

Filed on behalf of the: Claimant
Witness: Helen Rose
Statement: 1
Exhibits: "HR2"
Date made: 04/10/06

**IN THE HIGH COURT OF JUSTICE
QUEENS BENCH DIVISION**

Claim No. HQ05X02706

BETWEEN:

POST OFFICE LIMITED

**Claimant/Part 20
Defendant**

- and -

LEE CASTLETON

**Defendant/Part
20 Claimant**

SECOND WITNESS STATEMENT OF HELEN ROSE

I, **HELEN ROSE** (nee Hollingworth) of GRO
GRO **WILL SAY AS FOLLOWS:**

1. I am currently a Security Analyst for the Post Office Limited (**the Post Office**) and have been a Security Analyst since 25 September 2006. Prior to being a Security Analyst, I was an Investigations Manager from September 2004 to 24 September 2006. Prior to that, I was an auditor at the Post Office for 5 years since August 1999. I have worked for the Post Office for over 9 years since approximately February 1997.
2. I make this Witness Statement from facts within my own knowledge unless otherwise stated. I have had the benefit of reading through the audit papers. References to page numbers in this Witness Statement are to page numbers of Exhibit HR2 to this Witness Statement.
3. As an Auditor, I was responsible for auditing Post Office branches. I usually carried out at least 1 audit every day, although sometimes it could be closer to 2 or 3 audits and on 1 occasion I remember that I did 4 audits. I would therefore conservatively estimate that over the 5 years whilst I was an auditor, I carried out well over 1,400 audits.

4. On 23 March 2004, I attended the branch of the Post Office at 14 South Marine Drive, Bridlington, YO15 3DB (**the Marine Drive branch**), together with my colleague Chris Taylor. We arrived at approximately 8.00 a.m. I had not had any previous involvement with the Marine Drive branch.
5. The process of carrying out the audit involves physically counting the cash and stock at the Marine Drive branch, checking the paperwork such as Giro deposits and withdrawal receipts, Pensions and Allowances Reports and where appropriate, declared cash receipts.
6. Mr Castleton explained that he had been having problems balancing the books and that those problems had started in the cash account week ending 43 (21 January 2004) with a shortfall of £4,230.97. Mr Castleton was adamant that the misbalances were due to a computer problem and that no members of his staff could be committing theft. In my considerable experience as an auditor, I have never personally come across any computer problem generating cash shortfalls and Mr Castleton's explanation sounded completely implausible to me.
7. The handwritten notes of the audit are at pages 1 to 47 and a typed copy of the audit is at pages 48 to 64. A copy of the conclusion of my report is at page 65. In short, having performed a full audit of the cash and stock, I found that at 23 March 2004 the branch was short of £25,758.75 cash. This was a result of unauthorised losses that had accumulated in the cash account of which a portion had been transferred to the suspense account for many weeks leading up to the audit. (For clarification I should confirm that the report is erroneously dated 25 rather than 23 March 2004. I believe that the audit took place on 23 March 2004 and that this is a typographical error. The report also lists weeks 48 to 43 and their figures twice and this is also simply a typographical error).
8. As part of a normal audit, we have to complete a procedural security inspection. This was initiated by my colleague Chris Taylor. When a postmaster is suspended then any remaining compliance tests are not completed, because of the large number of compliance tests (including security compliance) that have to be completed for each audit. Accordingly, although the procedural security inspection was started as a matter of routine, I do not recall it being completed because Mr Castleton was suspended prior to its completion and it then became irrelevant.
9. A typed copy of the control gaps that were identified after the security inspection was initiated is at page 63. The inspection revealed that the safe was left open, the safe keys were left in the safe door and it was not secured, that cash and stock were not secured during lunchtime if the Sub-Postmaster was not on the premises,

that Travellers Cheques were not kept in the safe and Foreign Currency was not held securely, that standard procedures for adjusting losses and gains were not adhered to (because losses were unauthorised) and personal cheques on hand had been incorrectly treated. However, I should add that I believe the reason Mr Castleton was subsequently suspended was because the Marine Drive branch was short of a significant amount of cash, rather than because of the control gaps that the security inspection identified.

10. I do remember that Mr Castleton left the branch at lunchtime and returned in the afternoon smelling strongly of alcohol.

11. I did not remove any documents from the Marine Drive branch during the audit. If there were any documents that are required, I always ask the Sub-Postmaster to print off his spare copy. I understand that one of the live issues in this case is whether any balance snapshots were removed. A balance snapshot is a report that contains what the computer records is the total cash in stock figure and all transactions, sales, stock and method of payments at a branch. Every time a transaction takes place the snapshot would alter because it looks at the previous weeks' declared cash in stock and adjusts items as they are sold, so if someone forgets to enter an item that a customer has purchased, then the balance snapshot figures will be inaccurate. It is only a balancing aid for postmasters and not classed as an accounting document. On arriving at a branch, an auditor might ask the postmaster to print out a balance snapshot, sometimes 2, (1 for file without any marks on and a working copy for ticking off things, when checked). There would be no reason or benefit to even look at previous balance snapshots. I certainly do not recall removing any daily balance snapshots and for the reason I have explained, they would not have been particularly useful to me.

12. I was not involved with the case any further after completing the audit.

I believe that the facts stated in this witness statement are true.

Signed **GRO**
HELEN ROSE

Date 9 Oct 06

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SECOND WITNESS STATEMENT OF
HELEN ROSE

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