

COMMERCIALLY SENSITIVE AND PREPARED IN CONNECTION WITH MEDIATION

Initial Complaint Review and Mediation Scheme

Post Office Investigation Report

Branch Name:	New Mill	Branch Code:	207320	Case Number:	M060
Applicant Name:	Graham Howard/ Gillian Howard	Status of Case:	Mediation Application	Date of Appointment:	14 November 2002/ 30 June 2008

Commented [A1]: Should this be changed to refer to Mrs Howard or her name added in light of para 1 below? Same with the date of appointment box. Suggest have both Mr and Mrs referred to and both dates of appointment?

Executive summary

For the purpose of this report the Applicant is Mrs Gillian Margaret Howard and all references to "the Applicant" in this report are to Mrs Howard. Mr Graham Howard who was the Subpostmaster of the New Mill branch GRO he is unable to complete the application and therefore is represented by Mrs Howard who acts on his behalf.

The Subpostmaster had been appointed to his role from 14 November 2002. The Applicant became the Officer In Charge (OIC) at the New Mill branch on the 30 June 2008 as a consequence of following GRO The Subpostmaster had been appointed to the role from 14 November 2002. The Applicant undertook continued this her role as OIC until the precautionary suspension of her husband on the 28 May 2010 following an audit which revealed a loss of £45,850.05. On the 28 May 2010 whilst being interviewed by Post Office Security Team, the Applicant and Subpostmaster inferred that the Subpostmaster would resign from his position as he was no longer capable of running the branch. Post Office received the Subpostmaster's resignation on 9 June 2010. This was accepted and was effective from 2 June 2010.

The Applicant claims that the shortfalls identified at the branch were a result of lack of training and support from Post Office, an unreliable computer system (Horizon integrity), the failure to identify mistakes without allowing the Applicant to address them and an improper and unjust investigation which ultimately led to the Applicant pleading guilty to being prosecuted and found guilty of false accounting at Bradford Crown Court on 26 April 2011. The Applicant was sentenced to a 6 month Community Order with a requirement of 6 months supervision on 26 May 2011. The Applicant signed a Letter of Undertaking to repay the outstanding amount to Post Office from the proceeds of the transfer of sale of the business premises.

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The Applicant cites lack of training and support from Post Office and a call logged incorrectly at the NBSC as factors which culminated in the discrepancies at the branch and the suspension of the Subpostmaster. The Applicant is correct in stating that the initial call logged at the NBSC on [date] reporting GRO recorded that it was the Subpostmaster's husband (rather than the Subpostmaster himself) GRO However the Applicant made a call to her former Branch Development Manager (BDM) at 8.00am on Monday 30 June 2008 to explain the situation that GRO The only request from the call to the NBSC and to the former BDM was for her to have permission to close the branch early GRO The former BDM arranged for this by contacting the Contracts Advisor who gave permission with immediate effect. There is no evidence of any further requests for training and support from the Applicant. The Network Support Admin team (NSAT) contacted the Applicant on behalf of the Contracts Advisor on the 30 June 2008 and the Applicant stated "that I prefer to keep busy and keep the Post Office running as all the customers are my friends and I prefer to be around them at this difficult time." Again there was no request for any support.

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The Applicant had been registered as staff and had been working at the branch from October 2007. It would have been the Subpostmaster's responsibility to ensure that the Applicant was adequately trained to undertake Post

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Office business and comply with its policies. There were no requests made by the Applicant to the NBSC for any training.

The Applicant questions the integrity of Horizon and comments that it is an unreliable computer system that got worse with the introduction of Horizon Online. Records confirm that the New Mill branch had a successful migration to Horizon Online (on 25 March 2010) and thereafter there were only two issues reported to the Horizon Service Desk (HSD). In response to the claim that the system often crashed, records confirm that this occurred on one occasion only and the system was down for one hour and forty minutes. Post Office confirms that the investigation has not produced any evidence to suggest that Horizon has caused any discrepancies at the New Mill branch.

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The Applicant claims that Post Office allowed her to continue making mistakes without flagging them up immediately. When errors were identified by Post Office, the Applicant was made aware of them in a timely manner and advice given regarding the correct procedure. Transactional errors made by the Applicant over the counter with customers are not always identifiable.

The audit carried out on ~~the~~ 28 May 2010 as requested by the Fraud Risk manager revealed a loss of £45,850.05. The subsequent investigations and interviews by Post Office Security Team led to the Applicant admitting to falsifying Post Office accounts and stating that what she had been doing was dishonest and that she had never done anything like this before, from the time that she became OIC on 30 June 2008 and the court case being heard at Bradford Crown Court. The Applicant pleaded guilty to falsifying accounts in the subsequent court proceedings. The investigation and subsequent evidence were subject to scrutiny by the judicial system and any flaws would have ceased the continuance of the court case.

Investigations have revealed that there were was a lack of management controls and procedures in place at the branch. There was a potential opportunity for staff theft seems feasible and which was acknowledged by the Applicant in the Security interview. The Applicant openly admits to making mistakes that have caused losses.

Overall conclusion.

This is a very sad set of circumstances and Post Office is sympathetic to the situation that the Applicant and her husband find themselves in. However, for the reasons summarised above and within this report, Post Office does not not support agree with the Applicant's claim that Horizon was to blame for the shortfalls experienced.

Post Office maintains that there were no faults within Horizon which caused errors in the branch's accounts and this case presents no evidence which changes that conclusion. The causes of the branch discrepancies in this case were operational errors by the Applicant (or her assistants).

In Post Office's view the Applicant was appropriately supported. A higher level of support could perhaps have been offered and losses curtailed if Post Office had been made aware of the Applicant's incapability to manage the branch to Post Office standards.

However, it is Post Office's opinion that there was a combination of factors which failure by the Applicant to request support or further training has led to the Applicant falsifying accounts from the 30 June 2008 when she became OIC until the audit on 28 May 2010, including her inability to cope/ her over-reliance on her staff/ the making of a number of errors and her failure to request support or further training. By her own admission in a court of law she admitted suppressing business banking deposits. In her CQR the Applicant admitted to making errors that had created discrepancies in branch. Staff theft was potentially another contributing factor to discrepancies experienced. It is unclear whether the Applicant inherited any losses from when her husband was operating the branch and whether there was any suppressing of business banking prior to the Subpostmaster's stroke.

Nevertheless, the fact that errors, whether inadvertent or deliberate have arisen in branch mean that they and any

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consequential shortfalls are the responsibility of the Subpostmaster.

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The Applicant's complaint

The main issues raised by the Applicant are detailed below:-

1. Lack of proper training and support from Post Office.
2. Unreliable computer systems; Integrity issues with Horizon.
3. Allowing the Applicant to continue making mistakes without flagging them up immediately and/or giving her the chance to re-train.
4. Failing to carry out a full investigation and proper audit before charging the Applicant with a criminal offence. The Applicant believes Post Office conducted an improper and unjust investigation.

The objectives that the Applicant wishes to achieve from the Mediation Scheme.

1. The Applicant would like a clear acknowledgement that she personally, nor any member of her family have stolen any money.
2. For the Post Office to stop pursuing the Applicant for £46,000.00
3. For the Post Office to acknowledge they forced the Subpostmaster under duress to resign. If he hadn't resigned he would have been able to claim [GRO] and a bonus. He claims the [GRO] and bonus that he should have received.
4. A refund of the loss of profit from the business.
5. A refund of the loss of salary until retirement.
6. A refund of solicitors and estate agent fees.
7. To overturn the criminal conviction of the Applicant.
8. To find out Post Office's intentions regarding the office. If Post Office close it now it will affect the footfall in the Applicant's business and appropriate compensation should be given.
9. Have an apology.

Case Review Actions

Summary of the information collated by Post Office

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Information available from Post Office records:

Information area	Information provided with this response	Information not available as beyond retention period
Record of contact with Post Office to include call logs to Network Business Support Centre (NBSC).	X	
Record of training received by the Subpostmaster	X	
Record of Audit and Intervention Request, including visits to support the Applicant.	X	
Record of contractual communiqués and meetings.	X	
Record of Transaction Corrections (TCs)	X	
Record of Horizon transaction and event logs	X	
Record of Horizon Service Desk log (HSD)	X	

Record of NBSC logs. (Doc 001 refers).

Logs were reviewed for the period 15 November 2002 – 27 May 2010. During this period 460 call logs were recorded. Detailed in a separate document (**Doc 002 refers**) are the total logs per year and a breakdown of the incidents that potentially relate to the issues raised.

A breakdown of the total number of calls for the years of tenure is given in a table below.

2002	24
2003	82
2004	52
2005	68
2006	47
2007	55
2008	63
2009	43
2010	26

Commented [A6]: Delete column as not used?

Commented [A7]: Suggest explain briefly the roles of NBSC and HSD

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The logs for the period that the Applicant states are when the issues occurred at the New Mill branch are listed below:

2008 – 63 call logs

Branch Trading Procedures – 15 call logs

- 8 calls related to stock units ~~of which including~~ call logs **H15778557** - 20 February 2008 and **H15908918** - 27 March 2008; the Applicant was taken through the balance procedure step by step. 28 May 2008, call log **H15985513**; the Applicant had a discrepancy of £600.00(-), NBSC advised of things it could be, the Applicant did a trial balance to see what the final discrepancy was and was going to print a transaction log.
- 3 call logs related to inward and outward remittances.
- 2 call logs related to Transaction Corrections, the Applicant wanted to know the correct procedure to process them.
- 2 call logs related to stock unit transfers, the Applicant had remitted cash into ATM stock unit instead of AA stock unit.

Counter Procedures – 26 call logs.

Horizon - 4 call logs.

- 1 call log regarding an issue with the printer.
- 3 call logs, the Applicant could not attach to an individual stock unit, this was because someone was already attached, and NBSC used **knowledge base** to advise the Applicant.

Commented [A8]: Explain what this is

Office Process – 8 call logs.

- 2 call logs related to closure for an audit.
- 1 call log, the Applicant makes a complaint regarding the amount of audits his branch has received, NBSC emailed Outlet Intervention Team. Call made by Mr Howard.
- 1 call log related to non-critical closures, the Applicant was due to have a meeting with the Network Change Officer. Call log **H15991567** - 2 June 2008.
- 1 call related to remittance failures.
- 1 call log **H16022957** - 30 June 2008, the Applicant contacted NBSC to inform them that the Subpostmaster **GRO** The message was recorded as the Subpostmaster's husband: **GRO** NBSC, emailed Network Support Admin Team (NSAT).
- 2 call logs **H22523104** - 7 July 2008 and **H16036342** - 14 July 2008, the Applicant gave NBSC a closure update, the office was closed at 5PM.

Performance -1 call log.

- 1 call log, NBSC contacted the Applicant regarding Branch Trading Statement (BTS), as it had not been produced.

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Switchboard – 9 call logs.

- 4 call logs transferred to HSH due to issue with Horizon, no issues were cited.
- 3 call logs regarding counter procedures.
- 1 call log, the Applicant requested office details.
- 1 call log, the Applicant requested the alarm keyboard to be relocated.

2009 – 43 call logs.

Branch Trading – 15 call logs.

- 10 call logs related to stock units, the Applicant had worked in the incorrect stock unit, NBSC advised the correct procedure to rectify this.
- 5 call logs related to inward and outward remittances.

Counter Procedures – 13 call logs.

Horizon – 2 call logs.

- 1 call log **H16392437** - 30 June 2009, the Applicant was transferred to HSD, no issue cited.
- 1 call log NBSC advised the Applicant how to create a new stock unit.

Office Process – 4 call logs.

- 3 call logs related to office closure.
- 1 call log related to offering additional services with regard to Motor Vehicle Licencing.

Switchboard – 9 call logs.

~~4 call logs transferred to HSD, no issue cited.~~

- ~~4 call logs transferred to HSD, no issue cited.~~
- 5 call logs the Applicant requested telephone numbers.

2010 – 26 call logs.

Branch Trading - 8 call logs.

- 7 call logs related to stock units, the Applicant had served from the incorrect stock unit and stock unit had not been rolled correctly, the Applicant was advised by NBSC knowledge base.
- 1 call related to Transaction Corrections, the Applicant was advised how to process correctly.

Counter procedure – 6 call logs.

Horizon Online – 5 call logs.

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- 1 call log, 26 March 2010 - **H16680498**, the Applicant had a cash gain in ATM stock unit.
- 1 call log, 28 April 2010 - **T16712998**, the Applicant had a remittance surplus of £19,000.00, the Applicant was advised by NBSC knowledgebase.
- 3 call logs, 4 May 2010 - **T16716898**, **T16717201**, **T22772618**, the Applicant made three calls to NBSC as a message was appearing on screen regarding rolling over stock units, an amount of £19,000.00 was in the Suspense Account, the Applicant was advised to settle the loss centrally, which would offset the previous gain.

Office Process – 4 call logs.

- 3 related to office closures, two due to bad weather and one due to an audit.
- 1 call related to Horizon Online failure, the office had re-opened, call log **H16679864** - 26 March 2010.

Switchboard – 3 call logs.

- 2 call logs transferred to HSD, the call log states a discrepancy, no other information.
- 1 call log, the Applicant was advised how to attach to ATM stock unit.

It is Post Office's opinion that the **number of** calls made to the NBSC for the Applicant's period of tenure were low. The period of the Applicant's main complaint in 2009 had the lowest level of calls for a full year. The number of calls made was not reflective ~~to~~ of the issues that the Applicant claimed to have experienced. The highest number of calls made was in 2003 and 2005 and this is outside the period of the Applicant's complaint.

Training. (Doc 003 refers)

The initial -training package received by the Subpostmaster was:

11 November 2002 – 12 November 2002. Branch set up

13 November 2002. Go live

14 November 2002 – 27 November 2002. On-site training.

Record of Audit/Intervention.

Audit

14 November 2005 – Audit completed. Result: £250.23 (-). Broken down as: £261.27 (-) cash, £12.48 (-) stock, £0.67 (-) Foreign Currency, £24.19 (+) other. **(Doc 004 refers)**

12 June 2006 – Audit completed. Result: £686.37 (-). Broken down as: £510.19 (-) cash, £176.18 (-) stock. The discrepancy was made good at the time of the audit. **(Doc 005 refers)**

22 April 2008 – Audit completed. Result: £556.06 (-). Broken down as: £381.14 (+) cash, £598.00 (-) stock, £339.20 (-) outstanding transaction corrections not processed. **(Doc 006 refers)**

28 May 2010 – Audit completed. Result: £45,850.05 (-). Broken down as: £45,846.29 (-) cash, £1.21 (-) stock, £2.55 (-) foreign currency. **(Doc 007 refers)**

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Intervention.

14 July 2006 – Area Intervention and Rural Support Manager Visit Log. Visit followed the audit of 12 June 2006 to check that the recommendations had been acted on. **(Doc 008 refers)**

Resolution: Points from the audit were discussed and would be addressed and complied with.

12 September 2006 – Branch Intervention Log, Telephone Contact. Suspense account holding £19,537.34 (+).

Resolution: Transaction correction received to clear amount. Branch trading statement has been completed and the amount has cleared from the suspense figures. The problem had been an on-line banking deposit entered incorrectly. **(Doc 009 refers)**

22 October 2009 – Cash Management Call. Call made to the Applicant regarding non- conformance with cash declarations. It was explained that every stock unit must make cash declaration every day. All declarations must be made before 19.00hrs, any made after this time will be invalid. **(Doc 010 refers)**

5 November 2009 – Cash Management Call. Follow up call as arranged, to update on original call on 22 October 2009. No further action required. **(Doc 010 refers)**

Record of Contractual Communiqués and Meetings.

1 June 2010 – Suspension letter from Contracts Advisor **(Doc 011 refers)**

2 June 2010 – Resignation letter from the Subpostmaster. (Received on 9 June 2010) **(Doc 012 refers)**

14 June 2010 – Acceptance of resignation letter from Contracts Advisor **(Doc 013 refers)**

15 June 2010 – Reply letter from the Applicant to the Contracts Advisor stating that the premises would be made available for the continuation of Post Office services by a temporary Subpostmaster. **(Doc 014 refers)**

Transaction Corrections (TCs). (Doc 015 refers)

120 Transaction Corrections: 22 December 2005 – 27 May 2010.

Total.

- Credits £93,187.62
- Invoices £90,773.53
- Net. £2,414.09(+)

2005. Total -2

1 credit £219.00 – Lottery Sales

1 invoice £103.00 – Lottery prizes

Net. £116.00(+)

Commented [A9]: Note: I have not specifically double checked these figures.

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2006. Total - 4

4 credits £19,881.85

Net. £19,881.85(+)

£19,591.12 - Alliance and Leicester online banking miss-key

£100.00 - Cheque remittance

£24.99 - Foreign currency

£165.74 - Giro Deposit

2007. Total - 25

9 credits -£27,495.77

16 invoices -£29,810.06

Net. £2,314.29(-)

3 related to Lottery

9 related to cheques remittance

2 related to National Savings and Investments (NS&I)

1 related to ATM

1 related to foreign currency pre-order

1 related to a Suspense Account entry

6 related to cash remittances

1 related to Giro withdrawals

1 related to payment entered twice

2008. Total - 50

20 credits -£6,994.00

30 invoices -£59,152.17

Net. £52,158.17(-)

4 related to Bank of Ireland ATM

26 related to lottery

4 related to cheque remittance

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7 related to Suspense Account entries

9 related to cash remittance

2009. Total - 23

8 credits -£507.00

15 invoices -£688.00

Net. £181.00(-)

3 related to Bank of Ireland ATM

12 related to Lottery

6 related to cash remittance

1 related to personal banking cash deposit

1 related to incorrect cheque acceptance, procedures not followed

2010. Total - 16

4 credits -£38,090.00

12 invoices -£1,020.30

Net. £37,069.70(+)

6 related to Bank of Ireland ATM

2 related to Lottery

1 related to Paystation

5 related to cash remittance

1 related to suspense account entries

1 related to incorrect cheque acceptance, procedures not followed

Horizon Transaction and Event Logs.

June to August 2008 (**Doc 016 refers**).

June to August 2009 (**Doc 017 refers**).

March to June 2010 (**Doc 018 refers**).

Horizon Service Desk Logs.

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4 August 2008 to 5 May 2010 (**Doc 019 refers**).

4 August 2008 – Hardware issue with counter printer, the printer was not printing, and three cleaning tests resolved the issue.

21 August 2008 – Software issue, ‘system error’ message, Applicant advised to reboot, issue was resolved.

8 June 2009 – Hardware issue, fault with the monitor, checks were completed by the Applicant over the telephone, an engineer replaced the monitor the same day.

9 June 2009 – Hardware issue, the touch screen not responding on the monitor, the Applicant was advised how to clean and calibrate the monitor and reboot Horizon.

9 June 2009 – Hardware issue, the touch screen not responding on the monitor, the above issue was not resolved, an engineer was sent to replace the monitor the next day.

24 June 2009 – Network issue, online services unavailable, a ‘health check’ was completed and the Applicant was advised to reboot Horizon, issue was resolved.

30 June 2009 - Network issue, online services unavailable, a ‘health check’ was completed, online services back, call closed.

19 April 2010 – Software issue, an error code was displayed on screen, the Applicant was advised to reboot the base unit; issue was resolved.

5 May 2010 – Software issue, issue resolved.

Response to issues raised by Applicant

1. Lack of proper training and support from Post Office.

- a) The Applicant claims “that if Post Office had logged a call correctly explaining that it was the Subpostmaster [GRO] and not his wife as documented then perhaps the support that was expected might have been given.”

Response. On 30 June 2008 the Applicant made a call to the NBSC (**H16022957**) at 11:25 am, which was logged as [GRO]. It was logged during the call that the Applicant made a request to close the post office slightly earlier (around 5:00 pm) [GRO]. [GRO] **Doc 001 refers**).

In the Applicant’s CQR it states that 8.00am on Monday 30 June 2008 the Applicant contacted her former Branch Development Manager (BDM) to inform her that the Subpostmaster [GRO]. This immediately confirmed that Post Office knew that it was the Subpostmaster [GRO] from the Monday morning before the branch had opened.

The Applicant claims in her CQR that her former BDM visited that day and gave the Applicant manager’s access on Horizon. (If the former BDM was satisfied with the Applicant’s requirement and suitability for the manager’s access it was normal practice for the former BDM to obtain a One Shot Password (OSP) from HSD via NBSC to allow her access to Horizon in the branch and then amend the Applicant’s status to manager as requested.) However Horizon

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transaction and event logs show no evidence of anyone other than user GHO003 using Horizon on that day (**Doc 016 refers**). NBSC call logs do not record a request for the OSP for this branch on this date. (**DOC 001 refers**). The user ID GHO003 was the only user ID used for the period June, July and August 2008 (**Doc 016 refers**). This confirms a serious breach of security at the branch: (s)Sharing of user IDs and passwords). There are no Post Office records available to clarify who User ID GHO003 belongs to, as-and both the Subpostmaster and Applicant have the same initials, however the Applicant admitted during her interview to sharing uUser IDs. There was no user ID added or amended during June, July and August 2008. There was no evidence of a change of status regarding managerial access for the same period. However records confirm (**Doc 027 refers**) that during the investigation interview on 8 June 2010 the Applicant states that when [GRO] around October 2007 Karen Wrangham (BDM) spent the morning at the branch supporting the Applicant. The Applicant stated "She certainly put me on to manager access because there were things that she explained that I wouldn't be able to do." It is Post Office's opinion that the Applicant has mistakenook the date of the support given by the BDM.

Post Office recognises that the call logged at NBSC had recorded that it was the Subpostmaster's husband that had [GRO] However the Applicant states that she called her former BDM at 8.00am on Monday 30 to inform her of the situation. The BDM gained authority from the Contracts Advisor for the Applicant to close at 5.00pm in order to support the Applicant in getting [GRO] Records confirm that it was the Subpostmaster [GRO] Therefore, the initial recording of the message by NBSC had no impact. It is also noted that the Applicant stated "that she prefers to keep busy and keep the branch running as all the customers were her friends and she prefers to be around them at this difficult time." (**Doc 022 refers**)

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- b) The Applicant states in her CQR that "The business development for the office had been withdrawn three months prior to the [GRO] so I was unable to request her support." However, by the Applicant's own admission the BDM was the person she telephoned at 8.00am on Monday morning and this was the person who gave her the initial support needed.

Response. By the Applicant's own admission, the BDM was the person she telephoned at 8.00am on Monday the morning of Monday 30 June 2008 and this was the person who gave her the initial support needed. It is evident that from 8.00am on Monday 30 June 2008 Post Office recognised that it was the Subpostmaster that had [GRO] [GRO] Discussions between the Applicant and her former BDM would have identified any support required. There is no record of the Applicant requesting any support from the Post Office. The only request was for her to be able to close the branch at 5.00pm and this was granted immediately by the Contracts Advisor.

The Applicant's former BDM has since left the Post Office and, there are no records available of any communications between the Applicant and her former BDM.

- c) Applicant claims that "Post office should have taken up their responsibility of looking after the Post Office as soon as they were aware the Subpostmaster was [GRO]"

Response. It is not the responsibility of Post Office to "look after" a branch under these circumstances. Section 1, paragraph 5 of the Subpostmaster's contract states "The Subpostmaster is not obliged to attend the office personally but he is required, whether he is there or not, to accept full responsibility for the proper running of his office and the provision of those Post Office services which are required to be there. Retention of the appointment as Subpostmaster is dependent on the office being well managed and the work performed properly to the satisfaction of Post Office Ltd."

Commented [A10]: I think it would be helpful to have a copy of the contract (of extracts of the contract) available

However Post Office would assist by advising Subpostmasters where temporary managers or relief staff could be

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sourced (eg. The National Federation of Subpostmasters (NFSP)). The Applicant was registered with Human Resources from October 2007 and became the OIC after the Subpostmaster [GRO]. The Applicant stated that she preferred to keep busy and keep the Post Office running. There are no records of the Applicant making any request to Post Office for assistance in operating the branch or in locating temporary staff/manager. NBSC logs evidence that the Applicant was requesting advice on transactional, accounting and dispatch procedures from September 2007. Evidence confirms that 69% of calls made to the NBSC from the branch from this time until the [GRO] in June 2008 were made by the Applicant. This is indicative of the Applicant operating at the branch earlier than is suggested in her CQR.

Commented [A11]: I am not clear how this figure has been compiled.

Commented [A12]: Suggest the reference in the CQR is set out here

Further evidence documents evidence that the Applicant chose to continue as the OIC because of financial reasons. The [GRO] plan taken out by the Applicant and the Subpostmaster with HSBC would not come into place for several months. Had this not been the case the Applicant would have appointed a Post Office trained assistant. The Applicant states that "She had no option but to try and cope on her own." (Doc 028 refers)

The Subpostmaster could have alleviated the financial burden by applying to the Post Office for [GRO] substitution allowance which is payable for an initial period of 13 weeks but can be extended by the Contract Advisor to 26 weeks. This is part of the Contract for Services.

Commented [A13]: Is there any evidence we could point to which shows the Applicant had some (reasonable) awareness of this entitlement? Is there any obligation under the contract for Post office to inform him of it?

d) The Applicant states "I never once received a phone call or a visit from the Post Office to offer me any support up to the day 23 months later when they eventually closed the office."

Response. On 30 June 2008 the Applicant received a call from Network Support Admin Team (NSAT). They made contact with the Applicant on behalf of the Contract Advisor. It was agreed that the branch would close at 5:00pm for the week and the Applicant was to update Post Office via NBSC. On 7 July and 14 July 2008, the Applicant contacted NBSC to inform them that the office would continue to close at 5:00 pm as there was no change in her husband's circumstances. (Doc 001 refers).

There is no evidence of any other communication between Post Office and the Applicant regarding the Subpostmaster. The Applicant had stated that she wanted to keep busy and keep the Post Office running as all the customers were her friends and she prefers to be around them at this difficult time. This was the Applicant's decision to continue running the branch and Post Office respected that decision. Alternatively Post Office would have assisted the Applicant in sourcing a temporary Subpostmaster if requested.

Commented [A14]: Presumably supported by her husband with whom the contract was made? Maybe say this was the decision of the Subpostmaster and the Applicant if we can say that given his circumstances?

The Applicant made 79 calls to NBSC during the period 30 June 2008 to 26 May 2010. The Network Business Support Centre (NBSC) is the telephone support line available to all Branches. The Applicant was given advice covering:-

- Branch Trading
- Counter procedures
- Horizon/Horizon Online
- Logistics
- Office Process
- Contact Telephone numbers
- Performance

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Given the low level of calls made by the Applicant to NBSC, it suggests that the Applicant was competent and did not require the support that she now claims she needed. The Applicant had the opportunity to request additional support and training via NBSC, but there is no evidence of requests for additional training or support.

1 August 2008. NBSC contacted the Applicant (call log **H16056893**) regarding an overdue Branch Trading Statement. The Applicant was advised of the process, the Applicant had the opportunity to raise any issues, but there is no evidence of any issue raised.

Commented [A15]: I am not clear how we know this information just from reading the log (doc 001)? Is there any other source of information to refer to?

22 October 2009. The Applicant received a call from Cash Management regarding non-conformance with cash declarations. It was explained that every stock unit must make cash declaration every day. All declarations must be made before 19.00hrs, any made after this time will be invalid. **(Doc 010 refers)**.

5 November 2009. The Applicant received a follow up call regarding the original call on 22 October 2009, the call was closed with no further action required. **(Doc 010 refers)**.

25 March 2010. The branch migrated to Horizon Online, a Migration Officer attended the branch to complete the process. The Horizon Online Checklist indicates that the branch was following procedures and was not experiencing any issues **(Doc 024 refers)**.

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It is Post Office's view that the Applicant had the opportunity to raise any concerns and request additional support during the contact that she received directly from Post Office and during any contact with NBSC.

- e) The Applicant states *"I received no training when I took over the role and my cries for help to the helpline were totally ignored and at one point I was even told to stop being a nuisance and telephoning them for help."*

Response. The Applicant's previous employment record of working for an estate agency, manager of a building society agency (responsible for all banking and balancing of money) and an insurance risk manager/depot manager (responsible for banking, time sheets and petty cash) indicates that she is experienced in accounting and handling money. This would greatly benefit the Applicant's transition to Post Office transactions and accounting procedures.

The Applicant became the Officer in charge (OIC) when her husband GRO on 28 June 2008. NBSC call logs confirm that the Applicant had been working at the branch since September 2007. **(Doc 001 refers)**

It is the Subpostmaster's responsibility to ensure that all staff undertaking Post Office services are fully trained and compliant with Post Office procedures. Evidence confirms that the Applicant had been working at the branch for nine months prior to the GRO. Therefore, if the Subpostmaster had fulfilled his contractual obligations, the Applicant would have been adequately trained to undertake Post Office duties. The only recorded request by the Applicant was to close the branch at 5:00pm in order to visit her husband, this was immediately authorised. **(Doc 022 refers)**

Commented [A16]: Request for what? Suggest expand on this slightly

NBSC call logs indicate that the Applicant was enquiring how to undertake transactions, how to correct errors, transfers after using the incorrect stock units for transactions, how to balance and how to deal with trading period discrepancies. **(Doc 023 refers)**. There is no evidence to support the Applicant's claim that she was told to stop telephoning NBSC.

- f) The Applicant states *"I was told that I should have requested help from the post office which made me want to laugh and cry at the same time. I was desperate for help and begged them for training and support, but it*

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fell on deaf ears."

Response. Post Office findings are that there were no additional requests for training made by the Applicant. There is evidence that the Applicant was supported by NBSC (Doc 001 refers). The Applicant has been not specified specific with to whom she made her request with and for what specific training and support she required.

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- g) The Applicant claims that things "got worse" when the branch was upgraded to Horizon Online. The Applicant states "training consisted of a CD and a book and a man was supposed to come and train us and stay all day, but he left after one and a half hours and told us to get on with things."

Response. Each branch had a Horizon Support Officer (HSO). Their role was to attend the branch early afternoon on the day of migration until after the branch closed, and until late morning the day after migration. There were three main elements of support for migration:-

- Ensuring migration activity was initiated and completed.
- Ensuring that the branch teams were comfortable in using the new system.
- Carrying out a series of essential conformance and compliance checks at the branch.

Training tools were sent to branches in preparation for the migration, which consisted of work books and a CD. The HSO also took a laptop to the branch which emulated Horizon Online. This enabled Subpostmasters and staff to have the opportunity to practise navigating Horizon Online prior to migration. Post Office's findings are that the training delivered for Horizon Online was adequate and met the needs of Subpostmasters. No conformance or compliance gaps were identified at the visit and there is no evidence of issues raised by the Applicant to the HSO; (Doc 024 refers).

Commented [A17]: Is there any evidence to refer to, which backs this up?

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- h) The Applicant claims that a member of Post Office staff visited the branch a short time after the introduction of Horizon On-Line. The Applicant states "She was completely uninterested in hearing about the difficulties I was experiencing with the system including the fact I couldn't see the screen properly and it was giving me a migraine. All she wanted to hear was that Horizon was wonderful and there was no follow up about all the complaints made to her at all."

Response. There is no evidence of the branch being visited by a member of Post Office staff after the migration to Horizon Online. Issues with the screen are not the result of the branch transferring to Horizon Online and would not cause discrepancies within the branch. As with any monitor the contrast and brightness can be adjusted to suit the user's needs. If the Applicant was not aware of the correct procedure of how to adjust the screen NBSC would be able to advise her, but there is no evidence of this issue raised with NBSC. There is no record to support the Applicant's assertion.

Commented [A18]: Why? Is this because the screen would have been in place anyway before migration?

2. Unreliable computer systems; Integrity issues with Horizon.

- a) The Applicant states that "Things got worse with the introduction of Horizon Online. The new system often crashed and/or screen froze sometimes several times a day and it could be a whole morning or afternoon lost."

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Response. After the migration to Horizon Online at the branch, the Applicant made two calls to HSD.
19 April 2010 – Software issue, an error code was displayed on screen, the Applicant was advised to reboot the base unit; issue was resolved.

5 May 2010 – Software issue, issue resolved.

Horizon Transaction and Event logs have been reviewed for the period March to June 2010 to cover the period of Horizon Online at the branch. The only evidence of disruption of service that the branch experienced was on 19 April 2010, when there was an interruption of service for one hour and forty minutes. This is supported by the call reference noted above.

- b) The Applicant comments that they were one of the last branches to be transferred before the roll outs were suspended due to problems. *“When it crashed it could be out for several hours and customers would have to go away mid transaction. When it did come back on, data was lost and customers had gone away before payments were taken.”*

Response. No issues arose during the migrations to Horizon Online at New Mill Post Office. An HSO attended the branch the day of migration and the following morning. If there was an issue the migration at New Mill would have been suspended at the branch immediately. (Doc 024 refers)

As evidenced above there was only one incident of service disruption on the 19 April 2010. Transaction and Event logs reviewed for that incident confirms that the transaction prior to the disruption had been completed and no data was lost. If disruption is experienced mid transaction Horizon has a Recovery Process to prevent any loss of data; provided that the correct process was followed by the on screen prompts it would not cause any discrepancies in branch.

- c) The Applicant claims that following having reading a letter to another Subpostmaster regarding the Helen Rose Report which questions the integrity of Horizon, that remote access could well have been the cause of the unexplained discrepancies at the New Mill branch.

Response. Transaction data is transmitted from branch terminals to central Post Office data centres where it is securely stored using digital tamper seals. Although Post Office can access this data (which is not unusual as Post Office has an obvious need to be able to review transaction data at a branch level) it cannot edit this data.

Where Post Office needs to correct an error in branch, this is done by way of a transaction correction. The effect of the transaction correction is to inject another transaction into the branch accounts, not to edit previous transaction data. The transaction correction is notified to the branch through Horizon and must be accepted by the branch before it has any effect on the branch's overall accounting position. (Doc 015 refers). This is the branch's Transaction Correction records that evidence Post Office's procedure for correcting errors.

Having reviewed the transaction data for this branch and based on the Applicant admitting to making errors in the branch there is no evidence that the transaction data has been remotely accessed tampered with. (Doc 016,017,018 refer).

- 3. Allowing the Applicant to continue making mistakes without flagging them up immediately and/or giving her the chance to re-train.

Commented [A19]: Where are these 2 examples referred to in the documents?

Commented [A20]: How do we know this? It is not specifically clear from Doc 024?

Commented [A21]: For Andy Parsons to confirm he is happy with the references here and immediately below to editing data (to be done once the report has been reviewed again by case handlers)

Commented [A22]: Is the information set out in this paragraph set out in any other documents, e.g. a policy or procedure?

Commented [A23]: What would we be looking for in order to determine this?

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a) -The Applicant claims that there were some things that she continued doing exactly the way her husband had done. He had frequently been audited but had never been "pulled up" on the way he had been doing these things and she felt completely at a loss as to why she was later "pulled up". She admits to making mistakes now, but doesn't understand why she was allowed to do them without being told by the Post Office.

Response. Post Office findings are that when Post Office identified errors, the Applicant was made aware of them in a timely manner and given advice regarding the correct procedure. Call log H15778557 7 December 2007 (Doc 001 refers). NBSC contacted the branch regarding errors despatching Co-Operative bank cheque deposit envelopes to Alliance and Leicester bank (6 cheque Co-Operative cheque deposits had been received at Alliance and Leicester in the past couple of weeks), NBSC advised the Applicant of the correct despatch process. The above call log is before the Subpostmaster's stroke, Post Office investigations have revealed that the Applicant was working at the branch prior to this. (see below Additional Findings).

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b) The Applicant gives an example of issues surrounding stock units. There were three stock units at the branch (AA, Lottery and ATM). The Applicant claims that the problem for her was that different transactions had to be entered on different stock units. In order to do this you had to log out of one stock unit and log in to the stock unit you needed to carry out the transaction. The Applicant states "Instead of the computer sending up a warning sign or not allowing us to carry on putting the incorrect transactions on the incorrect stock unit, it simply let us carry on. This meant that mistakes that we were making were not being highlighted immediately and we were allowed to continue making those mistakes."

Response. Horizon gives the user the capability to create "stock units". These in effect are separate ring-fenced sets of sub accounts within the branch's general accounts on Horizon. The creation of a stock unit by a Subpostmaster causes Horizon to create a separate sub set of accounts connected to that stock unit. Stock units are typically designated AA, BB, Etc. If cash and stock are transferred from the main branch stock to a stock unit, this cash and stock is recorded in the separate set of accounts for that stock unit (and correspondingly removed from the main branch accounts).

When a member of staff is serving a customer they ~~can-should~~ log onto Horizon with their own user ID and password and ~~can~~ then attach themselves to a stock unit. Any transactions conducted will then be recorded against that stock unit, with the corresponding changes to cash and stock levels being recorded against that stock unit's accounts. Stock units can also be set up for individual product categories (e.g. Lottery, ATMs, etc.). This can help the Subpostmaster record all transactions for a particular product within a separate set of accounts so that any discrepancies can be more easily identified. There are no business requirements for how many stock units a branch has to have or how they are physically deployed.

~~If a user accidentally tags themselves to the wrong stock unit and serves a customer or transfers cash or stock, then the accounts will record the transactions against one stock unit but the physical cash and stock will move in/out of a drawer allocated to a different stock unit. This can be corrected by either reversing the transactions and putting them through the correct stock unit, or calculating the cash value of the transactions and transferring the money to the correct stock unit. There would be no net overall discrepancy to the branch as any losses in one stock unit will be compensated by the gains in the other stock unit.~~

The New Mill branch operated three stock units. AA was the main branch stock unit, ATM (Bank Of Ireland ATM) and OOH (Camelot lottery terminal). The ATM stock unit is a mandatory Post Office requirement. The lottery stock unit is at the discretion of the Subpostmaster.

It is the user's responsibility to ensure that they are logged on to the correct stock unit to undertake the relevant

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transactions within that stock unit. When a user attaches themselves to a stock unit, Horizon shows a prompt that advises them that they have successfully attached themselves to a particular stock unit, and at the bottom of the screen there is a constant display of the stock unit that the user is currently attached to.

If a user accidentally tags themselves to the wrong stock unit and serves a customer or transfers cash or stock, then the accounts will record the transactions against one stock unit but the physical cash and stock will move in/out of a drawer allocated to a different stock unit. This can be corrected by either reversing the transactions and putting them through the correct stock unit, or calculating the cash value of the transactions and transferring the money to the correct stock unit. There would be no net overall discrepancy to the branch as any losses in one stock unit will be compensated by the gains in the other stock unit.

4. Failing to carry out a full investigation and proper audit before charging the Applicant with a criminal offence. The Applicant believes the Post Office conducted an improper and unjust investigation.

- a) The Applicant claims that there was no breakdown given to her at the time of the audit. There was a breakdown posted later showing the discrepancies.

Response. The Applicant was advised during the audit (Doc 007) that she should satisfy herself that the figures of the audit team were correct, therefore the Applicant was invited to do her own independent count of all of the cash on hand. The Applicant declined stating that she was aware that there would be a large discrepancy and accepted the Auditors' findings. The audit and resultant shortage was outlined to the Applicant in her security interview on 08 June 2010. (Doc 027 refers).

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- b) The Applicant states "I was desperate for help and begged them for training and support, but it fell on deaf ears until they found that there had been a problem and without any activity or investigation that was open and thorough, they suspended me, charged me with a criminal offence and basically ruined my family financially, socially and emotionally."

Response. As explained in the report above, there is no evidence that the Applicant requested any training and support from Post Office.

The branch was audited at the request of the Fraud Risk Manager, due to concerns with the Over Night Cash Holdings (ONCH) (Doc 020 refers).

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The audit revealed a discrepancy of £45,850.05(-), which was accepted by the Applicant.

Post Office Security interviewed the Applicant who admitted to falsifying Post Office accounts as evidenced by the transcript of the interview (Doc 027 refers) which led to the case being heard at Bradford Crown Court, where the Applicant pleaded guilty to falsifying accounts. ~~The investigation and subsequent evidence were subject to scrutiny by the judicial system and any flaws in the evidence would have ceased the continuance of the court case.~~

Commented [A24]: Andy/ Victoria – is this information accurate in circumstances where the Applicant pleaded guilty? Would a court have tested the evidence?

Discrepancy at audit on 28 May 2010 - £45,850.05 (-)

The audit was scheduled to take place on the 27 May 2010. It was requested by the Fraud Risk Manager based on Over Night Cash Holdings (ONCH) concerns. (Doc 020 refers)

Victoria says: you are right, this needs to be changed. This should focus more on the fact that as she pleaded guilty, she has pleaded guilty to the entire offence following legal advice (assuming she did have legal advice)

-The table below demonstrates these concerns:

Now amended.

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1) Over target: Branch was averaging £93k over and above ONCH target in Period 1, but was £34k below ATM target in Period_1. This was alarming in itself, as there seemed to be no ATM declarations. It may be that the ATM cash was declared within the ONCH, but there was still a difference of £60k.

FAD7	Branch Name	Open Status	Cash in Tills Target	Cash In Tills	variance CIT	analysis CIT	ATM Target	ATM	variance ATM
207320X	New Mill	Y	£21,457.00	£114,509.71	£93,052.71	50k to 100K	£34,521.00	£0.00	£-34,521.00

2) Tracker: Branch is holding £22k more in Period 1 this year than Period 1 last year, with no ATM installation in past 12 months to account for cash increase.

7-FAD	Branch	Type	Counter Terminals	ATM installation	Franchise / Multiple	variance office April 09 - April 10
207320X	New Mill	SPSO	1	30/08/2007		£22,916.97

Commented [A25]: Can you explain the source of this comment? It looks like a quote?

On Thursday 27 May 2010 two Post Office auditors arrived at the New Mill branch at 08.30hrs to verify the financial assets due to the Post Office. They introduced themselves to the Applicant and she stated that she was not well and she was due to visit her doctor that morning. At that point she asked the auditors to step outside with her as she did not wish to discuss her problem in front of the shop staff. Once outside she explained that she had an appointment

GRO

The auditor asked the Applicant if there was anyone else who could attend whilst the audit was performed. She replied that there was no one else. The Applicant then left the branch. GRO As part of this review, verbal discussion between the Mediation Case Handler and the Security Advisor who carried out the investigation has revealed that the Applicant had admitted at the time that there had been no GRO appointment.

The auditors contacted the NBSC to inform them that an audit was to be performed and they awaited the return of the Applicant. At approximately 09.30hrs a member of staff, Julie informed the auditors that she had been contacted by the Applicant and told that the GRO

The auditor contacted the Contracts Advisor and advised her that the Applicant would not be available during the audit of the situation. The Contracts Advisor advised the auditors to inform the Security Manager. The Security Manager was unavailable so the auditor was further instructed to contact a Security Advisor. The advice from the Security Advisor was to remain at the branch whilst she tried to make contact with the Applicant. The auditors remained at the branch and at 16.35hrs the Security Advisor telephoned and informed them that the Applicant and her husband (Subpostmaster) would be returning in 10 minutes.

At 16.55hrs the Applicant and the Subpostmaster arrived at the branch and she spoke in depth about her personal problems and the difficulty she had working with Horizon Online. The auditor explained that because of the late hour their intention was to secure everything and return the following day. At this point the Applicant stated "I need to come clean the money isn't there". The auditor asked her "how much money and what had happened to it?" The Applicant replied that she did not know how much. It was due to not being able to cope with Horizon Online and also employing extra help in the shop to keep the business going. Everything at the branch was made secure, the alarm code changed and the keys taken by the auditor. It was arranged for the Applicant and auditors to return the following day at 09.00hrs to conduct the audit. (Doc 007 refers)

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On ~~the~~ 28 May 2010 two auditors returned to the branch at 09.00hrs and were met by the Applicant and the Subpostmaster. An audit was performed and the result was:

£45,846.29 (-) Identified as a difference in cash figures.

£1.21 (-) Identified as a difference in stock figures.

£2.55 (-) Identified as a difference in foreign currency figures.

£45,850.05 (-) Total shortage.

Post Office recognises that the audit report contains an incorrect transposed figure.

Commented [A26]: Suggest specify which figure is wrong and where in the report?

The Applicant was then advised that she should satisfy herself that the figures of the audit team were correct. The Applicant was asked if she would do her own independent count of all the cash on hand again, but she declined stating that she was aware that it would be a large amount and that she would accept the auditor's figures.

Although the Subpostmaster was present he was incapable of doing his own independent count because of his situation: GRO

The Contracts Advisor and the Security Advisor were informed of the discrepancy and the Security Advisor advised the auditor that she would attend the branch shortly.

After some discussions the Applicant decided to take the Subpostmaster home. The auditor suggested that the Applicant prepare a written account to explain the audit findings.

When the Security Advisor arrived at the branch she was informed of the situation. She gathered some paperwork, contacted the Applicant and arranged to interview her at her home. While there she was asked by the Contracts Advisor to verbally inform the Subpostmaster that he was suspended pending further investigations and to explain the process involved. The Security Advisor discussed the potential of reopening the branch with an interim Subp Postmaster. The Applicant and Subpostmaster agreed to allow use of the premises and inferred that the Subpostmaster would resign as Subp Postmaster as he was no longer capable of running the branch.

The Security Advisor told the Applicant that she would like to arrange an interview under PACE (Police and Criminal Evidence Act 1984) and that would be on tape and under caution. The Applicant was advised of her legal rights and the right of a solicitor and Post Office Friend to accompany her to the interview. The Applicant agreed to the interview but requested that this be conducted at her home address. The Applicant explained that the Subpostmaster now requires GRO. The Applicant offered the Security Advisor a typed statement which she had prepared prior to the Security Advisor's arrival along with a photocopied extract from The Grocer magazine relating to 'glitches' in the Horizon system. The Security Advisor accepted this and explained that it would be included in the PACE process. An interview date was agreed for Tuesday 8 June 2010.

The branch was transferred to Newrose Personnel as Temporary Subpostmaster and reopened on Tuesday 1 June 2010. **(Doc 029 refers)**

On 8 June 2010, two Security Advisors attended the home address of the Applicant. The Subpostmaster and his son were both at home but in another room. The interview commenced at 11:38 and concluded at 15:45 hours. The Applicant declined the presence of a Solicitor or a Post Office Friend. **(Document 27 refers)**

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The Applicant explained that everything had started to go wrong with the Post Office when her husband GRO and subsequent GRO June 2008. Prior to this the Subpostmaster ran the Post Office, and the Applicant ran

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the retail business but also worked part time doing the accounts for a local business. The Applicant confirmed that she had been solely responsible for the running of the Post Office and shop since June 2008 and had increased an assistant's hours to help her manage. The Applicant stated that she was struggling to balance from the outset and did not know what to do about it. The Applicant stated that she was never sure that she was completing the monthly balance correctly and simply put the figures in that Horizon displayed to balance. However, being experienced in accounts she stated that she was aware that the figures that she was entering into Horizon were inflated and the losses were increasing.

To hide the mounting shortages the Applicant admitted that she had suppressed Alliance & Leicester business deposits from K-Line which was a local bus company. The Applicant explained that the owner, Paul Roter, was a family friend who had been at school with the Subpostmaster. The Applicant stated that it was her belief the money she was misusing was Mr Roter's and not that of Post Office Ltd. The Applicant explained that the bus company paid in regular large cash deposits predominantly made up of coin. This resulted in additional work in accepting, checking and despatching the deposits. Additionally the Applicant assisted several local businesses by supplying them with change orders to reduce the requirement for collections. The Applicant confirmed that the bus company owner had approached her in April 2010 to inform her that he was selling his business. He exchanged contracts over the May Day Bank Holiday weekend and [REDACTED] GRO. The new owner made his own arrangements for the cash takings and these ceased to be deposited via her Post Office. Obviously this was a huge blow for the Applicant meaning that the shortage could no longer be covered by these regular deposits.

The Applicant stated in the security interview "that she performed all daily reports, cash and stock declarations and that she sent off all daily work and completed all weekly and monthly balancing procedures including the ATM transactions. The Applicant explained that she took Mr Howard to work with her [REDACTED] GRO. However, he was unable to assist in the Post Office and was now unable to clearly read the Horizon screen. A [REDACTED] GRO and was unable to follow the process of how things worked. When asked about security controls in the office the Applicant openly admitted that Horizon Usernames and Passwords were written down & kept on a wall clip in the secure area. The Applicant stated that the parcel hatch was often open when she returned in the morning and the assistant had often taken advantage of her good nature. This included borrowing money from the Applicant to pay bills and taking stock from the shop without paying for it. She also expressed concern that the assistant's sons regularly visited the office to borrow money from their mother. When asked whether she believed that the assistant could be responsible for the losses, the Applicant stated that this now seemed feasible but admitted that she had never had time to sit and consider this as an option. The Applicant stated that she felt totally dependent on the assistant and felt that she could not challenge her in any way in case the assistant left leaving her to cope alone."

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The Security Advisor then referred to a wall clip that was hanging in the secure area and asked the Applicant whether she had ever allowed her customers to take advantage of her. The Applicant stated "that she had allowed certain customers to run up "postage on credit". This was something that the Applicant had come to realise was a mistake as she had not always been paid what was due." The Security Advisor explained that this was not a service that Post Office Ltd offered and she agreed that this was her liability. The Applicant stated "that she believed the amounts were hundreds rather than thousands of pounds."

Commented [A27]: This does not appear to be a word for word copy of what was said by the Applicant in the security interview; it needs to be 100% accurate if it is a quotation. The same point applies to other quotations in this document (see the paragraphs below in particular).

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When asked how she had balanced when she transferred to Horizon On-Line on 25th March 2010, the Applicant stated "that all of the cash was present as she had prior warning of the transfer and had anticipated a cash check. The Applicant explained that she suppressed the bus company deposits and introduced shop takings to make up the shortfall." The Applicant then went on to explain that she had struggled with the new Horizon system and didn't feel confident in using it. The Applicant stated "that from the outset she had encountered an error of £19,000 that the Applicant could not rectify." The Applicant stated "that with this and the withdrawal of K-Line's deposits, the losses had spiralled out of control." When asked how much she had expected the audit result shortage to be, the Applicant

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stated "around £40,000 but was surprised that it was almost £46,000."

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The Applicant "stated that every Branch Trading Statement that she had completed since June 2008 would have been false." The Applicant said that nobody else in the branch was aware of what she had been doing, including her husband. The Applicant stated "that she was fully aware that what she had been doing was dishonest and that she had never done anything like this before. However the Applicant stated that she had not financially benefitted from any of the missing money. With regards to her personal finances, the Applicant confirmed: "GRO they had received £40,000 lump sum from the Subpostmaster's pension plus the mortgage had been paid off by a "GRO policy. She confirmed that they owned the business premises and their home address outright." The Applicant stated "that she had also inherited money from her late parents and more recently a close relative." The Applicant confirmed that they had a reasonably new car but this had been purchased through the Mobility scheme. It was confirmed that they had now put the office up for sale with Ernest Wilson Estate Agents for £90,000 plus stock and intended to repay every penny that was proper to Post Office Ltd once the business had sold.

The Security advisor informed the Applicant that she may have rendered herself liable to prosecution. Directly after the interview the Security Advisor asked the Applicant if she would agree to a voluntary search of her premises. This was declined on the grounds that it would further upset the Subpostmaster, bearing in mind that she had been with the Security Advisors for over four hours. A letter of undertaking was prepared.

Following the interview the Security Advisor made enquiries into the £19,000 cash remittance mentioned in the interview. It was confirmed by the former Sub-Postmaster's Account Team that this discrepancy was resolved and is not related to the shortage total.

Commented [A28]: Any documentary evidence of this to refer to?

Response. Post Office's findings confirm that the Applicant has failed to follow procedures which led to the losses at the branch. The Applicant was aware that the figures that she inputted into Horizon for the monthly balance were incorrect from the time she took charge. To hide the losses the Applicant admitted to suppressing business banking deposits. Security at the branch was inadequate and she admitted to sharing Horizon usernames and passwords. The parcel hatch was left open and the assistant had often taken advantage of her good nature. The opportunity for staff theft was feasible. The Applicant admitted that she was fully aware that what she was doing was dishonest.

ATM.

The Applicant makes no comments in the Initial Application or her Case Questionnaire Response that any losses are related to ATM transactions. Post Office confirms there is no evidence that these losses are related to the ATM. Post Office transaction correction records show:

From 30 May 2008 – 24 May 2010 there were 11 transaction corrections issued. (Doc 021 refers)

1 Credit - £610.00

10 Invoice - £1130.00

Net – £520 (-)

The transaction correction invoices issued were all related to BOI retracts for which the Applicant would have the surplus cash in branch.

Explanation of a retract transaction. Retracts are where the customer does not take their cash from the ATM's cash dispenser and the cash is retracted back into the ATM. While the customer does not receive any money their bank account will have been debited. Occasionally, retracts can occur due to a technical fault with the ATM that prevents cash actually being presented to the customer. Retracts are recorded on the daily ATM receipts and the retracted cash must be physically removed from the ATM, counted and the amount recorded on Horizon. Transaction

Commented [A29]: Not sure why this section has been included? It doesn't appear to be raised as an issue?

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corrections are then issued to correct the retract transaction.

The Applicant was not declaring discrepancies as they arose at the branch. Records sourced confirm that during the period 30 June 2008 – 01 June 2010 there were only 2 discrepancies that were settled centrally. **(Doc 026 refers)**

28 April 2010 - £19,000.00(-) Cash remittance error.

6 May 2010 - £19,166.34(-) £19,000.00 cash remittance error, £166.34 branch discrepancy.

7 May 2010 – TC credit for £38,000.00 was issued to offset the cash remittance errors (as above).

10 May 2010 – Debit card payment £166.34 received to clear account deficiency.

This clearly evidences and confirms the admissions by the Applicant that the discrepancies at the branch were being suppressed with Alliance & Leicester business deposits. This demonstrates that the Applicant had no intentions of declaring the discrepancies to Post Office by following the correct operational procedures and making good any losses and there is no evidence of her seeking support in this regard.

Previous Audit Results: The Applicant makes reference to previous audits not revealing any issues.

14 November 2005 – £250.23 (-)

Summary from audit. The auditor reported that based on sample tests, observation and discussion during the visit, he could provide assurance that controls are deployed correctly to comply with procedures in the areas of Financial Controls and Post Office Card Account (POCA). However non-compliance to regulatory issues were documented in the areas of anti-money laundering, Post Office financial services, information security, procedural security, travel insurance and Environment Agency rod fishing and game licences (this had not been addressed from a previous audit). **(Doc 004 refers)**

12 June 2006 - £686.37 (-)

Summary of audit. The auditor reported that based on sample tests, observation and discussion during the visit, he could provide assurance that controls are deployed correctly to comply with procedures in the area of Information Security. However non-compliance to regulatory issues were documented in the areas of Homephone, financial controls, procedural security, travel products and Environment Agency rod fishing and game licences (this had not been addressed from previous two audits). **(Doc 005 refers)**

22 April 2008 - £556.06 (-)

Summary of audit. The auditor reported that areas of non-compliance to regulatory issues were in anti-money laundering, financial services, data protection and Environment Agency rod fishing and game licences (this had not been addressed from previous three audits). **(Doc 006 refers)**

28 May 2010 - £45850.05 (-)

Summary of audit. There was no compliance testing undertaken due to the issues of the cash discrepancy.

Cash Checks.

25 March 2010 - Horizon Migration cash check.

When New Mill migrated to Horizon Online a cash check was carried out and the discrepancy at the branch was less than £1,000.00. When the Applicant was questioned at interview regarding this cash check she stated that “all of the

Commented [A30]: Is there any evidence of escalation of this issue?

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cash was present as she had prior warning of the transfer and had anticipated a cash check. The Applicant explained that she suppressed the bus company deposits and introduced shop takings to make up the shortfall."

Post Office findings are that although there were discrepancies at the audits these were either made good on the day or at the next Branch Trading Balance. Compliance issues in specific areas were evident and action required at every audit. The cash check on 25 March 2010 shows that the Applicant's actions was premeditated in concealing the continued discrepancies that the branch was experiencinexperencing wereg premeditated.

5. Applicant cites failures to send money, cheques and saving stamps to relevant departments in Post Office.

(a) The Applicant states "A customer asked to speak to me privately and told me that he had been putting money into his savings account regularly and had all the receipts from me, but when he went to use the money, it wasn't there. I knew that I had put it through the system, however, I should have sent a slip which I had been attaching to the savings book and giving a receipt instead of posting it to the Post Office."

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Response. It is difficult to respond in detail to the Applicant's issue due to the vagueness-lack of detail supplied. From the information available the Applicant is correct in stating that without the deposit slip being dispatched to the relevant client, reconciliation of the transaction would not be complete. However, the issue would eventually be recognised when reconciliation between the client and Post Office occurs. The time frame for this would be dependent on the specific client (who the Applicant cannot remember) and their contract with Post Office.

~~5-~~ (b) Applicant states "That the treasurer for a local club said that there was a delay in money going into their account. He said that the cash was going in fine but there was a delay in cheques being credited. Another Postmaster not the Post Office told me I was using the wrong envelopes so they were going to the wrong department."

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Response. Again it is difficult to respond to the statement of the Applicant without having any details of the transaction. The Applicant states that the cheques were placed in the wrong envelopes. Post Office accepts cheque deposits for its partner banks. The cheques should be placed inside the customer's bank envelopes (which are supplied by their bank) before acceptance over the Post Office counter. At the end of the day the Subpostmaster dispatches all cheque deposit envelopes to the relevant processing centre. (Alliance and Leicester cheque deposits go directly to Alliance and Leicester's processing centre and all other banks are dispatched to Post Office's processing centre.) If cheques were placed in incorrect deposit envelopes it would delay the deposit to the customer's account whilst Post Office worked to rectify the situation. Nevertheless this would not cause discrepancies in branch, but would impact on the customer's account.

~~6-~~ (c) The Applicant states "Another example of losses is when people paid for services with saving stamps, we would treat them as cash. These stamps were then put away into weekly envelopes left in the office when they should have been sent to the post Office."

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Response. The Applicant does not state in her CQR how she finishes the transactions that involved saving stamps as part or full payment for the transaction. If she took the saving stamps off-from the customer and completed the transaction to cash, then Horizon would record that as a cash settlement. This would consequently lead to a loss in the cash figure as Horizon has been told that cash was taken from the customer, but it had not. The correct method to finish the transaction would be to settle the part or full payment to saving stamps by selecting the saving stamp

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icon on Horizon. Post Office's findings evidence that the Applicant knew the correct process to redeem Saving Stamps (**Doc 025 refers**), however it is unclear if she followed the correct process every time she received payment with Post Office Saving Stamps.

Weekly and monthly reports were required to reconcile redeemed saving stamps prior to dispatch to Post Office Finance Service Centre at Chesterfield. It was a weekly requirement to produce a report of saving stamps redeemed to be checked against the stamps on hand. At the end of the trading period had the Applicant not been following the correct procedures the Applicant would not be able to roll the office into the next Trading Period.

7- (d) The Applicant cites that if they made an error in printing postage labels, pre-paid bus tickets and postal orders, they would do the transaction again but only take the money ~~for~~ once.

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The Applicant states "Other errors that I wasn't picked up on initially were things like duplication. For example if we made an error in printing a postage label, pre-paid bus ticket or postal order, we would do the transaction again and put the spoiled item into the weekly receipt envelope kept in the office. We had therefore printed two items but only taken money for one. When balancing we would look for money for the spoiled items that would never be cashed."

Response. The Applicant who previously was a manager of a building society agency and responsible for all banking and balancing of money admits in her CQR that if they made an error in printing items as listed above they would just do the transaction again. The issue here is that the basket of transactions carried out by the Applicant would show the total amount due to the Post Office. If the Applicant did not follow the correct Post Office procedures and spoiled the items the basket would show a total amount due for both labels, postal orders etc. It is the Applicant or her staff's responsibility to check the amount due from the customer. By checking this amount it would show her that she is charging for two items rather than one. At this point action should be taken to correct the error. The Applicant by her own admission would only charge for one item and not the amount shown in the basket. This would immediately cause a loss to the branch. Full instructions are available in Post Office instruction manuals, Horizon Online help (after migration) and further operational support provided by the NBSC.

Additional Findings.

- Post Office findings reveal that the Applicant was working at the branch before the Subpostmaster [GRO] in June 2008. Calls made to NBSC were made by the Applicant, from the 18 September 2007, during this period 54 calls were logged at NBSC from this date up to the day of the Subpostmaster's [GRO] of these calls 69% of them was made by the Applicant.
- Post Office investigations have confirmed that the Applicant was registered with Post Office Human Resources in October 2007. However there is no record of the Applicant's own user ID. The Applicant and the Subpostmaster have the same initials, therefore Post Office is unable to identify whose user ID, GH0003 actually belongs to, although the Applicant did admit to sharing user IDs during her security interview. (**Doc 027 refers**). Post Office concludes that the Applicant did have knowledge of Horizon and Post Office procedures prior to her husband's [GRO] in June 2008.
- The Applicant installed CCTV in the branch because she had concerns that her staff were the cause of discrepancies, members of staff installed the CCTV for the Applicant.
- During the Security Team's interview the Applicant admitted that there were issues regarding staff, the Applicant believed that a member of staff was stealing Scratch Cards. To address this issue the Applicant

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decided to reduce the opening hours of her business on Saturday afternoons therefore she no longer needed that member of staff. The Applicant claimed that the losses in branch continued.

- The Applicant made it clear in her interview that she relied heavily upon one particular member of staff Julie Whitley. [GRO] The Applicant claims that she felt that Julie was manipulative, and possibly took advantage of her good nature, but due to circumstances she could not address the situation with her.
- During the security interview the Applicant claimed that Auditor's arrived at the branch to undertake an audit. The Applicant's [GRO] a few days prior to the audit and she was very distressed. The Applicant claims that when she composed herself she was happy for the audit to take place, but the auditor decided not to carry out the audit due to her circumstances. There is no evidence that an audit was scheduled at New Mill and not carried out, therefore Post Office cannot support the Applicant's claim.
- A Subpostmaster is not required to give personal service and is not entitled to sick leave as such. However, subject to certain conditions and limitations as described within the Subpostmaster Contract, he is entitled to claim sickness absence substitution allowance in respect of the cost of substitution necessarily incurred when he is absent from his branch through illness. There is no record of the Applicant contacting Human Resources with regards to an application for [GRO] allowance on behalf of the Subpostmaster.
- New Mill was the nominated branch after the closure of the Thurstonland and Wooldale Post Offices. Thurstonland closed in June 2006 and Wooldale closed in April 2009. Post Office's findings are that these offices closed nearly three years apart, extra custom that New Mill received would have not been a sudden influx as suggested in the Applicant's CQR.

Generally Subpostmasters welcome any new business, as it is an opportunity to increase their remuneration. Post Office's records does not evidence that the Applicant struggled to cope with the extra business, this is further supported by the Applicant not requiring an additional member of staff to work at the Post office branch.

- The Applicant claims to have sent excessive cash remittances larger than £25,000.00. At the time of the Applicant's tenure £25,000.00 was the maximum amount of cash (notes) permitted in a pouch. The Applicant claims to have remitted out in excess of this. Horizon Transaction and Event logs have been analysed and Post Office's findings are that there is no evidence that a pouch was collected containing more than £25,000.00. Coin returns to the cash centre are generally governed by the volume and the weight of the returned coin. The Cash value in Transit (CvT) officer/driver is governed by the vehicle's weight and total value of cash in the vehicle. If a collection would exceed these parameters then the officer would refuse to accept the returned cash.

Commented [A31]: Give document reference?

Commented [A32]: When? Is this the audit which led to suspension or another one?

Commented [A33]: Clarify in light of query above

Documents being provided to Second Sight

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<i>List documents (if any)</i>	
<i>M060_POL_001_NBSC call log_HWRF</i>	<i>Post Office NBSC call log (from 15 November 2002 – 27 May 2010).</i>
<i>M060_POL_002_NBSC call log breakdown_HWRF</i>	<i>Post Office NBSC call log breakdown from 2002 – 2010.</i>
<i>M060_POL_003_Training record_HWRF</i>	<i>Applicant's training record from 14 November 2002-28 May 2010 from Network Support Admin Team.</i>
<i>M060_POL_004_Audit report 2005_HWRF</i>	<i>Audit report carried out on 14 November 2005.</i>
<i>M060_POL_005_Audit report 2006_HWRF</i>	<i>Audit report carried out on 12 June 2006.</i>
<i>M060_POL_006_Audit report 2008_HWRF</i>	<i>Audit report carried out on 22 April 2008.</i>
<i>M060_POL_007_Audit report 2010_HWRF</i>	<i>Audit report carried out on 28 May 2010.</i>
<i>M060_POL_008_Intervention 14 July 2006_HWRF</i>	<i>Area Intervention and Rural Support Manager Visit Log dated 14 July 2006.</i>
<i>M060_POL_009_Intervention 12 September 2006_HWRF</i>	<i>Branch Intervention Log telephone contact dated 12 September 2006.</i>
<i>M060_POL_010_Cash Management Intervention 2009_HWRF</i>	<i>Cash Management Intervention report for call on 22 October 2009 and 2nd call/closure on 5 November 2009.</i>
<i>M060_POL_011_Suspension letter_HWRF</i>	<i>Suspension letter dated 1 June 2010.</i>
<i>M060_POL_012_Resignation letter_HWRF</i>	<i>Resignation letter from the Subpostmaster dated 2 June 2010. (Received by Contracts Advisor 9 June 2010)</i>
<i>M060_POL_013_Acceptance of resignation_HWRF</i>	<i>Post Office's acceptance of resignation letter dated 14 June 2010.</i>
<i>M060_POL_014_Premises availability_HWRF</i>	<i>Subpostmaster's letter informing Post Office of the availability of premises during his suspension.</i>
<i>M060_POL_015_Transaction Corrections_HWRF</i>	<i>Transaction Corrections for the period 22 December 2005 – 27 May 2010.</i>
<i>M060_POL_016_Horizon June to August 2008_HWRF</i>	<i>Horizon transaction and event logs – June to August 2008.</i>
<i>M060_POL_017_Horizon June to August 2009_HWRF</i>	<i>Horizon transaction and event logs – June to August 2009.</i>
<i>M060_POL_018_Horizon March to June 2010_HWRF</i>	<i>Horizon transaction and event logs – March to June 2010.</i>
<i>M060_POL_019_Horizon Service Desk log_HWRF</i>	<i>Horizon Service Desk logs – 4 August 2008 to 5 May 2010.</i>

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<i>M060_POL_020_Reason for audit 2010_HWRF</i>	<i>Request for audit dated 5 May 2010</i>
<i>M060_POL_021_Transaction corrections extract_HWRF</i>	<i>Transaction correction extract for the period 30 May 2008 – 24 May 2010.</i>
<i>M060_POL_022_EFC comments_HWRF</i>	<i>Comments from Post Office's Electronic Filing Cabinet dated 30 June 2008.</i>
<i>M060_POL_023_NBSC extract GM_HWRF</i>	<i>NBSC extract from 18 September 2007 showing the Applicant's calls to helpline.</i>
<i>M060_POL_024_Horizon Online Checklist_HWRF</i>	<i>Horizon Online Checklist 25 March 2010.</i>
<i>M060_POL_025_Redeemed Saving Stamps_HWRF</i>	<i>Redeemed Post Office Saving Stamps.</i>
<i>M060_POL_026_Customer Account_HWRF</i>	<i>New Mill Customer Account</i>
<i>M060_POL_027_Taped Interview Transcript_HWRF</i>	<i>Transcript of taped security interview 8 June 2010.</i>
<i>M060_POL_028_Applicant's Statement_HWRF</i>	<i>Statement by Applicant.</i>
<i>M060_POL_029_Temporary Spmr Contract_HWRF</i>	<i>Interim Temporary Subpostmaster Contract</i>