

Royal Mail Group

Statement of Witness

Surname:	HEED	Forenames:	Douglas
Maiden Name:		Known As or Alias:	Doug
		Title:	Mr.
Address (Home):			
	Telephone:		
Address (Business/ care of):	C/O Post Office Ltd, Glasgow Mail Centre, 20 Turner Road, Glasgow, G21 1AA		
	Telephone:		GRO
Date and place of birth:	GRO		
Occupation:	Field Advisor		

Witness states:

Post Office Ltd has employed me for 28 years. My current role is that of Field Advisor. Part of my duties is to conduct audits, which involves the verification of cash and stock at Post Offices, within Post Office Ltd. From a combination of records that are maintained by the Audit Team and my own memory I can say that on Wednesday 23rd July 2008, I attended Paible Sub Post Office Branch, Bayhead Shop, Paible, Lochmaddy, North Uist, HS6 5DS.

I arrived with my colleague Mr Alex MCKENZIE at approximately 08.30hours. Mr William QUARM, Subpostmaster was present in the retail area. The reason for our attendance was explained and he allowed us access into the secure area. Mr QUARM logged himself on to the Horizon system and Mr MCKENZIE then added himself as a User as per procedures.

William QUARM was present throughout the audit

Mr MCKENZIE obtained the following reports from the Horizon system.

Signature of witness: _____ Signature witnessed by: _____

Royal Mail Group

Statement of Witness

Office Snapshot. This details the cash and stock on hand that should be present in the office at the time it is printed, in addition to the business transacted through the branch during a 'said period'.

Balance Snapshot for each stock unit (AA and ATM). This details cash and stock on hand that should be present in that stock unit at the time it is printed, in addition to the business transacted through the stock unit during a 'said period'.

Cash declaration (stock unit AA and ATM) for the previous end of day. The branch is required to declare the cash on hand at the end of each day for each stock unit.

Suspense Account. This details any Cash in Pouches made up by the branch and not yet collected by Cash in Transit.

Remittances Out by Product. This details the remittances despatched from the office by product (cheque, Cash in Pouch etc) and destination during the current Trading Period.

Remittances Out by Day. This details the remittances despatched out daily from the office and destination during the current Trading Period. The total for this should equal the total on the Remittances Out by Product report.

Remittances In by Product. This details the remittances received for the office by product (Cash, Foreign Currency and stock) and source during the current Trading Period.

Remittances In by Day. This details the remittances received daily at the office and source during the current Trading Period. The total for this should equal the total on the Remittances In by Product report.

Transaction Corrections outstanding. This details any Transaction Corrections that are outstanding. A Transaction Correction is issued when errors have been identified in the accounts for the office.

Transaction Correction processed. This details the Transaction Correction the office has processed during the current Trading Period.

User Summary. This lists the UserID's of all persons on the Horizon system for the particular office.

Reconciled Transfers. This details any transfers between stock units.

The branch operated two stock units AA and ATM.

The cash on hand and stock in each stock unit was checked and compared to the balance snapshots for the

Signature of witness: Signature witnessed by:

Royal Mail Group**Statement of Witness**

stock units. The cash discrepancies were:

Stock Unit AA - £37,774.54 short

Stock Unit ATM - £ 2,490.00 short

Total £40,264.54 short

Stock unit ATM had an initial cash shortage of £2,840.00. It was also found to have outstanding transactions to the value £350.00, reducing the shortage to £2,490.00

The following discrepancies were also identified

£00.12 stock shortage (Stock Unit AA)

£13.10 shortage declared in previous week of Branch Trading period

PRODUCTION Paible Balance Snapshot Stock Unit AA 23/07/2008

PRODUCTION Paible Balance Snapshot Stock Unit ATM 23/07/2008

The summary of the shortage is as follows:

£	40264.54	(-)	Identified as a difference in cash figures
£	0.12	(-)	Identified as a difference in stock figures
£	13.10	(-)	Shortage declared in previous balance period of trading period
£	<u>40277.76</u>		Total shortage

All figures were entered on to the electronic Audit form P32. I also produced an additional audit report detailing the audit findings.

PRODUCTION Audit form P32, Paible 23rd July 2008.

Mr Quarm was unable to offer an explanation for the shortage but advised us that he had, had some problems which dated back to the previous winter.

Signature of witness: Signature witnessed by:

Royal Mail Group

Statement of Witness

Myself and Mr MCKENZIE then rechecked all the cash and stock discrepancies to verify the initial count.

I reported the audit findings to Brian TROTTER, Post Office Ltd Contacts Manager. Mr TROTTER advised me that Mr QUARM was to be precautionary suspended and I relayed this decision to him.

The cash and stock were placed Special Delivery pouches and remitted out. They pouches were taken to Lochmaddy Post Office to be despatched to the relevant departments.

Mr MCKENZIE and I left the branch at about 12:45hours.

Statement noted by:	<u>ROBERT DAILY</u>	Job title:	<u>Fraud Investigator</u>
Business/Department:	<u>Fraud Team North</u>		
On (day, date & time):	<u>Monday 16th March 2009, 12.16 hours</u>		
At (Location):	<u>Security Room, Glasgow Mail Centre, 20 Turner Road, Glasgow, G21 1AA</u>		
Also present:	<u>N/A</u>		
Statement read and signed by witness (Yes):		

Signature of witness: Signature witnessed by: