

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION,
LEGAL
POLTD/0607/0108

OFFENCE
Theft
False Accounting

Name: Janet Louise Skinner

Rank: Subpostmistress **Identification Code:** 1

Office: North Bransholme **Branch Code:** 174321

Age: GRO **Date of Birth:** GRO

Service: 2 years **Date Service Commenced:** 27/05/2004

Personnel Printout: At Appendix: C

Nat Ins No: **GRO**

Home Address: **GRO**

Contract for Services Suspended: 30th May 2006 on the authority of Diane Hoyles

To be prosecuted by: Royal Mail Group (including Post Office Ltd)

Designated Prosecution Authority: Tony Utting , National Internal Crime & Investigation Manager

Discipline Manager: Vicky Harrison

Corporate Security Criminal Law

These papers refer to a shortage at North Bransholme Post Office on Tuesday 30th May 2006 and a subsequent audit carried out the following day.

Diane Hoyles, Rural Support Officer, was instructed to visit the branch and verify the cash on hand. This was due to the cash team reporting an increase in overnight cash holdings (ONCH) and requests to return excess cash not

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being actioned. As Mrs Hoyles identified a loss during this visit, an audit was arranged for the following day to verify the exact loss at the branch.

Loss to Post Office Ltd £59,175.39

North Bransholme is a 4 counter position branch situated within an independently owned general store selling groceries and confectionary. It is located within an urban deprived area of Bransholme in Hull. Janet Skinner currently has a temporary contract as Subpostmistress of the branch after the previous owners, United News Group, relinquished their franchise in May 2005. Miss Skinner employs 4 staff to assist in the running of the branch, all of which, at some stage have had key holder responsibilities as part of their duties.

Mrs Skinner has considerable experience of working and managing Post Office Branches. Whilst employed by United News Group, Miss Skinner worked at several of their branches in a managerial capacity, Dalsetter Rise, Orchard Park and Bodmin Road being the last three.

Mrs Hoyles arrived at the branch on Tuesday 30th May 2006 at 13:00 hours, accompanied by her colleague, Julia Stephenson. Mrs Hoyles explained the reason for her visit to Miss Skinner, after which Miss Skinner took them into the back room and explained that the cash would be £40,000 short. She stated she did not know how the loss occurred but added she had suspicions over a member of staff, Kathryn Ayres. Mrs Hoyles completed a statement outlining the discussions that took place, which was read and signed by Miss Skinner as a true account. A copy of this statement is associated in appendix B.

Mrs Hoyles and Mrs Stephenson completed a check of the cash on hand and confirmed a large shortage of around £54,000. Miss Skinner was suspended from her duties and the keys were handed over. Mrs Hoyles arranged for a full verification audit to be undertaken the following morning.

Before leaving the branch on Tuesday, Mrs Hoyles states that CVIT arrived to deliver some pouches. After making further checks, Mrs Hoyles discovered that despite concerns over the cash holdings of the branch being excessive and the requests to return excess cash ignored, a remittance of £40,000 in notes was attempted to be delivered. This delivery was refused by Ms Hoyles.

On Wednesday 31st May 2006 an audit took place at North Bransholme Post Office. Paul Field was the Lead Auditor at which a loss of £59,175.39 was recorded. A copy of the audit report is associated in appendix B.

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At 12.00 hours on Thursday 1st June, accompanied by Steve Bradshaw, Investigation Manager, I interviewed Miss Skinner. This was started in the Managers room at Bransholme DMB, however, due to a faulty tape machine, the interview was conducted at Bransholme Police Station. Tape seals 043407 and 043409 were used on the faulty tapes and a notebook entry made. A copy is associated in appendix B.

The interview recommenced at 13.27 hours. The interview was tape-recorded and a tape summary has since been prepared, a copy of which is on pages to of this file. Copies of CS001 and the working tapes 043366, 043367 and 043368 are associated in appendix B, and the CS003 associated in appendix C within this file.

During the interview, Miss Skinner stated she had worked at Post Offices since 1995 as an employee of United News Group. She stated that she had considerable experience of transactions and procedures and was the first Manager in Hull to migrate onto the Horizon system. She said she became a contact point for others experiencing problems with the system and is very confident in operating the equipment.

Miss Skinner stated that she understood the reason for completing a balance at the branch and that all losses and gains were to be made good in accordance with her contract as Subpostmistress.

A recap of the events of the last 2 days was given and Miss Skinner acknowledged this was a true account of events. The statement signed by Miss Skinner was also read out and again Miss Skinner confirmed that she signed this note and it was an accurate account of her comments.

Miss Skinner was asked about the shortage in the branch. She stated that she knew the branch was carrying a large loss and that she inflated her cash to enable her to produce a clear trading statement. She stated that the loss started in January 2006 when completion of the balance revealed a shortage in the accounts of £7,500. She stated that she could not find the money but thought it was too high an amount to be an error.

Miss Skinner stated that her staff knew there was a large loss but she did not question them about it. She stated that to conceal the loss, she added the £7,500 onto the £10 and £20 denominations of her cash, as she did not have the money to make good the loss. She stated she knew it was wrong to do

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this.

On the next branch trading statement in February 2006, Miss Skinner stated that the loss had risen to £9,500. She again stated that this amount was added to her cash figure spread over the £10 and £20 to conceal the loss.

Miss Skinner stated she has no idea how the amount rose to the present cash loss of nearly £59,000. She stated that when the trading statement for period 2 was completed on Wednesday 24th May 2006, the loss was £40,253.85. Miss Skinner has no idea how a further £20,000 has gone missing from her branch in the space of 3 working days. Miss Skinner has stated that she has not stolen the money and suspects a member of her staff although she has no evidence of this.

Miss Skinner stated throughout the interview that she suspects Katherine Ayres of being the perpetrator of this crime. She stated that she was warned to watch Mrs Ayres by the last Manager at North Bransholme Post Office due to previous irregularities in the branch accounts.

Miss Skinner stated that Mrs Ayres was always short changing customers by large amounts. Due to the losses in the branch, the staff were assigned individual stock units during which time the branch had minimal losses. Miss Skinner stated that in November 2004, there was a loss of £1,400 in Mrs Ayres stock unit. Mrs Skinner stated that Mrs Ayres could not make the shortage good in full so they agreed for Mrs Ayres to pay back the money at £10 or £20 a week, whatever she could afford. Mrs Skinner stated that Mrs Ayres was to put the money in an empty white Lisahally pouch and make a note on a piece of paper with the running total. Mrs Skinner said this pouch was kept in the safe however, Mrs Ayres kept dipping into the cash when her son came and requested to borrow some money.

Mrs Skinner stated that she instructed Mrs Ayres to add the £1,400 loss onto her cash each and every week in order to conceal the loss.

Shortly after this loss, Mrs Ayres went [GRO] Miss Skinner stated that due to being short staffed, the branch reverted back to a shared stock unit, again there were no high losses reported. When Mrs Ayres returned [GRO] Miss Skinner stated that they did not revert back to the individual stock units due to the time it would take to set up. She stated that around Christmas time 2005, the losses started again, rising each month to the amount at the audit.

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Miss Skinner stated that she had been late a couple of mornings and the customers had complained that the branch was not open at the scheduled time of 8.30 hours. Due to this Miss Skinner stated that she gave Mrs Ayres a full set of door keys to access the Post Office area and also a set of safe keys and alarm codes. Miss Skinner stated this was due to Mrs Ayres living across the road from the Post Office and ensuring the branch would be open on time. Miss

Skinner then states that late opening was still a problem and the customers were continuing to complain.

Miss Skinner stated that a few weeks ago, she saw Mrs Ayres son outside the office

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Miss Skinner stated that her hours of work were Mon to Thurs 8.45 hours to 14.00 hours with Friday and Saturday off. She stated that Mrs Ayres would have responsibility for opening and closing the Post Office with another set of keys rotating between the other clerks, Colleen and Wendy. They would assume responsibility on Mrs Ayres day off.

Miss Skinner stated that she was concerned on several occasions that she would run out of cash and not be able to continue a service to the customers. Miss Skinner stated that the week prior to the visit from Mrs Hoyles, she had to contact a banking customer and request they make a deposit as the money at the Post Office was extremely low. Miss Skinner also said that due to low funds in the till, she conducted her own withdrawals from the ATM machine in order to save her reserves for the customers

It was pointed out to Miss Skinner that the person she was warned about at the start, who had shown a large loss and was failing to repay it, and who was she suspected was stealing the money, was the person who had the full run of the branch. Miss Skinner stated that she knows she is too trusting but did not say anything, as she had no proof.

Miss Skinner states that she declared the total of the shortage in the cash element of stock unit CC. This stock unit contains no cash or stock and is rolled over inactively each week. Trading statement 2 for period ending May 24th 2006 was shown to Miss Skinner. She stated that the figure of £40,000 shown on the cash line of stock unit CC was the shortage in the account on that date. Miss Skinner states that a further £20,000 has disappeared since this date without any explanation. Copies of the Trading Statements are associated in appendix B of this file.

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Miss Skinner confirms that the 6 months on individual stock units and the 6 months of Mrs Ayres **GRO** were the best in terms of balancing apart from the £1,400, which was attributed to Mrs Ayres. Miss Skinner accepts that to revert back to individual stock units was only a matter of transferring a small amount of cash and stock which would takes minutes as the stock units were already created. Miss Skinner acknowledged that she has made no attempts to put any procedures in place to either stop the losses or identify the perpetrator. Therefore the losses have continued to grow at an alarming rate.

Miss Skinner was asked if she would give permission to undertake a voluntary search of her home address. She stated that we could do any search we wanted but only when her children were not at home. Miss Skinner added that her children are currently off school and she would not give permission till next week. A notebook entry was made of this, which Miss Skinner signed as an

accurate account. Copy associated in appendix B of this file. Miss Skinner agreed to give bank authority.

The interview was concluded at 15:42 hours. The master tapes of this interview are now held at Capstan House, Salford Quays. A notebook entry of the tape times and seal numbers was made. A copy is associated in appendix B of this file.

In order to clarify a number of issues raised by Miss Skinner in relation to the possible involvement of her staff in the loss, interviews were arranged and statements subsequently taken from the counter staff Colleen Kates, Theresa Holmes, Wendy Lyell and Katherine Ayres.

The most significant points raised being:

- Staff were taking calls from the cash centre as the planned order had been changed by Miss Skinner. When the notes were checked there was between £2,000 and £3,000 on hand instead of the £70,000 plus that the cash centre expected to be on hand.
- Miss Lyell was warned by Miss Skinner that the cash centre would probably be phoning and to fob them off by saying a large withdrawal was expected.
- Staff were instructed by Miss Skinner not to count cash to do a cash declaration but to print off

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a snapshot and enter this cash amount as being on hand. The reason given for doing this was

branch trading would only give you a true figure of how the office was balancing once a month when the trading period ends.

- The branch was close to running out of cash on a regular basis and staff had to contact business customers to request they bank some money. Miss Lyell regularly had to go to Kwik Save and swap pound coins for notes to enable the Post office to continue a service.
- All staff take turns in key rotation.
- Miss Lyell was taking phone calls from the landlord's secretary, Naomi, about the non-payment of rent. Miss Lyell states she was told by Naomi £10,000 was owed with cheques forwarded by Miss Skinner bouncing.
- Miss Skinner told Miss Lyell that the bailiffs recently removed the furniture from her house for non payment of council tax.
- Miss Lyell states that Miss Skinner had an addiction for scratchcards. Handfuls were taken from the dispenser at a time and scratched. She spoke to Miss Skinner about this who denied she had a problem.
- Mrs Ayres was regularly told to go home early around 5pm on a Wednesday despite being paid till later, leaving Miss Skinner to complete the balance with assistance from her daughter Toni.
- Miss Skinner contacted Mrs Ayres at home to ask for her password. The reason given for this was to enable Miss Skinner to serve on one terminal whilst printing reports on another.
- Miss Lyell states that her former employer Mark Ombler, owner of the retail side, was chasing

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Miss Skinner for National Lottery commission due. In May 2006, Miss Skinner paid £1,100 in commission and £2,200 in rent in cash. This money was given to Miss Lyell by the shop assistant to process through girobank.

➤ Staff were unaware that stock units BB and CC were still in operation after they reverted back to a shared stock unit.

➤ Miss Lyell and Mrs Ayres state they worked alongside Miss Skinner on a Tuesday and Wednesday afternoon respectively.

➤ Mrs Ayres states that when she left her stock unit it was £700 over. When she returned the next day Miss Skinner had removed the £700 as her stock was short. Consequently, Mrs Ayres stock unit ended up showing a loss of £700 which she was told she would have to repay.

➤ Mrs Ayres paid back £500 in May 2006 from the loss in her individual stock.

➤ Mrs Ayres lent Miss Skinner money to pay staff wages on 3 occasions. Some of this has yet to be repaid.

➤ Staff not informed of balancing results or asked to contribute to any losses since branch trading.

➤ Miss Skinner requested staff remove cash from the till to pay wages and also leave cash on her desk to be collected after the branch had closed.

Copies of the statements are associated in appendix A of this file.

Throughout the interview, Miss Skinner made full admissions to increasing the cash on hand declared at the branch and falsifying each and every cash account document since November 2004. She did this by adding the shortage onto the £10 and £20 notes total.

Miss Skinner lives with her partner and two children. She has a mortgage of £95,000 on her property in her name only. She has recently increased her

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mortgage as part of a settlement to her ex partner. Miss Skinner also has a car loan of £13,500 and a personal loan of £2,000.

The Post office is Miss Skinner's only source of income. Her partner, who has lived with Miss Skinner for the last 12 months, was unemployed until recently. On examination of her bank statements received from The Halifax, it was noted that Miss Skinner has almost £2,000 of direct debits on her account each month. Also noted was that on June 7th, an amount of £2,475 was debited from her account for Teletext. I have since been informed that this was in respect of a holiday. Copies of bank statements are associated in appendix C.

From statements taken and also information received via Inland Revenue and credit checks, it appears that Miss Skinner has severe financial problems. No Inland Revenue return has been received for 2004/05 periods. Miss Skinner is being chased for payment from the landlord with on one occasion, the office being locked by the proprietor. Miss Skinner has made several applications for credit since her suspension. It is also noted that Miss Skinner has 3 county court judgements against her between 2001 and 2002. These are made in her married name of Janet Louise Hakim. Copies of these documents are associated in appendix C.

Miss Skinner suspects that an employee, Katherine Ayres, is the perpetrator of the theft of over £59,000. Her theory behind this is due to the losses in the branch and notably in Mrs Ayres's individual stock unit. Also the warning given to Miss Skinner from the previous manager regarding Mrs Ayres gives her cause for concern. Despite this, Miss Skinner made no attempt to address the losses.

After discussing the situation with Mrs Ayres, I was informed that her father passed away 12 months ago and she has inherited some money, which was released from probate earlier this year. This is how she was able to repay £500 of the loss, as she was being mithered for it by Miss Skinner. Mrs Ayres is approaching retirement age and is a frail looking lady. She lives in a modest abode with her husband and son.

Mrs Ayres stated that her son

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Although Mrs Skinner states she has not stolen the money, I do not suspect the staff of having any involvement in this case. I have no reason to doubt the

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honest, integrity and reliability of these witnesses's.

The horizon data has been requested and it was noted that several high value transfers were made into stock units BB and CC. On January 9th 2006 two transfers were made from AA stock into BB for £8000 and CC for £15,000. These transactions were undertaken on the user code belonging to Wendy Lyell. The schedule known as DM6 was shown to Miss Lyell who stated she has not performed these transfers and at the time stated, 13:20 hours she would have been on her lunch break.

On Thursday 25th May 2006, the user code belonging to Theresa Holmes, THO001, has been attached to stock unit CC and a cash declaration was made resulting in a discrepancy of £38,010.67. A schedule showing these details, known as DM7 was shown to Miss Holmes. Miss Holmes denies undertaking these transactions and stated that she did not know the branch still had a stock unit CC.

On Wednesday May 24th 2006, the user code belonging to Katherine Ayres, KAA001, has been attached to CC stock unit and £20,000 in cash was transferred in from stock unit BB. A series of reports and cash declarations were then undertaken resulting in a declared cash on hand total of £40,253.85 being entered when there was actually no cash held in stock unit CC. A schedule showing these entries known as DM8 was shown to Mrs Ayres. Mrs Ayres denied undertaking these transactions and stated at the time they were carried out, between 17:35 and 17:50 hours, she was not on duty at the branch after being told by Miss Skinner to go home at 17:00 hours. Mrs Ayres also pointed out that when she left at 17:00 hours, Miss Skinner asked her to leave her screen logged on so she could run off the branch trading summaries and reports of her terminal. Copies of exhibits DM6/7/8 are associated in appendix B of this file.

In conclusion,

- Miss Skinner has made full admissions to false accounting in respect of inflating her cash on hand from November 2004 to May 2006.
- Miss Skinner made no admissions to the theft of £59,175.39 and stated she had no idea where the cash had gone.
- Although Miss Skinner has made reference to Mrs Ayres being involved in the loss, I have found

no evidence to back up this claim.

- It appears that Miss Skinner is in severe financial trouble. She was behind in her rent and had

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recently had a visit from the bailiffs. Miss Skinner has also recently doubled the mortgage on her property.

➤ Miss Skinner instructed her staff to lie on the phone to calls from her landlord and the cash centre.

➤ Miss Skinner also instructed the staff to undertake incorrect cash declarations.

➤ Miss Skinner altered the planned orders each week and also was the only person to complete the branch trading each month.

➤ Miss Skinner knew staff user codes and passwords

➤ Miss Skinner made no mention to the staff about losses at the branch

➤ Miss Skinner did not contact the Network Business Support Centre or seek guidance from the retail line concerning the level of losses.

➤ Miss Skinner admits moving the losses to inactive stock unit CC

On numerous occasions Miss Skinner made reference to a search being undertaken at her home, stating that she would have no problem with this taking place. When this was discussed in detail, Miss Skinner would only agree to the search when her children had returned to school a few days later. I discussed this with PC Brown at Bransholme Police Station to request their assistance. They were reluctant to get involved at this stage of the enquiry and refused to search the property at this time due to lack of manpower.

There are a number of business and procedural weaknesses that have contributed to the loss occurring.

➤ **Despite the branch holding excess cash, the Subpostmistress was allowed to phone up and increase her planned cash orders.**

➤ **Requests to return excess cash held back to the cash centre were ignored without any follow up procedures to ensure the request had been followed.**

➤ **On the day of the audit, a delivery of £40k was made and refused by Diane Hoyles, Rural**

Support Officer. The business is still sending cash to a branch that is severely over target and has ignored requests to return excess cash.

➤ **The systems currently in place did not cause sufficient concern for an audit to be scheduled**

despite the cash being inflated by a significant amount over a period of

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5 months.**

Loss to Post Office LTD £59,175.39

NPA001 and CS033 have been completed and copies are included in appendix C.

An interim copy of the discipline report has been e mailed to Casework Management on 16th June 2006 with the full report forwarded on August 4th 2006.

I have retained the master tapes and all original documentation.

This report is submitted for the present position to be noted and for consideration as to whether the evidence is sufficient to support a prosecution.

Diane Matthews
Investigation Manager
04th August 2006

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✉ Capstan House, 35 Broadway, Salford Quays, Manchester, M41 6FW