounts are noted, effectively increasing the above figure to:

£	8092.50	(-)	Outstanding amount, previously settled centrally, as confirmed with Product & Branch Accounting on the day of the audit
£	10587.44	(-)	Total shortage

On completion of asset verification, which resulted in the above-mentioned deficit, the lead auditor Tony Kenney conveyed his findings to Mrs McAlerney. She was asked if all cash and stock had been produced, she stated that there might be some stamp books at the shop till. On checking, this did indeed prove to be the case, however only a minimal amount was located.

Due to the large volume of variances within the stock and postage he asked Mrs McAlerney if she physically checked her stock and postage on completion of her Branch Trading

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Statement (BTS), Mrs McAlerney replied that it depended if she had the time or not. Mrs McAlerney also stated that she could not confirm if she was counting her obsolete TVLSS as part of her BTS nor could she explain the negative entries for the POSS.

With reference to the difference in cash, Mrs McAlerney could not provide an explanation as to the deficit.

Tony Kennedy contacted the Product and Branch Accounting (P&BA) to ascertain if there were any pending/outstanding transaction corrections or if there were any amounts previously settled centrally. He was advised of a net amount of £8092.50 short against the branch. He explained to Mrs McAlerney that the audit result was now £10587.44 short.

Mrs McAlerney informed Tony Kennedy that she had been having difficulty with her processing unit and that it had been replaced, she could not confirm when this had occurred. However she did state that on completion of her BTS over the past several periods she had experienced both large surpluses and shortages. Mrs McAlerney sought advice from the Helpline who advised her to settle any balance discrepancies centrally so as she could complete her BTS rollover. Mrs McAlerney stated that this is what she duly did and was not overly concerned about the large discrepancies as she assumed they would all be sorted out, as there must be some sort of problem with her computer.

Mrs McAlerney confirmed that she has received request for payment from P&BA for an amount in excess of £30K yet she had subsequently received transaction corrections to offset this amount. Mrs McAlerney stated that she would expect more credit transaction corrections to be issued as although the audit result was £10587.44 short she believes that the errors are solely due to software problems. The investigations managers reports confirms that the examinations of call logs shows that the office processor has been changed once in the last two years, which was after the office had closed on the 25/04/07.

I was contacted by Tony Kennedy at 1030 on the morning of

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the audit and after receiving a report of his preliminary findings I took the decision to precautionary suspend Mrs McAlerney's contract for services. I had no alternative but to close the branch because no interim was available.

It should also be noted that because Mrs McAlerney was in the final weeks of pregnancy it was decided to defer the criminal and contractual investigation until she was medically able to attend both interviews.

Mrs McAlerney was sent a charge letter on 26th February 2007 and attended for interview at Post Office Ltd, Level 7, Donegal Quay Belfast. The charges stated on the RTU letter are failure to discharge the obligations placed on you by your contract for services; Section 12 paragraphs 4 & 12 refer. A full transcription of the hand written notice is embedded in this document.



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The following points were raised by Mrs McAlerney:

1. Repeated failure of branch processor, failing 4/5 times a day. The call logs confirm that there is little evidence of Mrs McAlerney contacting the helpline in an attempt to resolve the problem.

On closing the interview I informed Mrs McAlerney that I would not be rushing my decision until I had received a full report from Suzanne Winter when she had completed her analysis of the branch trading records.

The following was received from Suzanne Winter, Investigation Manager on the 8th May 2007 and on the 6th June 2007:

Brian....Tony Utting, National Investigation Manager has advised that there should be no further legal action taken against Katherine Mary McAlerney .

After discussions with Judith Trotter the investigation is to

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be closed. I do not feel there would be anything to be gained by speaking with the assistant at this stage of the case.

As detailed in discipline report a significant number of failings in security and operational processes within the office have been identified during this investigation.

- Cheques not remitted to Cash Centre within time scales

- Disregard to Cash Centre requests for evidence of remittances despatched

- BTS not completed on trading period dates for Group C

- Disregard to requests from Chesterfield to complete on trading periods for Group C

In addition to Suzanne Winters investigation a further in-depth analysis has been undertaken of the branch accounting records by Andrew Winn, John Breeden and myself and the following has been deducted:

- branch accounts not kept in the prescribed manner ie trading statements not be completed when due - branch not being rolled over at the correct time

- cash not being accurately declared (both Andrew Winn and Suzanne Winter have made this point) - it appears this is the critical point as it is preventing any further work being undertaken to establish the cash position in the branch due to the inaccuracy of the declarations and the number of changes that have been made in declarations on the same day eg a cash declaration made on 05/09/06 at 0845 £5,622.82 and within 10 minutes it was increased by £9,000.00 and

- a cash declaration made on 18/09/06 at 08.18 £18,026.09 and at 16.14 that evening the cash was declared as only £1762.99 - a change of £16.5k which appears not be explained anywhere (there is no suggestion of misuse of funds)

- Horizon base unit changed on 11/9 but nothing to suggest this caused any issues

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	The branch records have been checked and there would appear to have been no previous warning issued for poor performance or breaches in contract.	
3.	THE INTERVIEW	
	Interviewer:	Brian Trotter Contract Advisor
	Interviewee:	Mrs Kathernine McAlerney
	Accompanied by:	No representation
	Note Taker:	Terry Smithson Trainer, Outlet Field Support Team
	Date of Interview:	5 th April 2007
	Location:	Post Office Ltd, Level 7, Royal Mail House, Donegall Quay, Belfast
4.	FACTORS IN FAVOUR OF AGENT <i>Following the interview and investigation into the case insert positive factors in favour of agent affecting the decision.</i>	
	1. Office files show that Mc McAlerney has had no previous warning and has a good conduct record.	
5.	FACTORS IN FAVOUR OF POL <i>Following the interview and investigation into the case insert positive factors in favour of POL affecting the decision.</i>	
	<ol style="list-style-type: none"> 1. Mrs McAlerney has failed to put the correct controls in place to prevent the loss of Post Office® cash. 2. Failure to complete the accounts in the form prescribed by Post Office®. 3. Failed to follow instructions from Chesterfield with regard to the completion of the branch trading accounts. 4. Failure to make good losses totalling £10587.44 	
6.	DECISION <i>Insert the decision made.</i>	
	Summary termination Of Contract	

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<p>7.</p>	<p>RATIONALE TO SUPPORT DECISION <i>Insert the rationale to support the decision</i></p>
	<p>It should be noted that from day one Mrs McAlerney has insisted that there has been no actual loss to Post Office funds and the loss or failing is down to system failure. However, the examination of call logs and an in-depth analysis carried out by a number of people do not prove that this is the case.</p> <p>Clearly, Mrs McAlerney has failed in her obligations to maintain the accounts as prescribed by Post Office Ltd and furthermore there is evidence that operating controls for ensuring the safe keeping of stock and cash are not as tight as they might have been.</p> <p>I would therefore recommend the summary termination of Mrs McAlerney Contract for the aforementioned reasons.</p>
<p>8.</p>	<p>LEARNING POINTS <i>Insert the learning points of this case</i></p>
	<p>1.</p>