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POST OFFICE LTD CONFIDENTIAL: INVESTIGATION, LEGAL

To Juliet McFarlane
Principal Lawyer

Date 13/05/10

REF: Wendy Vivian Buffrey - POLTD/0809/0177

Further to your memo dated 23 April 2010, I now make the following points:

- 1) I have discussed the proposal of solely accepting a plea to fraud of £5,000 with Mr Paul Southin, Financial Investigator and we are both in agreement that this is unacceptable. Our joint opinion is that the fraud charge should remain at £26,256.63, which may or may not include a separate further charge for the £5,000 remittance deficit.
- 2) In response to the Defence Statement:
 - i) On page 2, 3rd paragraph the statement refers to 'mistakes' on 14 May 2008, which she tried to correct on 21 May and 09 July. The May dates relate to the stock adjustments of 630 self adhesive stamps x 100 but I am unaware of what she tried to 'correct' on 09 July.
 - ii) That same paragraph goes on to refer to a cash deposit of £10,600 accepted as £19,600 on 15 November 2008. I can confirm that Horizon shows an Alliance & Leicester business deposit entry for £19,600 on that day. However this does not 'form part of the accounting problems', as the deficit of £9,000 it created in the accounts was declared by Mrs Buffrey when completing a Branch Trading Statement (BTS) on 10 December 2008 (day prior to audit). Mrs Buffrey settled centrally the net deficit in the accounts of £9,065.08. As such, this did not affect the resulting deficit identified during the audit the following day. Mrs Buffrey has received credit for this amount, which can be seen on item 13 of the Unused Material (copy included with this memo). This shows a credit of £9,000 (negative entry) in respect of an A&L deposit and £9,065.08 (positive entry) due to this being settled centrally.
The BTS completed on 10 December was not supplied to me and I have asked the auditor (Judy Balderson) to see if she has it, although the discrepancies and House keeping can be seen on the Horizon data extract schedule I e-mailed to you on 30 March 2010. Do you/counsel want this schedule produced or to be included with the Unused Material?
In her interview, Mrs Buffrey states that since the stock adjustment problems in May, the accounts were running constantly at around £20k short, which increased to £25k following the remittance discrepancy on 26 September 2008. If she is now suggesting that this £9,000 A&L error is 'part of the accounting problems' then her loss being carried from May could have been no more than £11k, which would have increased to £16k on 26/09 and then to £25k on 15/11.
 - iii) The final paragraph on page 2 suggests that the stock errors must be just errors as 'she simply did not have the quantities of stock that she wrongly declared on the system'. This is irrelevant as you can input whatever figures you chose, either through error or deliberately (if covering a loss or trying to cloud issues) irrespective of how much stock you physically have at the branch. It also says that she did not 'have the correlative amount of cash in the system to take off the premises'. It can be seen at 21.52 of the first tape summary

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- (GDB/4) that Gary Thomas asks the question; *'Is it likely then in stock unit 6 at your branch you would have had nearly £23,000 in cash in there though? To which Mrs Buffrey's response is; 'Quite possibly.'*
- iv) Regarding the points raised in section 3 of the Defence Statement I now enclose copies of items 1-3, 7-13 and 16-17 as listed on the Unused Material Schedule. I have not copied all the Branch Trading Statements which are prior to the indictment period (Item 14) as the print on most is very faint and most of the discrepancies illegible. Please advise if you require me to photocopy these. In respect of item 12 on the Unused Material schedule I enclose 3 x copies of the Cash Centre CCTV footage, which can be viewed using Windows media player, although the £5,000 remittance shortage has never been in dispute by Mrs Buffrey.
- In respect of the second & third points made in section 3 of the Defence Statement I am unable to comment on what is meant by 'accounting problems'. I have requested statements from Fujitsu in respect of the Horizon data supplied and in respect of calls made to Horizon Support Helpdesk (HSH) during period of indictment at Up Hatherley Post Office. Once received, I will submit originals & copies in the normal way.
- In respect of the final item in section 3, I have produced a further statement, which hopefully explains in more detail the process for adjusting stock items and covers how schedules (GDB/8 & GDB/9) were compiled. Original & copy statements are enclosed with this memo, with associated GS009 forms

In reference to the letter from Rowbis Solicitors dated 23 April 2010 I make the following comments in response to the points they raise.

1. a,b&c) These points are covered in further statement from me enclosed with this memo.
2. I have photocopied these again ('Best Copy') and are included with this memo, although some entries are still barely legible, which is due to the poor quality of the originals.
3. a) The CD ROMS show all transactions conducted within their representative periods but when I copied these onto disks the auto filter had been applied, whilst I had conducted my analysis. In order to view all transactions just click on the drop down arrow on the Product no. column and drag the bar up to the top and click on 'All', to view all transactions. Product no. 4382 relates to a Lloyds personal cash deposit.
 - b) This is because the auto filter is set to 'All'. As detailed above, this is the setting which needs to be applied to all of these schedules to view all transactions. I have copied a schedule of Horizon Product Codes, as of April 2008 onto a disk (x3) which are enclosed with this memo.
 - c) Fujitsu supplies us with data broken down in two ways. The first spreadsheet for each period shows all transactions conducted including all items in serve customer (SC) mode as well as transfers, remittances, stock adjustments, reversals and declared discrepancies. The second spreadsheet predominately details things like reports printed/previewed, cash declarations & variances and users logging on / off Horizon. Again, these appear as the result of entries made by an operator/s at Up Hatherley Post Office.

Please also note that I have received from Chesterfield microfiche copies of Lloyds TSB deposits in the name of Mr D C Buffrey, with associated Batch Control Vouchers (BCV's) covering the period 17 January 2008 to 17 October 2009.

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These were requested by counsel during our case conference, should Mrs Buffrey enter 'not guilty' pleas. Please advise whether you want me to get someone at Chesterfield to produce these or whether they should be added to the Unused Material. Ms Balderson seems to recall that the private shop side of Up Hatherley Post Office sold hardware items and pet food, although she points out that she may be mistaken as the audit was a long time ago. I note from the antecedents form completed after Mrs Buffrey was interviewed that she didn't know how much net income was generated in the shop but estimated gross takings of around £100 a day. As such, it would appear that without scrutinising the shop accounts we would be unable to say whether the cash deposits into Mr Buffrey's Lloyds account were from shop takings or fraudulent entries made on Horizon i.e. no money placed in the till.

Please advise me if you / counsel require any further information at this stage.

Graham Brander
Security Advisor

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Mobile:

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