

Royal Mail Group

Witness Statement

(CJ Act 1967, s9; MC Act 1980, ss
5A(3)(a)
and 5B, MC Rules 1981, r 70)

Statement of David King

Age if under 18 Over 18 (If over 18 insert 'over 18')

This statement (consisting of () page each signed by me) is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe true.

Dated 3rd day of Februar 2010
the y

Signature

I am employed as an IT Security Manager for xxxxxxxxxxxxxxxx and have been so employed since xxxxxxxx. (Can you elaborate more on your background – especially your dealings with Horizon).

I have been asked by Jon Longman a Post Office®, Security Advisor, to examine the **2nd Interim Technical expert's report to the Court prepared by Charles Alastair McLachlan and where, a Director of Amsphere Consulting Ltd.**

1. The post mistress used to receive discrepancy reports generated by the Post Office identifying when there was a mismatch between the counter credit recorded at the counter and the cleared

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cheque or debit card amounts reported to them by their correspondent banks or card merchant provider. She no longer receives these and concludes that the Post Office function that provided this service is non-operational or insufficiently staffed to properly reconcile all of the discrepancies. These discrepancies, if left unresolved, could create a liability for the sub postmistress. POL to answer. (Wouldn't there be Transaction Corrections now for any such discrepancies?) Any discrepancies arising from returned cheques or other accounting issues would still arise from the reconciliation process and this would need to be attested to by P&BA. Fewer returned payments are being seen because the majority are authorised online and chip & PIN payments are protected against reversals. It is possible that a transaction settled through a "swipe and sign" could be returned, but there would be a signed voucher on hand to support this.

2. It was clear that there is no standard operating procedure to reconcile counter credits with the actual amounts recorded. This could give rise to a range of discrepancies which the sub post mistress would rely on the Post Office to identify and reconcile. If the Post Office failed to do so then overstated amounts could give rise to a deficit at the sub post office which the sub post mistress would be required to make good with cash. Again I'm not sure what is meant here. POL should comment on their processes. I suspect this is something you would need to go to P&BA about. The Agent has a complete record at the office of the transactions undertaken, it is only where they have failed to do something, such as record Lottery transactions, that there would normally be a discrepancy of this type.

3. The West Byfleet sub post office is set up to operate with each counter having a separate stock. Although this assists with stock control and ensures that stock discrepancies can be localised, it does not provide any assistance in management of discrepancies in debit/POCA receipts (no vouchers are automatically printed) or Accounts Payable and counter credit discrepancies (standard operating procedures do not reconcile these on a daily basis). Again for POL to respond. Each stock unit has their own transactions recorded against it, so I'm not sure

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what is being got at here?

4. He agreed that the Horizon system provided no paper record of debit/POCA vouchers and therefore that a sub postmaster/mistress would not be able to produce any evidence that a customer had received a receipt for a debit/POCA transaction. This info is available in the Audit data which can be supplied as evidence I would have expected the audit logs to have been obtained which not only have records of all transaction, but also of system events and failures. Do these indicate an undue number of failed debit/credit card transactions or being settled to cash?

5. The User Interface gives rise to incorrect data entry: poor user experience design and inadequately user experience testing can give rise to poor data entry quality. In cases that users are working under pressure, insufficiently trained or are using a system presented in a language different from their first language the problems of data entry can be exacerbated. I'm not sure what is meant by UI gives rise to poor data entry. Training matters are down to POL. It is the responsibility of the Agent to ensure all their staff are adequately trained and able to use the system. Training material is provided covering the correct operation of the system. The User Interface is clear at the point of data entry.

6. The first problem with the provision of evidence is that the Horizon system does not automatically provide a paper voucher for retention at the post office counter when funds are withdrawn using a debit card or Post Office Cash Account card. Therefore the sub post office has no mechanism for reconciling the result of downstream processing by the Horizon system and the Post Office with what occurred at the sub post office counter either at the time or when discrepancies are identified at the end of the weekly trading period. In effect, the Horizon system makes it impossible for the sub post office to demonstrate an error occurred in the downstream processing. This is down to Post Office Ltd. The counter holds logs which the Agent has access

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to that effectively replace the office voucher. Unless a discrepancy is the result of an error notice from P&BA, then it should be identified when the office cash declaration or balance is conducted, at which point the transaction logs can be examined.

7. The second problem with the provision of evidence is that the Horizon system does not automatically provide a paper voucher for retention at the post office counter when funds are credited to the sub post office account as part of a bill payment (Accounts Payable) as a result of a withdrawal using a debit card or Post Office Cash Account card. Therefore the sub post office has no mechanism for reconciling the result of downstream processing by the Horizon system and the Post Office with what occurred at the sub post office counter either at the time or when discrepancies are identified at the end of the weekly trading period. In effect, the Horizon system makes it impossible for the sub post office to demonstrate an error occurred in the downstream processing. Again this is down to POL. Downstream processing reflects what happens at the counter and there is a record at the counter of all transactions undertaken there.

8. The third problem with the provision of evidence is that the standard operating procedure for post office counter clerks does not include the reconciliation of bill payment or counter credit slips with the individual amounts recorded by the counter clerk onto Horizon. In effect, this standard operation procedure makes it impossible for the sub post office to identify any failures by the Post Office or the Horizon system in identifying or dealing with discrepancies arising from incorrect data entry. Again down to POL Processes. The reports have a record of all the transactions and for certain transactions documents are retained.

9. The sub post office staff are not properly trained in the use of the Horizon system. This is down to POL. There should be records of training available, but it is the responsibility of the Agent to ensure anyone working for them is properly trained and

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competent.

10. In order to understand to what extent sub post office staff are trained in the necessary operating procedures, it would be necessary to review the course material provided for counter staff and sub post masters/mistresses and to review the training and assessment processes implemented by the Post Office. Finally, it would be necessary to review to what extent the necessary operating procedures could feasibly be adopted and were in fact adopted in general operating practice and in the case of Seema Misra in particular. For POL to respond. This should be available, as should the Counter Operations Manual.

11. In order to identify whether Horizon system training is a possible cause, it would be necessary in the first instance to sit alongside a user operating in normal Post Office conditions that had only recently completed the standard systems training and who represented the kind of user engaged by the Defendant. For POL to respond. It is the responsibility of the Agent to ensure staff are competent, and I am not sure how this would help as it does not deal with the office environment, or support from the Agent in question.

12. If there is a pattern of incorrect data entry then it would be necessary to conduct a detailed examination of the kinds of incorrect data entry that occur and the implications for failure of accounting. Not sure exactly what is meant here. I'm aware of work within POL to explore errors in data entry and to come up with ways to reduce them. If there was an amount of incorrect data entry, then I would expect to see some reconciliation issues where incorrect amounts had been credited to client accounts, or where incorrect amounts had been withdrawn from POCA accounts, for instance.

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Continuation of statement of Manshinder KAUR

When I first started at West Bromwich Post Office® the Manager of the Post Office® was Mrs Neelam Hussain.

On or around the 6th October 2009, I was at home when at about 07.30 hours I received a telephone call from Neelam Hussain. She asked me to bring my cheque book to the Post Office® later that morning as she wanted a cheque from me. The cheque book that I have is in my husbands name, Mr B S Hayer and is a **GRO** with account number **GRO** and sort code **GRO**. I asked my husband to sign a blank cheque (No 100009) and then took the cheque book to the Post Office®. During my morning break at the Post Office®, Neelam Hussain asked me for my cheque book which I gave to her and then a few minutes later she returned it to me minus the signed cheque. I noticed the corresponding counterfoil for the removed cheque had an amount of £8,000 "chq for Neelam" recorded against it and it was in Neelam's handwriting. I told Neelam I did not have £8,000 in my husbands account and she told me not to worry about it as she would give me £8,000 in cash for me to deposit in the **GRO** account. I did not receive the cash from Neelam and after about a week Neelam telephoned me again at home and said she had made an error on the cheque and requested that I bring my cheque book to the Post Office® again. I asked her what had happened to the first cheque and she

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said that she would give it back to me later. When I got to the Post Office® on the 13th October 2009 Neelam gave me the first cheque (No 100009) back to me. The cheque had not been presented and had been made payable to Wilding & Co Solicitors. I now produce this cheque as exhibit **MK/01**. I now produce as exhibit **MK/02** my husbands cheque book. I can recall that Neelam asked me to bring my cheque book into the Post Office® as her 19 year old brother, **GRO** was purchasing a house and somebody might query where he has got the money from. I was also aware that Neelam had asked another member of staff, named Sarvjit Kaur to bring her cheque book to the Post Office®.

When I arrived at the Post Office® on the 13th October 2009, I gave my husbands cheque book to Neelam with a blank cheque signed by my husband (Chq No 100010) contained within it. Neelam gave me the old cheque back (chq No 100009) and then she proceeded to write out a cheque for £8,000 made payable to her brothers name **GRO**. Neelam also filled out the corresponding counterfoil. Neelam said she would give me £8,000 cash to ensure that the cheque would clear. She did not give me the cash at the time of her writing out the cheque. As Neelam had given me the first cheque back I had no reason at this stage to believe that she would not give me the cash. A few days later I received a letter from **GRO** informing me that my husbands cheque (No 100010) had been refer to drawer. I now produce as exhibit **MK/03** the letter from **GRO** and exhibit **MK/04** is the cheque number 100010.

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I showed the letter that I had received from **GRO** to Neelam but she ignored me and gave no explanation for why she had presented the cheque without first giving me the cash to deposit into the account. I had made it clear on both occasions that I did not have enough funds in my husbands account for a cheque of £8,000 to be drawn on the account.

On Friday 13th November 2009 I arrived at West Bromwich Post Office® at about 08.45 hours. I was made aware by other members of staff that Post Office® Auditors were on the premises. About 10 minutes later Neelam entered the Post Office® and the first thing she said to me was something like “Mandy have you got your cheque book with you”. I asked her why she needed it and she replied that she had tried to get a cheque from the Netto Manager (Supermarket next door to Post Office®) but had not been able to do so. I told Neelam that I did have my husbands cheque book and as I showed it to her she snatched it from my hand. I tried to put her off from using my cheque book by saying that the account is now cancelled even though this was not true. Neelam then started to write a cheque out from my husbands account in front of me. I witnessed Neelam write out a cheque for £85,000 to Post Office® Ltd on cheque number 100012. Neelam fraudulently signed the cheque using my husbands name. I kept saying to Neelam what are you doing, why are you writing a cheque for £85,000. She replied that a customer had come in to purchase an £85,000 growth bond but she had been unable to put the customers cheque in the

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Horizon system as she had lost the cheque. I asked Neelam to give me the cheque back but she ignored me and walked off with it. After a few minutes Neelam returned to me and told me to go home as the Post Office® was going to remain shut for the rest of the day. I said that I would go home when she gave me the cheque back. Neelam replied to me to keep calm and that she would give me £5,000 if I did not tell anybody about the £85,000 cheque. I told her that I did not want her money and I remained at the Post Office® but I did not receive my cheque back. I told the other clerks and the subpostmistress about what Neelam had done and later explained everything to Jon Longman a Post Office® Investigator.

Jon Longman has informed me that one of the Post Office® auditors later found the £85,000 cheque in the Post Office® secure area. I have examined the cheque and can confirm that the writing on the cheque is Neelam's and that the signature is not my husbands.

I can confirm that the reason I had my husbands cheque book on me on the 13th November 2009 was because on the 11th November 2009 there was a burglary at my home address and the police advised me to put all my valuables in the bank but as I did not have the time to get to the bank I kept everything in my handbag including my husbands cheque book. Crime reference 20/KI/11319/09/11/11/09 refers to the burglary.

During my three months at West Bromwich Post Office® my Horizon user code was MKA001. To log on to the Horizon computer system I would enter

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my code together with a password. Although this password was meant to be secret, Neelam knew my password and most of the other clerk's. This meant that Neelam could carry out transactions using my log on details. I mainly used BC stock. However, Neelam could just jump on to my position or another clerks and start serving using our log on details. I have also carried out transactions using Neelams log on details as well as my own. Neelam instructed me and the other clerks to never log out of Horizon when we were to go on breaks. Although the counter drawers have keys to lock them, I saw Neelam on the 13th November 2009 opening a drawer with a knife.

I have never stolen any Post Office® money.

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