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POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL
POLTD/1011/0186OFFENCE(s)

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

Name: Khayyam ISHAQ

Rank: sub postmaster Identification Code: 4

Office: Birkenshaw FAD Code: 163 306

Age: Date of Birth:

Service: 2 years 7 months Date Service Commenced: 5 July 2008

Personnel Printout: At Appendix: C

Nat Ins No:

Home Address:

Suspended: Suspended on 8 February 2011 on the authority of Andrew Carpenter – Contract Manager

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

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

Discipline Manager: Paul X Williams – Contract Manager

**Corporate Security
Criminal Law Team**

These papers refer to a shortage in the accounts at Birkenshaw Post Office branch. Mr Khayyam ISHAQ the identified person named in the pre amble of this report is the sub postmaster and there is one other member of staff, Mr Limair LIAQUAT.

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

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

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On 8th February 2011, Denis WATSON of the Network Support Field Team attended Birkenshaw Post Office branch to undertake a check of the cash. The purpose of the visit was to verify that the amount of cash held at the Post Office branch was correct.

The auditor arrived at the branch at approximately 08:45 am and introduced himself to the sub postmaster who allowed him access to the secure area. A count of the cash took place and revealed a shortage of £536. The balance snapshot (**SB/3**) showed a nett discrepancy shortage of £2569.19. These findings were reported to Paul WILLIAMS (Contract Manager) who requested a full audit take place. The purpose of this audit was to verify financial assets due to Post Office Ltd@. At the end of the audit a report was produced detailing the findings at Birkenshaw Post Office branch (**DW/1**).

The branch operates a single stock unit (**AA**) for counter services and there is a stock unit for the ATM. A P32 balance was constructed and the physical cash on hand was checked against the declared cash on the Office snapshot.

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

Amount	Comment
£ 12.90 (+)	Identified as a shortage difference in the stock figures
£ 21181.54 (-)	Discrepancy as per office snapshot
£ 21168.64 (-)	Total Shortage

Andrew CARPENTER (Contract Manager), made a decision to precautionary suspend Mr ISHAQ and the branch was closed pending transfer on Friday 11th February 2011.

Mr ISHAQ was contacted on 2 March 2011 and agreed to attend a voluntary taped interview under caution.

On 7th April 2011 I attended at Bradford South Delivery Office accompanied by my colleague, Andrew WISE, Fraud Investigator. Mr ISHAQ attended with his solicitor Mr Musa PATEL. We introduced ourselves to both Mr ISHAQ and Mr PATEL and our identity cards were shown. The reason for the interview had previously been explained to Mr ISHAQ.

Interview with Khayyam ISHAQ

At 12.13 I interviewed Mr Khayyam ISHAQ at Bradford South Delivery Office Ripley Street Bradford BD5 7RS. Present throughout the interview was Mr Andrew WISE Fraud Investigator. Mr ISHAQ requested the presence of legal representation and Musa PATEL (Solicitor) attended on his behalf. Form GS001 (Identifying Mark **SB/1**) was completed, signed and dated by Mr ISHAQ and is associated at Appendix B. Mr ISHAQ declined the offer of having a friend present. Form GS003 (Identifying Mark **SB/2**) was completed, signed and dated by Mr ISHAQ and is associated in Appendix C.

The interview was taped recorded, covered two tapes and sealed with master tape seals ~~070843~~ ⁰⁷¹⁴⁰¹ and ~~070843~~ ⁰⁷¹⁴⁰¹ (**SB/11** and **SB/12**). A typed tape summary (**SB/13** and **SB/14**) has since been prepared, a copy of which is now at pages ~~12~~ ¹² to ~~3,7~~ ^{3,7}. The working tapes are associated in Appendix B of this file. I have retained the Master Tapes. A notebook entry of the interview was made and is associated in Appendix B of this file (Identifying Mark **SB/15**).

At the beginning of the interview Mr ISHAQ was asked for an explanation for the audit discrepancy on 8 February 2011.

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He explained that he did not know how the discrepancy occurred. He stated that he only balanced the stamps and the stock on the counter and never balanced the main safe. He also said that during the audit the figure went from £17,000 to £18,000 and when the audit was completed three days later, the final figure was £21,000.

Mr ISHAQ denied that he was given the opportunity to re check the audit findings and was simply told "this is what we have found, sign here".

During the interview Mr ISHAQ confirmed that he became sub postmaster in July 2008 and he employed one other member of staff, Limair LIAQUAT who commenced employment in August 2010. Mr LIAQUAT worked Monday to Friday 10 am to 4 pm. Mr ISHAQ opened the branch and worked until Mr LIAQUAT attended for duty and similarly he worked the hours after Mr LIAQUAT completed his duty. He also stated that Mr LIAQUAT was still under training.

Mr ISHAQ confirmed that there are three counter positions but they only used two and he used the middle counter position. He confirmed that they did not share passwords and he would temporarily lock his screen when he was not using his Horizon terminal. He said that he considered himself competent with Post Office transactions.

Mr ISHAQ was asked to explain how he produced a balance. He began by saying that he was never shown the "back office" work and he learnt from the previous sub postmaster. He then explained that they would produce the daily reports and count the cash. He stated that prior to commencing the balance he never printed off a Horizon balance snapshot, he then stated that he had printed of a balance snapshot before but never for a balance.

Mr ISHAQ stated that he completed the Branch Trading Statement (BTS) and confirmed that they balanced the cash and stock once a month when the Branch Trading Statement was produced. He also stated that he would complete the daily work. Although he stated that Mr LIAQUAT never worked passed his finishing time of 4 pm, he said that he worked extra hours when required and has helped him complete the BTS.

Mr ISHAQ confirmed that when he produced the BTS he physically counted the cash in the small safe and the working cash held in the drawer, this figure would then be added to cash in the main safe. Similarly he would count and account for the stock in the same way. However the figures used for the cash and stock in the main safe were the result of derived figures. When he received a cash or stock remittance he would add the figure to his original starting figure onto the sheet of paper he used to keep a record. When asked if he still had the records he stated that he did not keep them.

It was said to him that when he took over the Post Office branch the cash and stock was correct and therefore when he received his remittances, these remittances would be checked and his derived figures would be accurate. He replied that he never checked the original cash and stock when taking over the branch he just signed to say it was correct. Also he said that he had never checked any remittances received at the branch because as they had come from Post Office Ltd they must be correct.

He was then asked how the branch balanced. He replied that he thought it always showed a loss. He further explained that the losses were £30 to £40 and in October 2010 he had a loss for £1400 that he settled centrally and the next shortage was £400 in January 2011.

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Mr ISHAQ was asked who performed the cash declarations. He replied that they would be done between half past four and five o'clock and that either he or Mr LIAQUAT would complete the declaration. He clarified that Mr LIAQUAT completed the cash declaration when he stayed after four o'clock on some occasions, but normally it would be him.

He then explained how he counted the cash and the bulk cash was pre counted and he had notes indicating how much bulk coin there was, he would then enter the figures onto the Horizon system. He was aware that before he printed off the cash declaration, the Horizon system would indicate if there was a discrepancy in the cash at the branch. He then stated that he did not have any large discrepancies in the figures.

The £1400 discrepancy in October 2010 was discussed and as an example, it was said that if the cash was out by £300 in the first week, what did he do? He replied that he looked at the transactions, the stamps were ok but he could not find the discrepancy.

Mr ISHAQ confirmed that he did not contact the NBSC helpline for any assistance.

He was shown the BTS for October TP06 (SB/7) and this showed a discrepancy shortage of £1064.56 and he had settled this discrepancy centrally and he agreed that his accounts would be straight.

He was then shown the BTS for TP 07 (SB/8) that had a discrepancy shortage of £4211, the BTS for TPO8 (SB/9) had a discrepancy shortage of £3658 and BTS TP 09 (SB/10) had a discrepancy shortage of £479. He was asked how he would make good the losses, for TP 07 (SB/8) and TP 08 (SB/9) he had contacted Chesterfield but how did he account for the middle two.

He replied for that amount he would have contacted Chesterfield. He was asked if he had rolled the loss of £4211 for TP 07 (SB/9) into BTS TP 08 (SB/9). Although he did say that he may have done, he then stated that every loss he had, he had contacted Chesterfield.

Mr ISHAQ denied stealing any money belonging to Post Office Ltd and also denied inflating his cash on hand to cover discrepancies in the accounts.

The tape came to an end, Master tape seal 071401 was signed and new tapes were inserted and the interview continued.

At the beginning of the next tape, it was explained that Mr ISHAQ had a conference with his solicitor and we used the time to check his account with Chesterfield. Mr ISHAQ was informed that Chesterfield had confirmed that the discrepancy for £1065 and £479 had both been settled centrally. There is no record for the discrepancies of £4211 and £3658.

Mr ISHAQ then asked if he could explain and stated that he was on long term medication for another problem and sometimes forgot things. He would then remember a short time later or a day or two later. He went on to explain the discrepancy for £4211. He said that the balance was performed by both he and Mr LIAQUAT. He stated that Mr LIAQUAT had forgotten to count £4,000 of cash that was on the side and the balance showed a loss. When they found the cash after they had completed the balance, they made good the loss with the money.

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He then said that he thought the same thing happened with the second balance. He sometimes left Mr LIAQUAT alone to do the balance for training purposes and he has missed out counting the cash as he was not aware of "all the places" where the cash was kept.

Mr ISHAQ was asked when was the last time that Mr LIAQUAT had helped complete the BTS as he only helped occasionally and now he has helped complete two BTS one after the other and made the same mistake. He replied that he had no record of when Mr LIAQUAT worked late.

It was said to him that it was difficult to believe that the same mistake happened twice, he replied that he didn't count all the cash himself and that the cash in one of the drawers was not counted and it had happened on two occasions.

Mr ISHAQ confirmed that he used the figures on the bulk stamps and stock but he no longer had the papers with the figures on. A discussion took place on how he arrived at these figures for the balance and he then stated that he printed a balance snapshot to cross reference the amount of stamps on hand compared to what the Horizon system states he should have.

It was pointed out to him that he had previously stated that he did not print a Horizon balance snapshot. He confirmed that he did print a balance snapshot and would make an adjustment if there was a discrepancy.

He reiterated that he did not physically count the bulk stock and could not recall receiving any transaction corrections in relation to stock.

Mr ISHAQ was shown an adjustment of stock print out (**SB/4**). The print out was explained and he was informed that the printed figures on the Horizon snapshot print out **SB/3** are what the Horizon system says you should have and the auditors have written next to the figures the actual volume in the branch.

It was further explained that he had previously said that on the 8 February 2011 the discrepancy was £17,000 or £18,000. This amount was the cash amount between what is claimed to be held in the branch compared to the actual amount held after the figures had been amended as shown on the adjustment to stock **SB/4**.

Mr ISHAQ was asked by his solicitor if he had any explanation. He replied that he went on the figures he had written on his sheets of paper. He put forward what he said was a possibility, he said that when he was away for a month, a previous employee closed the Post Office and walked out, they could have taken the stamps. He confirmed that this happened in February 2009 and he could have been carrying the loss from then.

It was said to him that when he took over the Post Office in February 2008, he signed and checked all the cash and stock in the branch. He replied that he just signed for the Post Office and did not check the cash and stock.

A discussion took place regarding how many stamps he sold to business, how much did he order. He could offer no satisfactory explanations to how many stamps he sold or order for local businesses.

He went on to explain that in February 2009 he had two females working for him and when they left, he informed the Post Office and when he did cash declaration he found amounts he could not account for. But he then confirmed that he had made the amount "good".

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Mr ISHAQ was then shown the stock on hand (SB/6) completed by the auditor and the Final Balance Horizon print out dated 11 February 2011 (SB/5). It was pointed out that these figures had been agreed by the interim sub postmaster as being correct.

Mr ISHAQ was asked if he was willing to undergo a voluntary search of his home address. He consulted with his solicitor and the request was turned down. His solicitor stated that the interview was voluntary and they had complied throughout the interview. Although it was explained to Mr PATEL the reason for requesting a search, he replied that the purpose of a search normally takes place prior or immediately after an arrest. He also said that Mr ISHAQ although married, lived with his father and mother, who were both ill, his father had an heart condition and his mother suffered from diabetes's and they did not wish to put any extra pressure on them. Andrew DALEY was contacted and the situation explained to him why permission was not given for a search to take place. After due consideration of all the facts, he agreed and gave authorisation for a search not to take place.

Mr ISHAQ was asked when the money could be repaid and replied that the business was up for sale and repayment would be made from the proceeds of the sale.

The interview was summarised and Mr PATEL agreed that it was a fair summary.

Mr ISHAQ was informed that he may have rendered himself liable to prosecution and was given the second caution. He was also given the opportunity to clarify anything that he had said during the interview or add anything, but declined the offer.

Master tape seal 071402 was signed, the tape sealed and the tape machine was switched off

To summarise:

- Mr ISHAQ denied inflating his stock on hand to cover the discrepancy.
- Mr ISHAQ denied falsifying the branch accounts.
- Mr ISHAQ denied stealing any funds belonging to Post Office Ltd.
- Mr ISHAQ co-operated throughout the interview.

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

Business and Procedural weakness'

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

In Conclusion

Mr ISHAQ is a married man with three children all aged under five years of age, he lives with his family at his parents address. The Post Office and retail business is owned by him and his brother who is also his business partner. He has been sub postmaster for two and a half years before being suspended. He employs one other member of staff who he states is still under training.

He denied stealing any monies belonging to Post Office Ltd, inflating his stock on hand to cover any discrepancies and denied falsifying his Branch Trading Statements.

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He could give no satisfactory answers to why the stock on hand had been inflated by such an amount. He stated that he only ever physically counted the cash and stock in the small safe and what was in the counter drawers. He further stated that he used deprived figures for the cash and stock held in the main safe and had never physically counted this cash and stock.

He further explained that when he received a remittance, he assumed it was correct because it has come from Post Office Ltd. He said that he would add the remittance figure onto the figure already held in the safe. However he no longer has any of this paperwork showing how he accounted for the main safe.

He has previously settled centrally a discrepancy shortage in the BTS, with Chesterfield but there is no record of any discrepancy for BTS TP07 (SB/8) of £4211.21 or for BTS TP08 (SB/9) for £3658.13 being settled centrally.

The explanation put forward was that his member of staff had helped him complete the BTS and after they had completed the BTS, they found £4,000 the member of staff had failed to notice was in a drawer. This money had not been include in the balance when the BTS for TP07 was completed and said the same thing must have happened when doing the BTS for TP08.

Mr ISHAQ also said that he was on long term medication for another problem and sometimes forgot things and would only remember a short time later or in a couple of days.

He also admitted that he printed balance snapshots and knew how to adjust the short to rectify a discrepancy after previously stating he did not print out balance snapshots.

He also denied that he checked the cash and stock on hand when he took over the Post Office branch he just signed to say it was correct. He also stated that he was not given the opportunity by the auditors to check the result of the audit, he was just told to sign.

Mr ISHAQ said he was in the process of selling the business and had a number of interested buyers and the money would be repaid out of the proceeds of the sale.

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

An abridged version of this report has not been produced for the discipline manager as Mr ISHAQ has resigned to avoid termination.

This report is submitted for the present position to be noted and for consideration as to whether the evidence is sufficient to support a prosecution. No doubt the file will be returned in due course with the next appropriate course of action to be taken.

Stephen Bradshaw
Fraud Investigator
Post Office Ltd Security Team
13 May 2011

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Mobile:

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