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POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL
POLTD/1011/0065

OFFENCE(s)

1. Theft – Contrary to Section 1 (1) of the Theft Act 1968
2. False Accounting – Contrary to Section 17 (1) of the Theft Act 1968
3. Fraud by false representation (Fraud Act 2006 – Section 2)
4. Fraud by failing to disclose information (Fraud Act 2006 – Section 3)
5. Fraud by abuse of Position (Fraud Act 2006 – Section 4)

Name: Rita Catherine THRELFALL

Rank: sub postmaster Identification Code: 1

Office: Ford FAD Code 219 420

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

Service: 13 years 2 months Date Service Commenced: 15 January 1998

Personnel Printout: At Appendix: C

Nat Ins No: **GRO**

Home Address: **GRO**

Suspended: Suspended on the authority of Paul X Williams – Contract Manager

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

Designated Prosecution Authority: David Pardoe, Senior Security Manager Fraud Team

Discipline Manager: Paul X Williams – Contract Manager

**Corporate Security
Criminal Law Team**

These papers refer to a shortage in the accounts at Ford Post Office branch. Mrs Rita Catherine THRELFALL the identified person named in the pre amble of this report is the sub postmaster and there are five members of staff listed on the P356 who are employed at the branch..

The personnel file and P356 data was requested and can be found in Appendix C at the rear of this file.

The stakeholder notification was prepared and sent to the Stakeholder. I have also spoken with the Stakeholder and advised him of the current situation.

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The branch is situated in the district of Litherland in the city of Liverpool. The branch also operates an ATM machine.

The branch was due to migrate onto Horizon Next Generation and the Horizon On Line (HOL) advisor, Mr Mark GREENWOOD discovered a discrepancy in the cash held at the branch during a cash check on 8 July 2010.

The branch operates a single stock unit (AA) for counter services and there is a stock unit for the ATM. On the evening on the day before migration the branch will perform a cash declaration. The cash was declared at 17:25 on 8 July 2010 and the amount was £86,067.09 (SB/6). A balance snapshot (SB/7) printed at 17:31 showed that cash with a value of £112,531.18 is the amount expected to be in the branch.

Mr GREENWOOD asked if there was any further cash to be counted as there was a large discrepancy. He was told that all cash had been counted and a member of staff spoke with Mrs THRELFALL. Mr GREENWOOD sates that he was handed a suspense account report that was a number of weeks old by Mrs THRELFALL who claimed this was the reason for the loss.

He reported his findings to his manager Chris ROBERTS who in turn contacted Paul WILLIAMS, the Contract Manager. Mr WILLIAMS spoke with Mr GREENWOOD on 9th July 2010 and he was told not to open the branch.

An audit was undertaken at the branch on 9th July 2010 that was conducted by Jane TIMMS, Field Support Advisor of the Network Support Field team. The purpose of the audit was to verify financial assets due to Post Office Ltd@. At the end of the audit a report was produced detailing the findings at Ford Post Office branch (JT/1).

The auditor arrived at the branch at approximately 12 noon. Ms TIMMS was introduced to the sub postmaster and staff by Mr Paul WILLIAMS the Contract Manager for the branch. Mrs THRELFALL was present throughout whilst the audit was carried out. The auditor was unable to have a final closing meeting with Mrs THRELFALL as she left the premises **GRO**

A P32 balance was constructed and the physical cash on hand was checked against the declared cash on the Office snapshot.

A breakdown of the Audit findings is set in the table below.

Amount	Comment
£ 36,163.51 (-)	Identified as a shortage difference in the cash figures
£ 111.04 (-)	Identified as a shortage difference in the stock figures
£ 36,274.55	Total Shortage

The Contract Manager, Mr Paul WILLIAMS made a decision to precautionary suspend Mrs THRELFALL and the branch was closed pending transfer on Monday 12th July 2010.

Mrs THRELFALL was contacted on 26 July 2010 and agreed to attend a voluntary taped interview under caution but wished to seek Legal Representation. Mrs THRELFALL said that she would contact her solicitor who would then contact this office to make the necessary arrangements. I received a

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telephone call from Mrs THRELFALL's solicitor on 3 August 2010 and I informed them that I was due to go on annual leave and would contact them on my return.

The Solicitor's office was in Southampton and on my return I attempted to contact them by telephone, but my calls were not returned. When I finally able to speak with them on 6 October 2010, they informed me they would be instructing agents in the Liverpool area but would not give me any further details. They also requested possible interview dates and dates for October and November 2010 were e mailed to them. They did not respond to these possible dates and further contact became difficult due to the adverse weather conditions during the December 2010 and January 2011 period.

To progress the case, Mrs THRELFALL was contacted and informed that I was experiencing difficulty in arranging any interview date. She was also asked about repayment of the outstanding money. She stated that she would contact her solicitor and that she also wanted to discuss any repayment with her solicitor before committing herself.

I was contacted by Jackson and Canter Solicitors of Liverpool and due to commitments an agreed date of 10 March 2011 was arranged for the interview.

On 10th March 2011 I attended at Liverpool North Delivery Office accompanied by my colleague, Christopher KNIGHT, Fraud Investigator. We introduced ourselves to both Mrs THRELFALL and Mr BLAIR and our identity cards were shown. The reason for the interview had previously been explained to Mrs THRELFALL and Mr BLAIR.

Interview with Rita Catherine THRELFALL

At 12.13 am I interviewed Mrs Rita Catherine THRELFALL at the Liverpool North Delivery Office 28 Half Crown Street Liverpool L5 9RA. Present throughout the interview was Mr Christopher KNIGHT Fraud Investigator. Mrs THRELFALL requested the presence of legal representation and Gareth BLAIR (Solicitor) attended on her behalf. Form GS001 (Identifying Mark **SB/1**) was completed, signed and dated by Mrs THRELFALL and is associated at Appendix B. Mrs THRELFALL declined the offer of having a friend present. Form GS003 (Identifying Mark **SB/2**) was completed, signed and dated by Mrs THRELFALL and is associated in Appendix C.

The interview was taped recorded, covered two tapes and sealed with master tape seals 070840 and 070841 (**SB/22** and **SB/23**). A typed tape summary (**SB/24** and **SB/25**) has since been prepared, a copy of which is now at pages ...**13** to **39**... The working tapes are associated in Appendix B of this file. I have retained the Master Tapes. A notebook entry of the interview was made and is associated in Appendix B of this file (Identifying Mark **SB/21**).

At the beginning of the interview Mr BLAIR read out a prepared statement (copy is associated in Appendix B of this file).

In this statement Mrs THRELFALL stated the following:

That she had bought the business for £95,000 in 1998 and that she had received two days training and that the training was not detailed in relation to the accounting issues. She took up her position and balanced the office competently and that the balance was an accurate balance.

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Her husband looked after the retail side and that during her first year she had to forgo 25% of her remuneration. She had a Post Office employee on site for two weeks and that she was told that she was capable of running the office and the Post Office was confident.

She said that she ran and balanced the office efficiently with some help from the helpline, but the helpline no longer exists.

She then explained the type of transactions performed when she took over the branch, the contact she had with Post Office LTD and that she used to perform a weekly balance and that mistakes could be readily found.

She said that prior to the implementation of Horizon she was provided with a number of work books to navigate the system and received one and a half days training prior to installation. When the system was installed she was supervised using the system, but did not call it training. Her first balanced was supervised by her line manager.

She then explained the balance and reconciliation was possible and she would be able to print out a specific transaction allowing an error to be identified.

She then explained that she had periods of absence from the Post Office **GRO** and her husband was asked to take over the running of the office.

She then said that system upgrades started to be implemented and that she did not know how these upgrades affected the balances. She told to leave the computer switched on.

She said that when there were discrepancies it was difficult to get a result from the transaction log and she received a printed message stating "no transaction found".

She then said that monies were placed to make good the supposed cash shortages due to discrepancies becoming increasingly difficult to uncover. She said that on the balance snapshot the figures show an amount defined as cash and this figure is meant to equal the declared cash and that for some considerable time these figures at her office differed greatly.

She then explained further transactions relating to swipe cards and that funds were being applied to incorrect amounts and states this was reported to Post Office Ltd but they were never contacted and never told how it was affecting their balances.

She then explained how the inward cash remittance were insufficient as the balance snapshot showed inflated cash figures and every week they contacted the cash management centre to increase their remittance. She then explained an alleged conversation with the cash management team.

She denied inflating the daily cash to agree with the balance snapshot and declared the actual cash on hand showing discrepancies. She further said that due to previous discrepancies being resolved she was confident that the discrepancies would again be resolved.

She then explained that in January 2010 she had a conversation with her son and a cheque was drawn for £22,000 on her son's account to make good the losses and that she believed that the errors were happening somewhere in the system and they would be corrected. She then explained a problem she had with Euro's.

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She said that during a conversation with Chesterfield she explained that £22,000 held in the suspense account was to make good the losses. As the migration onto the Horizon Next Generation took longer than expected she was told to remove the money from the suspense account.

She denied stealing any Post Office monies or false accounted and that she had received no assistance from Post Office Ltd. If these losses had happened at her office, then they must be happening at many more offices.

Mrs THRELFALL answered no comment to the following questions.

1. Who performed the balance and was it weekly or when a Branch Trading Statement (BTS) was due?
2. How did she perform the balance?
3. Did she receive any assistance from any member of staff?
4. Did she make good shortages and remove surpluses in the balance?
5. Did she keep a written record of shortages in the balance?
6. Did she show all discrepancies on the BTS?
7. Did she contact anybody regarding shortages / Surpluses in the balance?
8. Did she contact the National Business Support Centre (NBSC), the National Federation of Sub postmasters (NFSP) and any other sub postmasters?
9. If she thought the Horizon system was at fault did she contact the Horizon helpline?
10. Would she like to explain what difficulties she had with the Horizon system?
11. Was she satisfied that when she balanced, her balances were correct?
12. Did she suspect anybody else?
13. Was she satisfied that cash of £36,163.51 is missing from her accounts?
14. Who declared the cash on a daily basis?
15. Was the cash physically counted on a daily basis or was it taken from a running total?
16. Who entered the cash figures onto the Horizon system?

Mr Knight read out part of the prepared statement and said that if £10 was received as a rent payment, if the amount went to the wrong account then it would not affect the balance. Mr Knight then asked the following questions and she replied No Comment.

17. Was the hotel training she received Horizon or sales?
18. Did she have records of the discrepancies for the £22,000 she borrowed from her son?
19. Could she produce any bank accounts that would confirm the withdrawal of this amount?

The Horizon system was explained in simplistic terms to Mrs THRELFALL and that after performing the daily cash declarations, before she printed out the cash declaration she would be able to see if the cash was correct or if there was a discrepancy. She replied "No Comment". She also replied No Comment to the following questions.

20. Did she remember seeing any figures stating there was a cash discrepancy?
21. What did she do when she saw there was a cash discrepancy?
22. Did she get any help to sort out why there was a cash discrepancy?
23. Did she speak to any of the staff?
24. Did she inform the staff that the money was short?
25. Did the staff inform her that the money was short?
26. Why was the £22,000 placed in the suspense account?
27. Did she have £22,000 worth of losses?

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28. Did she inform anybody of these £22,000 worth of losses?
29. How did she make good these losses of £22,000?
30. Did she send a cheque?
31. If the cheque did not arrive, what did she do?
32. If the cheque never arrived, then £22,000 would still be in the account?
33. The original cheque could be cancelled, a new cheque issued and the losses made good in February 2010?

Mrs THRELFALL was shown a copy of the suspense account dated 24th May 2010 (**SB/3**) and that User ID RTH002 performed the House Keeping transaction on the Horizon system. She answered No Comment to the following questions.

34. Was RTH002 her User ID?
35. Are all transactions performed under User ID RTH002 performed by her?
36. Did anybody else use her User ID?
37. Did she make good the £22,000 on 2 February 2010?
38. Is the £22,000 part of the £36,000 loss?
39. Did her son give her a cheque for £22,000?
40. Was the cheque made out to herself or Post Office Ltd?

Mrs THRELFALL was shown the following Horizon print out's (**SB/12**, **SB/13** and **SB/14**). These print outs show that a cheque for £22,000 was inputted on the Horizon system on 2 February 2010 (Cheque Listing), the cheque was remitted out and a further cheque listing print out showing that all cheques have been removed from the system for despatching for clearance.

She was also shown a Horizon receipt (**SB/15**) showing that £22,000 worth of postage stamps had been sold at 16:30 and a further receipt (**SB/16**) showing the same amount had been reversed out of the system again at 16.30.

Further Horizon print outs shown are **SB/17** Emerg TX pay for £22,000, **SB/18** a print out of a reversal for £22,000, **SB/19** a transaction log shown the emerg tx pay, the reversal and a spmr shorts repays for £22,000 and **SB/20** a reversal for the spmr shorts repays for £22,000.

She again answered No Comment to the following questions.

41. Did she perform the despatching of the cheque?
42. Can she explain why stamps were bought for £22,000 then reversed out?
43. Was she contacted two or three week prior to the migration of the Horizon system?
44. Did she receive a phone call approximately one week before migration?
45. Was she informed that the HOL team would be counting the cash?
46. Did they arrive on 8th July 2010?
47. Who declared the cash on 8 July 2010?
48. Was it her or another member of staff?
49. She was shown the cash declaration (**SB/6**) and asked if it was a true amount?
50. She was shown the balance snapshot (**SB/7**) and the amount she should have had in the branch was £112,531.18?
51. Could she explain why there is such a large discrepancy between the actual cash on hand to the amount of cash the system says there should be?
52. She was shown the balance snapshot taken on 9 July 2010 (**SB/8**) and the cash amounts are the same to there is no malfunction in the system?

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53. Did she accept that £112,531.18 in cash should have been in the branch?
54. Did she accept the audit was correct?
55. Did she have an explanation for the difference of £3,000 in the twenty pound notes from the amount declared by her of £23,240 to the amount of £20,240 counted by the auditor?
56. Did she have an explanation for the difference of £2,000 in the ten pound notes from the amount declared by her to the amount counted by the auditor?
57. Did she have an explanation why there is a difference of £1,000 in five pound notes and is the unusable notes total of £2865 correct?
58. By declaring her cash every day then she would know there is a discrepancy in the cash?

Mrs THRELFALL was shown a BTS for Trading Period 02 (SB/11) and asked if the amount of cash purported to be on hand was a true amount? She replied "No Comment" each time to the following questions.

59. Had she been inflating the cash figures?
60. Has she stolen over £36,000?
61. Can she give an explanation why it is missing?
62. Has any other member of staff stolen the money?
63. Did she trust all members of her staff?
64. Did she adhere to all Post Office procedures and that passwords are secure?
65. Did she and the staff serve under each others User ID?
66. Did she have in her mind, that she "borrowed" this money?
67. Did she have any financial difficulties?
68. Can the money be repaid?
69. Did she think that she was able to repay the money?
70. When could she repay the money by?

Mr Knight then read out extracts from the prepared statement and again she answered "No Comment" to the following questions.

71. If the transaction wasn't recorded on the system then she would show a shortage or surplus?
72. Have had any large surpluses and removed the money?
73. Did your son say to contact Post Office Ltd before paying any money back?
74. Is £22,000 a lot of money to him?
75. Did you contact the Post Office before putting the £22,000 cheque in?

After the interview Mrs THRELFALL was asked if she was willing to undergo a voluntary search of her home address. She consulted with her solicitor and the request was turned down. Her solicitor stated that the interview was voluntary and Mrs THRELFALL was willing to comply with all requests for financial information. Andrew DALEY was contacted and the situation explained to him why permission was not given for a search to take place. After due consideration of all the facts, he agreed and gave authorisation for a search not to take place.

To summarise:

- Mrs THRELFALL submitted a prepared statement..
- Mrs THRELFALL answered "No Comment" to all questions put to her.

NPA and antecedent forms have been completed and copies are associated at Appendix C.

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Business and Procedural weakness'

- ❖ Due to the circumstances given that the interview was "No Comment" for the explanation of the audit shortage, at this moment in time I can see no failures in security supervision, procedures or product integrity that should be brought to the attention of the Contract Manager.

In Conclusion

GRO
GRO

She became sub postmaster in 1998 and there are five members of staff listed on the P356.

Mrs THRELFALL's solicitor read out a prepaid statement on her behalf and in this statement she denies stealing, false accounting or inflating any of the cash belonging to Post Office Ltd.

In the statement she also intimated that the Horizon system is at fault for the discrepancy in the accounts of Ford Post Office branch. However it is suspected that this explanation was put forward as in passing conversation by Mr THRELFALL that they had researched the internet and came across the Justice for sub postmaster's campaign.

During the interview, Mrs THRELFALL answered "No Comment" to all questions put to her.

Mrs THRELFALL contacted this office on 6 April 2011 and stated that they had put the business up for sale and that upon completion of the sale would repay the outstanding amount due to Post Office Ltd. She also asked what process she has to undertake to sell the Post Office.

Copies of all documents or exhibits mentioned in this report can be found contained within the appropriate Appendix of this file, the originals are held at this office. This report in addition to the summary tape transcripts has been sent electronically to Casework Management Team.

An abridged version of this report has not been produced for the discipline manager. Mrs THRELFALL gave a written submission to put forward her reasons why her contract should not be summarily terminated. The Contract Manager reviewed the papers and after due consideration of the points put forward by Mrs THRELFALL the decision was to summarily terminate her contract. Mrs THRELFALL appealed against this decision, but the Appeals Manager upholds the decision and her contract was terminated with effect from 16 August 2010.

A copy of the decision letter sent by the Appeals Manager can be found in Appendix C of this file.

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. No doubt the file will be returned in due course with the next appropriate course of action to be taken.

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Stephen Bradshaw
Fraud Investigator
Post Office Ltd Security Team
18 April 2011



Mobile:

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