

IN CONFIDENCE

Event	Amount	Date	Comments
Repayment letter for hardship case		28 Aug 2001	
Abandonment of service		10 Sep 2001	
Discovery of loss	£52392.33	14 Sep 2001	Includes three previous authorised shortages

During an examination of the Raeburn Place SPSO file it was discovered that there were no copies of the letters of authority to carry shortages in the suspense account to be found within the file. This may have led to the failure to follow up action which would have prevented such a large loss to the business. Indeed had such follow up action been taken then the loss would have been reduced by the sum of £18165.10.

An examination of the Cash accounts for the period Weeks 25 2000/2001 to Week 27 2001/2002 indicate that weekly shortages and overages were simply carried over to the next accounting week. The Cash Account weeks in which the three large shortages occurred were examined and compared to other accounting weeks. There were no apparent reasons for the losses identified.

During the time that the office was being defunded a document was discovered within the office which is believed to be in Miss Saleem's handwriting. This document would appear to be a response to the recovery of the shortages due to the Post Office. In this document Miss Saleem indicates that the problem would appear to be "glitches in the system" she indicates that she was told this by the helpdesk. It has not been possible to identify who, from the helpdesk is giving out this information. It does however give concern to Post Office Security that the operators are being advised that the Horizon system is faulty and produces inaccurate results. This document is being held by Lothian and Borders Police as a production of evidence.

There have been procedural failures within this incident which have contributed to loss of Post Office funds. It is recommended that these matters be addressed and that the individual concerned be notified of the consequence of their actions or inaction's. It may be that consideration should be given for these matters to be dealt with under the Conduct Code.

① On at least two occasions Kundan Athwal Retail Network Manager for Raeburn Place SPSO failed to ensure that authorised shortages were dealt with within the timescales allowed within the Losses and Gains Policy which indicates that the loss should be held in the Suspense account for a maximum of 8 weeks. The concern for this matter is amplified knowing that the Subpostmaster had indicated that she wanted to resign and that there had been several unsatisfactory audit reports.

② The three large identified shortages which were transferred to the suspense account were authorised without any attributable cause being given as the reason for each shortage. This is contrary to the Losses and Gains Policy section 3.1 for dealing with

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such matters. Authority for these shortages would have been the responsibility of the Retail Network Manager Kundan Athwal.

It is also contrary to the Losses and Gains Policy Section 3.2 to allow several large shortages to be held in the Suspense Account for an office. Indeed the guidelines state that all subsequent losses should be made good immediately. This policy should have been enforced by the Retail Network Manager Kundan Athwal. A copy of the relevant sections of the Losses and gains Policy are enclosed at pages to of this report.

This interim report is submitted in order that the facts be noted and that the above recommendations are copied to the appropriate manager within the Retail Line.

Raymond Grant
Security Manager
03 April 2002

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