

**Marine Drive Post Office Summary of events.**

Between Christmas and New Year 2003 approx. I was contacted by the Postmaster Mr Lee Castleton. He told me that on week 39 he had been £1,100.00 short in his cash account. We discussed all the usual explanations i.e. Girobank errors, cheque deposits going through as cash. I told him to contact Girobank and National savings to see if there were any problems. I also asked him if he was able to make the amount good, as a Girobank error notice may take up to eight weeks to arrive. He said that he could make the amount good, and we left things at that. This had been the first time since taking over the office in the previous July that he had any major problems balancing.

I visited the office on Friday 16<sup>th</sup> January 2004, in my normal visiting plan. Nothing had yet come to light for the loss. The previous three weeks balances seemed fine.

Mr Castleton then contacted me after his next balance he was over £4k short. I said to him to repeat the process as before and contact Savings bank and Girobank. I asked if the cash was kept secure and who has access to it, Mr Castleton would not hear of any of his staff taking the money. On this occasion he said that he was unable to make the amount good. I told him to contact the helpline in order to get a hardship form. We discussed at length ways to double check all the work leaving the office and to perform a snap shot each evening and check the cash.

I contacted him after the next balance he said he was a further £2500 short. Again we had a long discussion on the telephone as to how to check all the daily work. Again I brought up in conversation the possibility of someone taking the cash. Lee discounted that in rather strong terms. I suggested individual stock unit balancing, and if he needed help setting this up I could help him. He didn't want to do this as he felt the office didn't lend itself to doing this.

The next week he was only £25 short so things seemed to have settled down. Until he balanced the week after and was £1500 short. By now after just four weeks he was £ 8243.10 short, not counting the £1,100 he had made good to start with.

I asked him if he had got a hardship form yet. He said no, so I said he must ring and get one.

He did, and the amount of £8243.10 was put into the suspense account.

At this point I was very concerned and contacted the Investigation team. They told me that as he had kept me fully informed of the loss then they would not be able to prove dishonesty.

I completed an audit request.

The week after he was £3509.18 short.

Lee told me that himself and Chrissie his assistant had spent hours and hours checking and double-checking transaction logs and work to try and prove that it was the computer equipment that was changing the figures. I asked him if he had found

anything. He hadn't. He is convinced that since he had a processor changed around about the time that the losses started it is that that is causing the losses.

I asked him to contact Horizon and get a system check. This was done and came back fine.

I asked him to contact the helpline, which he did and he sent off some cash accounts to look at.

I asked him to contact TP to see if there were any error notices pending.

I visited the office on Friday 27<sup>th</sup> February 2004. We went over everything again Lee was very distressed and angry, Chrissie his assistant was very worked up, upset and angry. They felt that they hadn't received any help and had been left to try and prove that the computer was changing the cash figures. At times they looked close to tears and said that they weren't sleeping. [REDACTED] **GRO**

[REDACTED] **GRO**

The stress levels in the office were high.....

I asked them what else I could do to help. We had covered all the usual possibilities. Lee and Chrissie kept on that they had not taken the money and that it must be the Horizon kit. Lee said that the Horizon system helpline had said that the checks had been ok, but what had they checked?

I told him to ring them back and ask. He said that they just told him everything was ok.

Lee said that he thought that the two processors were not communicating with each other and when he remmed in stock the system through the figures way out. I said why not do your end of day snap shot , then rem in , then call a second snap shot, this would then prove whether or not the system had changed anything. I said if the two processors were not communicating then work done on the second machine would not show up on the summary sheets. But all the P&A sheets and Girobank work was agreeing.

The next week , Lee transferred the previous balance into the suspense account. That figure was now at £11,752.78. He then showed a further shortage of £3512.26 on his balance of 4.3.2004. This amount was not made good and the week after this rolled amount escalated to £10,653.11. That would have been a true figure for the week of £7140.85 short.

The following Wednesday the amount ( rolled again ) was £11,210.56, a true figure of £557.45 short.

He was now showing £11,752.78 shortage in the suspense account and £ 11,210.56 on the account for week 51 ( 18.3.2004 ).

The audit was planned for the following Tuesday 23.3.2004. After the audit the total to late account was £25,758.75. He had lost a further £ 2795.41 in that week.

I took Lee into the back office to speak to him. I told him that I couldn't let him go on any more and as a precautionary measure was suspending him. I talked to him about what I would like to do with his permission. That was remove him and his staff from the Post office and operate the office with a temp Pmr , to see how it would balance . I

wanted to keep all the Horizon kit that they had been working with to try to keep everything else the same.

Although Lee was distressed and Chrissie was very angry, they both wanted to be proved that it was the computer. Lee even said he couldn't wait until the person was thousands short next week. He said then "heads will roll" for the distress that they have suffered.

I asked a very experienced Postmaster if she would run the office on a temp. basis. This was Mrs Ruth Simpson from First lane Post Office in Hull. Ruth agreed, but was only able to run the branch for a few weeks as she had commitments of her own. I explained the situation and she came and took over at the audit. She opened for business on the Wednesday morning and balanced £2.14 short on the night. She brought with her a part time member of staff to help out on a Monday. At close of business that first Monday she was £100 short. Her explanation was that the part timer had left something in the stack and paid out this amount twice. Ruth did say that the girl had done that in the past at her office.

I telephoned Lee to get any reaction from him. He said that there were queues out of the door, customers were unhappy. He said that Ruth was only using one computer not two as they had done, so it was not a true reflection of how they ran the office. He said that she had mis-balanced as well.

I said I would speak to Ruth regarding his concerns. I contacted Ruth. I asked her to use both machines and we discussed the queues. She said that on a Monday she had two people working all day, so two machines were used. For the rest of the week she was on her own, but logged on to the system with two user names and had two machines running. She was serving from both machines, remming in on both, putting the lottery cash through on both.

The next Wednesday she was £19.38 over. We talked every other day. She would text me and let me know she was ok.

The next balance she was £10.76 short.

I visited the office on Friday 16<sup>th</sup> April 2004. I spoke to Lee away from the counter. I asked him how things were going. He was again distressed. He wanted to know what was happening. We discussed Ruths balancing results. Chrissie came into the room, Lee was happy for her to stay. She wanted to know where the £100 shortage had gone on Ruths first full week. I explained what Ruth had thought. Chrissie made a comment, like Ruth couldn't balance either. Her manner was very aggressive and threatening. I said that I felt the balancing reflected any normal office. Again Lee and Chrissie went on about the computer and that it was making the losses.

After about 30 mins of going round in circles I told Lee that Ruth would be finishing on Wednesday 21<sup>st</sup> April due to her own commitments. I said that I was not going to let him back in there as I wanted more time and more balance results. Lee said that he didn't want to go in there as things were anyway. We discussed another temp.

I spoke to Paul Whitaker from the investigations team again .He said that they didn't wish to take on the case or interview the Pmr as he had kept me fully informed of the situation on a weekly basis. Again he said that they needed to prove dishonesty and being able to prove this looked unlikely.

Mr Greg Booth took over as temp on Wednesday 21<sup>st</sup> April.

His first complete week ended on Wednesday 28<sup>th</sup> April , he declared a gain of £14.00.

I contacted Chesterfield again on the 29<sup>th</sup> April to see if there were any outstanding error notices. There was an error for lottery that had yet to be investigated for £125.00. An error for cheques that later cleared and did not generate an error notice. There was also an error for an Easy access account that had been processed incorrectly.

I contacted Girobank to see if there were any errors outstanding. I asked them to look back to week 43. He looked back to week 43 and came forward to week 02. There was a small error of £1.43 , but that would not be reported. Everything else was fine.

Mr Franks ( Lees father in law ) contacted me on Friday 23<sup>rd</sup> April , to discuss the way in which Lee and his daughter Lisa had been treated. I explained the situation and what I was trying to do. I told him that the suspension was a precaution and I was hoping that by having a temp Pmr in the office any problems with the computer equipment would come to light . Mr Franks demanded that Lee be reinstated immediately, he was very irate and wanted to take this higher. I gave him the HOA name , David Mellows-Facer, and told him that I would not be reinstating Lee at that time.

Mr Franks spoke with David Mellows-Facer and asked for a speedy conclusion to this situation.

David spoke to me and asked if Lee could be brought to interview ASAP. I explained to David that I would like to get a few more weeks of clear balancing at the office and to ensure that there were no errors yet to come out of the system. David's thoughts were that we had had five good balances and to get him in.

I sent out an RTU letter to Lee inviting him to an interview on Monday 10<sup>th</sup> May 04.

He sent me a letter asking for information from Horizon and NBSC. I have made every attempt to get this for him. I have used the staff in the area office and the contracts manager to help me. The case was taken on by Richard Benton, problem manager.

Lee then contacted me via the helpline on Tuesday 4<sup>th</sup> May 2004, to say that he had found £15k of the losses . I phoned him at the office to see where he had found the cash. He said that the suspense account had doubled the figures. When he had put the amounts into the suspense account , although the amount was showing in the suspense account it was also still showing as a loss again the next week. Lee asked for the



suspense account software to be checked. I again contacted the NBSC to request this. The request was forwarded to Richard in the problem management section.

To see if the suspense account was having any effect on the balance I contacted my temp, Greg Booth. I asked him how he was balancing that week on his snap shots. He told me that he was a few pounds over. It was now Wednesday 5<sup>th</sup> May, balance day. I told Greg what Lee had said about the suspense account. I asked Greg to put £100 into the shortages line on the suspense account. First he ran a snap shot, then he placed the £100 into the account, then he ran a second snap shot and a suspense account report. During this time the second Horizon kit was still being used by the assistant. The £100 was in the correct place and the cash figure on the snap shot had changed by £100. All was ok. I asked Greg to balance with those amounts still in the account. He should balance £100 over. I would then call on Friday and we would take the amount out, to see if the opposite occurred.

Greg left me a message on my phone later that evening to say that he had balanced over as we had expected.

Thursday 6<sup>th</sup> May. Contacted Chesterfield again to check any outstanding errors. Only the easy access error still showing.

Lee was sent a letter from the area office giving him the call log from NBSC, the e-mail between Richard and Julie, the audit report.

I contacted him by phone on 6<sup>th</sup> May, to let him know that I had received his letter and I was doing all I could to get him the information that he had requested. But I did tell him that I probably would not be able to get all that he was asking for.

The NBSC contacted me to say that the request to look into the suspense account software had been sent to the problem management team. I contacted Richard Benton, he said that the requests had been sent to Fujitsu, but that it could take several weeks before they would come back with an answer.

Monday 10<sup>th</sup> May 2004. RTU interview ( see notes ).

At the interview Lee could only give one explanation for the losses at his office and that was computer software problems. He did not provide any instances where the figures on his cash accounts were incorrect, it was always the cash figure that didn't match. He asked me to explain the discrepancies at the top of his final balances.

I sent copies to Liz Morgan and Davlynn Cumberland in Leeds, two very experienced suspense account people. They helped me with the wording for my explanation. I sent a letter to Lee on Friday 14<sup>th</sup> May, plus the interview notes.

Both Liz and Davlynn could not see anything wrong with the way the computers were working.

I discussed the whole case with my HOA throughout.

My decision is to summary terminate Lee Castletons contract for services.

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