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Ms Alison Hall
C/O Post Office@ Hightown Branch
483 Halifax Road
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Strictly Confidential
22 December 2010

Dear Ms Hall

Decision on termination of contract for services as subpostmaster at Hightown Post Office@ Branch (512323)

Thank you for attending your appeal hearing with me on 26 November 2010, as discussed at that meeting it has taken me some time to gather all the data your asked for together, this has been further delayed due to the severe weather we have experienced recently. I am now in possession of all relevant data and can now make my decision in this matter.

My finding in this matter is to endorse the decision taken by Sue Muddeman in her letter to you dated 15 October 2010. My reasons for endorsing this decision are listed below. This now closes the internal appeals process, Sue Muddeman will be in contact in the next few days to discuss the ongoing management of Post Office operations at Hightown Post Office@ branch.

I appreciate that this is not the decision you were hoping for, however as you will see from the enclosed data and my reasoning it is the only decision that is justified in this case.

Yours sincerely

Andy Bayfield
Appeals & Business Propositions Manager

enc: T.C's Issued
Scratchcard Activations & Remittances
Scratchcard Sales £1, £2, £5.
Lottery Prizes PaidLottery
TC's issued and accepted
Helpline Call Log
Overnight Cash holdings data

cc: Karen Arnold

Reasons for decision to uphold termination of contract for services.

The following breaches of the Agency Contract for services were raised by Sue Muddeman,

- **Section 12 paragraph 3 & 4**
In that you failed to present all cash and stock when subject to branch audit, a loss of over £14,000 was found, and no reasonable explanation was given.
- **Section 12 paragraph 12**
In that you failed to make good losses following branch trading statement periods, in that you were aware of losses and you did not make good without delay following the end of branch trading periods throughout this financial year.
- **Section 12 Paragraph 4**
In that you inflated cash on hand figures throughout this financial year to cover branch losses and that you made false branch trading statement declarations, thus falsifying the branch accounts.

Section 12 paragraph 3 & 4

You could not offer any reasonable explanation for the considerable shortage found at audit, the loss of £14023.37 which after including the amount of £819.00 for charge Transactional Corrections was increased to £14842.37. This was never declared by you, but was discovered originally as part of the horizon migration visit to your branch.

The only explanation you could offer me was that this was in some way attributable to the number of transactional corrections you received relating to the activation and remittance of scratchcards in your branch. You also stated that you had to change the number of scratchcards on hand to agree with these transactional corrections.

You described the method by which you operated lottery sales, and you confirmed that you were the only person who "activated scratchcards" in the branch, you stated that you settled the lottery figures on a Tuesday each week.

I have attached a list of all scratchcard activations from 26 January 2009 through to the date of your suspension as subpostmaster at Hightown Post Office® branch on 1 September 2010. This also includes the "remittance in" figures for that same period. As you can see there is a correlation in most cases between activation and remittance in, it has been explained to you although a TC would be issued where activations have occurred and no appropriate remittance has been entered this does not create a financial loss for the branch.

All transactional corrections relating to financial errors have been assigned to your branch and you have accepted and settled them. The grand total over this period is £2440. This is nowhere near the figure found at audit,

You stated that you first noted losses in January 2010. If you look at the activations and remittances for December 2009, January 2010 and February 2010 in over £12,000 worth of activations and remittances the difference is only £160 more of scratchcards "remitted in" than "activated", again this is a very small figure and in terms of the loss discovered by the audit,

this does not represent any sort of discrepancy that could equate to the loss discovered at audit. This along with your statement that you first noticed large losses in January 2010 do not support your argument for covering up a large loss as you did not know how it arose or what to do with it.

When viewing the call log to the helpline the first mention of any scratchcard issue is 26 August 2010. this was just 3 working days prior to the discover of this loss, and just 2 working days prior to the Horizon on Line migration visit, which you were aware included a physical check of "cash on hand" I am surprised that if this loss first appeared in January, why it took until the end of August to ask for help. I listened to your statement that you were talking with the lottery team in Chesterfield regarding these errors, but as was explained to you by them the TC's relating to differences in activation and remittances in does not create a financial loss.

You also stated to the helpline that you had been putting in money over the last few months to balance the branch account.

| Date | Ref | Branch | FAD | Contact | Request | Comment |
|------------|-----------|----------|--------|------------------|------------------|---|
| 26/08/2010 | H22806588 | Hightown | 512323 | Training Request | Further Training | PM IS HAVING BIG BALANCE PROBLEMS WITH LOTTERY HAS HAD TO PUT #10,000 IN LAST FEW MONTHS WISHES FURTHER TRAINING OR AUDIT CONTACT WITH MANAGER WHICHEVER IS GOING TO BE MOST BENEFICIAL |

Clearly you had not been making losses good, and analysis of your over night cash holdings suggests that you had been inflating cash on hand for a considerable period of time.

Section 12 paragraph 12

By your own admissions you did not comply with this contractual obligation. You did not make losses good, your only excuse being that you did not take the money, that you did not know where it was going and you covered up the losses in the hope that something would come back to make these losses good.

You had no plan as to how you would make these losses good, you had not investigated your staff to see if they had anything to do with these losses. You did not seek help in any way from the Post Office®. You did not change any of your operational procedures to address what you described as an escalating situation with regard to losses getting more and more.

The only thing you mentioned was that you were certain that these losses were created somehow by the management of the scratchcards and the numerous transactional corrections you received. I have included all the data available on transactional corrections issued on all products both chargeable and allowed, I have included all recorded sales of scratchcards and all lottery prizes paid both scratchcard and on-line., I can see nothing that would have suggested anything like the level of losses you are suggesting occurred due to "lottery issues"

At no time have you raised any issue regarding branch performance with anyone in the Post Office® network support team, you are an experienced subpostmaster, surely we could have expected you to contact someone in authority to do something about these losses, I have spoken with the lottery team they do remember you contacting them but they state that you seemed happy with their explanation regarding the correct way of reporting lottery sales and activations.

It is your responsibility as subpostmaster to make good losses, it is also your responsibility to inform the correct people, you raised the issue regarding wanting training or an audit on 26 August, had you done this in January when you are suggesting that the losses first started happening, then maybe we could have done something, asking for training or an audit just a couple of days prior to a branch visit, is not the actions of a subpostmaster seeking genuine help.

Section 12 Paragraph 4

It is obvious from reviewing your ONCH performance that your losses have been getting systematically larger from at least November 2009. When I view the data recorded on Wednesdays against what was recorded on Tuesday and Thursday, it is clear that losses are being covered up and that those losses were getting systematically bigger.

Your own admissions to both Sue Muddeman and me endorse the fact that you inflated cash to cover losses and by virtue of this fact, you have produced branch statements for at least the whole of 2010 that have been falsified.

It is for these reasons that the only appropriate finding for me is to endorse the decision taken by Sue Muddeman in her letter to you dated 15 October 2010 and that is to summary terminate your contract for services as subpostmaster at Hightown Post Office® branch.

I am aware that the outstanding debt against you is, High Town 512323 – Alison Hall £14,776.37

Sue will be discussing this as part of her conversation with you.

Andy Bayfield
22 December 2010