

<b>IN CONFIDENCE</b>
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<b>To:</b>	<b>From:</b>	<b>cc:</b>
Glenn Chester Contracts Advisor	David Patrick Senior Auditor	Investigation Team Manager  Steve W R Taylor Business Development Manager  Network Compliance Audit Manager  Outlet Intervention Team
<b>Date: 11 September 2008</b>		

<b>Audit of Post Office® Astwood Bank, Branch Code 346246.</b>
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- 1 ~~Insert number 1 only if attending an Investigation C&SM Audit Request.~~
- 2 ~~Delete this(1)~~ On the 11<sup>th</sup> September 2008, accompanied by my colleagues Kevin Watkins and Faith Lavender, I conducted an audit of the above named branch.
- 3 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 revealed a shortage in the branch of £ 27,811.98. A breakdown of the audit result and details of the audit findings are as follows:

£	27 006.01	(-)	Identified as a difference in cash figures
£	109.70	(-)	Identified as a difference in stock figures
£	696.27	(-)	Declared discrepancy Wk 24
£	27 811.98	(-)	Total Shortage

4 | We arrived at the branch at 8am and introduced ourselves to ~~the~~ **Postmaste** the Subpostmaster Mr Julian Wilson when **he** arrived at approximately 8.15 am and advised that we were to perform an audit on behalf of Post Office Ltd®.

**Mr** Wilson allowed us access to the secure area, and was **present** in the secure area whilst the audit was carried out.

I contacted the Network Business Support Centre (NBSC) at approximately 8.15 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: Crabs Cross, Alcester and Studley and a notice placed on display at the branch detailing this information.

At the commencement of the audit Mr Wilson informed me that there would be a shortfall in the cash of around £27k. He said that this was shortages accumulated at the branch over the last 5 years or so. He had been inflating the cash figures in order that the office show a balance each month

I produced an office snap shot. The 'office snapshot' is a Horizon generated report that details the cash and stock on hand that should be present at the time it is printed, in addition to the business transacted through the branch during a 'said period'.

I produced a report of the amount of cash declared as on hand by the branch on the night prior to the audit and noted the cash shortfall of £27 006.01 after a physical count was undertaken by my colleagues Kevin Watkins and Faith Lavender.

A shortfall was also noticed in the stock figure of £109.70.

**Mr** Wilson was then advised that **he** should satisfy himself that the figures of the audit team were correct. Therefore, we then confirmed all differences with Mr Wilson and he confirmed the audit shortage.

I telephoned yourself at 8.30 **am** to report a preliminary suspected **shortage** of approximately £27k and that I would ring you back with the final figure once I had completed the audit. This I did at 11.00 **am** to report an overall **shortage** in the branch of £27 811.98.

I also notified Graham Brander, Fraud Advisor Team manager and subsequently Gary Thomas, Fraud Advisor at about 12 noon to relay these findings.

The decision was then taken to precautionary suspend Mr Wilson at 13.00 pending further investigation.

A final account was prepared and the branch rolled into the next balance period. The deficiency was put to the Late Account.

An interim manager, Mary Stewart was put in charge at the branch with all assets transferred to her colleague Sue Wallace on day of audit. The audit and subsequent transfer of the branch was concluded at 4.45/pm.

I advised the NBSC that the branch would be re-opening on Friday 12<sup>th</sup> September at 9am..

No Compliance Tests were carried out at this audit.

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

David Patrick

Senior Auditor



GRO

Mobex:

GRO

## Track Changes

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1	Delete	<i>shirley.hailstones, 24/05/2006 10:38 AM</i>
2	Delete	<i>shirley.hailstones, 24/05/2006 10:38 AM</i>
3	Insert	<i>thomcr02, 15/05/2006 01:58 PM</i>
4	Delete	<i>shirley.hailstones, 24/05/2006 10:45 AM</i>