

POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, PERSONNEL
POLTD/0506/0619OFFENCE
False Accounting

Name: Mrs Suzanne Lesley PALMER

Rank: Subpostmistress **Identification Code:** 1

Office: The Grange SPOB **FAD Code** 103140

Age: GRO **Date of Birth:** GRO

Service: 1 year 5 months **Date Service Commenced:** 11/09/2004

Nat Ins No:

Home Address:

GRO

Contract for Services Suspended: 03/02/2006 on the authority of Alan LUSHER

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

Designated Prosecution Authority: Tony Utting, National Investigation Manager

Discipline Manager: Alan LUSHER

Alan Lusher
Discipline Manager

This investigation was raised as a result of information received from the audit team on 03/02/06. On commencement of an audit at The Grange SPOB, 105 London Road, Rayleigh, SS6 9AX, the auditors became aware that there was a discrepancy in the cash on hand at the office of £5100. This information was immediately passed onto the investigation team and also yourself. The auditors continued the audit where they became aware that there were further discrepancies within the office. It would appear that the Camelot scratch cards were over stated by £9845. Reducing the scratch cards to the actual figure on hand increased the shortage to £14,700. This information was again duly passed on to both the Investigation Team and yourself.

The final outcome of the audit was a deficiency of £14,712.11.

Once the outcome of the audit was known I made my way to the Post Office. On arrival at the office I introduced myself to Mrs Palmer and asked her for an explanation for the large loss. She explained that she had placed some Post Office money into the private Automatic Teller Machine (ATM) that she had recently had installed and the remainder of the cash was related to scratch

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card sales that had not been put through the Horizon system. Mrs Palmer informed me that she had written a cheque for the full amount of £14,712.11 and handed it to the auditors.

At 13:25 hours I cautioned Mrs Palmer and informed her of her Legal Rights. Form CS001 was completed and a notebook entry to that effect was made. Arrangements were made for Mrs Palmer to attend an interview under caution at Clements Road, Ilford on 06/02/06 at 10:00am.

On 06/02/06 as arranged an interview under caution took place with Mrs Susanne Palmer. Also present was Lester Chine and myself. Mrs Palmer did not require Legal Representation and the reverse of Form CS001 produced on 03/02/06 was completed accordingly. A Friend was not required and Form CS003 was completed. The interview commenced at 10:30 hours and concluded at 11:42 hours. The interview consisted of two tapes, master seal numbers 070926 and 070927. A tape transcript has been prepared and a copy can be provided if requested.

Mrs Palmer has been the Subpostmistress at the Grange SPOB since 11 September 2004. Prior to becoming the Subpostmistress she had worked at the office for the former Subpostmaster, Mr Millen, as the office Manager for three and a half years. She had also worked at the office for the Subpostmaster prior to that, Mr Patel. In between working for Mr Patel and Mr Millen she worked as an assistant at Bridgewater Drive Post Office in Leigh-On-Sea, Essex.

The Grange Post Office is sited in a small parade of shops set back from a busy main road. The office has two counter positions and is positioned at the rear of the private business, which is a newspaper and confectionary shop. Currently Mrs Palmer has one assistant working at the Post Office.

Mrs Palmer claimed that when she became Subpostmistress in September 2004, as she was already working at the office, the contracts were signed and she just carried on as before but now as the Subpostmistress. A final audit and transfer took place but there was no training or visit from Post Office personnel. Prior to the final audit, Mrs Palmer claimed Mr Millen came to the office to hand over a cheque for the balance of the scratch card sales which she believes was in excess of £9,000.

Sometime in January 2006 Mrs Palmer had an ATM installed in the Post Office. This was a private ATM and was funded by her-self. At the outset the machine was filled with £1,000 of her own money but due to popular demand it was necessary to replenish this with increased amounts of money. Unfortunately as Mrs Palmer did not have sufficient cash on the premises at the time of replenishing the machine, she used £900 of Post Office money for this purpose. She kept a record of this on the daily cash on hand sheet and accounted for this in the top section headed S&M, (Scottish and mutilated) Each day the record was updated as to the amount held in the machine. From the records it shows that from 26/01/06 to 03/02/06 totalling eleven days, £900 of Post Office money was used. A further £1700 of Post Office money was used to replenish the ATM machine for one day on 02/02/06. A total of £2600 of the audit deficiency was now identified as money used for the ATM.

Mrs Palmer claimed that the ATM was now empty again and all of the Post Office money had been used. Each night a transaction log is produced from the machine of all the transactions that day. It takes approximately three days for the payment of the withdrawals to be credited into Mrs Palmers bank by the owners of the ATM.

Mrs Palmer was asked to explain the entries made on the daily record sheets. She claimed that the £2500 entry that is there each day is related to scratch card error notices. Some months ago now

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she received a number of error notices related to scratch cards. She was unsure of why she had received them and requested assistance from the Post Office for dealing with this problem. Nobody visited the office and she was informed that they had to be brought to account immediately. As instructed Mrs Palmer processed the error notices. In order to do so as she did not have sufficient funds to pay for the error notices, she was carrying the amount of £2500 in her daily cash on hand. She claimed that she believed a further error notice would be received and that it would compensate for the loss. To date this has not been the case. The other entries under the S&M heading are related to Scottish or mutilated notes or banking that has been received late at the office, after the cash on hand has been confirmed. The remainder of the sheet is a break down of the actual cash on hand.

Mrs Palmer claims that her chequebook and documents had been with her accountant as the end of year accounts are being prepared. Once she had received her chequebook back and her bank had been credited with the amounts withdrawn from the ATM she was going to write a cheque to cover the amount used.

Mrs Palmer admitted using Post Office money for her own use and admitted the cash on hand figures have been inflated for the balances for weeks ending 18/01/06, 25/01/06 and 01/02/06 to cover for the scratch-card error notices and the money used to replenish the ATM. Mrs Palmer states that she is aware that when she signs a cash account she is signing to say that it represents an accurate record of all the cash and stock on hand in the Post Office.

Mrs Palmer went on to explain about the scratch-cards. The private business operates the Camelot Lottery terminal and sells Camelot scratch-cards. These are put through the shop till and then subsequently entered into the Horizon system. They are entered into the shop till on a designated button and so can be accounted for on a daily basis. When the shop closes at 18:00 hours the Lottery terminal is totalled for the daily figures. That amount of money is secured within the Post Office and the remainder is taken home with Mrs Palmer. At home Mrs Palmer claims that she splits the money between that of the shop takings and the scratch-card sales. A home computer record is kept of the sales and the money is secured separately in a bag in her personal safe. About every three months she claims that she balances the scratch-cards and writes a cheque for the balance due. Mrs Palmer admitted that she does not put a cheque in for the sale of the scratch-cards on a regular basis and that each week the scratch-cards on hand figure is wrong. She states that the reason for keeping the cash at home is due to the high bank charges for depositing cash.

Mrs Palmer admitted that by not accounting for the scratch-cards she has produced a false account. She also states that she is aware that false accounting is a criminal offence but denied that she had intentionally done this.

The interview concluded at 11:42. Master tape seal 070927 was signed and Form CS019 was handed to Mrs Palmer.

From September 2004 when Mrs Palmer became the Subpostmistress it would appear that she has been committing false accounting on the weeks where she has not checked the scratch-cards. A cheque book that was given to me after the conclusion of the interview showed that on four occasions Mrs Palmer has written cheques made payable to Post Office Ltd. The cheque values are £1000, £3220, £1258 and £1000, a total of £6478. The latest cheque counterfoil was not dated but immediately followed one dated 30/09/05. That would show that at least twelve months of scratch-card sales totalled £6478, an average of £539 per month. This would indicate that the scratch-card sales at The Grange SPOB have increased significantly over the last five months to an

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average of £1789. The chances of the scratch-cards being sold in round figures ie. £1000 is probably quite low and would suggest that maybe the scratch-cards were not checked when the cheque was processed. Mrs Palmer claimed that she did not bank the scratch-card money due to the high bank charges. This money should never have been deposited at her bank but placed within the Post Office where bank charges would never have been an issue.

If Mrs Palmer is able to identify both the lottery online daily figures and the scratch-card daily figures, and secure the online money within the Post Office on a daily basis, I can see no honest reason why the scratch-cards money is not secured there at the same time.

With regard to the money used to replenish the ATM, if the machine has used £900 in eleven days then why has the machine used £1700 in one day. If Mrs Palmer has already received payment for the £900 why has she not returned the money to the Post Office. If as she maintains she has the money from the shop takings at home, then she could have returned it the following day. Mrs Palmer admitted that since week ending 18/01/06 she had been inflating her cash on hand to cover for £900. Additionally in week ending 01/02/06 a further £1700 was added to the cash on hand figure.

At the present time it is not known when the error notices were processed so I am unable to identify the date at which Mrs Palmer inflated her cash on hand figure by £2500. Again she did not have the funds to cover this and continually accounted for this in the cash hoping for a compensating error notice. However, she admitted that error notices were usually received within 8 weeks and she had been holding this amount for many months.

Mrs Palmer produced a number of business bank statements between April and December 2005. From these statements it could be seen that with the exception of one day in October the account is always in credit. Mrs Palmer stated that she pays enough money into the account to cover for the direct debits and uses the excess cash to purchase stock.

Currently there is no loss to the business as Mrs Palmer handed the auditors a cheque for the full audit deficiency.

Mrs Palmer has not had an audit since she became Subpostmistress in September 2004. Additionally she claims to have received no formal training and is self-taught. She has not received help when she has requested it and appears to have muddled through. She claims to have continued with the way that the scratch-cards have always been accounted and at no time has she been contacted by the Post Office regarding the amount of scratch-cards on hand and the lack of sales, as for many weeks the on hand figure does not change. She has no defence for using Post Office money for her own use.

Mrs Palmer admitted that what she has done is wrong but she did not think it was dishonest as she has made a written record and can account for everything. She stated that she did not intend to steal the money.

A report has been forwarded to The Criminal Law Team for advice as to whether this case is suitable for prosecution.

Lisa Allen
Investigation Manager
Tel: GRO

20 February 2006

IN CONFIDENCE

Offender Reporting			
Form to be e mailed to Casework team and for DMBs the Service Operations Manager, SPSO the Contract and Service Manager, Cash Services the Senior Service Delivery Manager and for Multiple Partner Branches multiples@postoffice.co.uk within two (working) days of interview)			
Case file number:	PO Ltd 0506/0619		
Case Category:	Immediate Open Enquiry		
Date case set up:	06/02/06		
Full Name(s) of person interviewed:	Mrs Suzanne Lesley PALMER		
Grade:	Subpostmistress		
Office:	The Grange SPOB		
FAD:	103 140		
Postcode:	SS6 9AX		
Type of Enquiry:	Audit shortage/false accounting		
Contract & Service Manager:	Alan LUSHER		
BRIEF summary of facts in case:	A shortage of £14,712.11 was discovered at the audit on 03/02/06. This was relating to Lottery Scratchcard sales, Lottery Scratchcards error notices and the cash used to replenish a non Post Office ATM.		
Date of Interview:	06/02/06		
BRIEF summary of admissions/denials made at interview:	Mrs Palmer denied that she had been dishonest by her actions but admitted she had been stupid with hind sight.		
Date of Suspension (if applicable):	03/02/06 authorised by Alan LUSHER		
Suspended on the authority of (if applicable)			
Date of Resignation (if applicable):			
Relevant Contract & Service Manager, Operations Manager, Senior Service Delivery Manger or multiples@postoffice.co.uk informed of resignation (if applicable):	Yes		
Date of Arrest (if applicable):			
Identified Loss (at time of interview):	£14,711.12		
Recovery (include date):	£14,711.12 03/02/06		
Outcome (i.e. suspended/office closed):	Subpostmistress suspended. Office reopened by office Manager.		
Further Investigations required:	No		
BRIEF Detail of further Investigations required: i.e. Further Interviews, further checks.			
Anticipated date for completion of those Investigations.			
What action has been taken in respect of asset recovery:			
Has this case been reported to a Financial investigator:	No		
Any other comments:			
Officer In Case:	Lisa ALLEN	Team Leader:	Lester Chine