

Message

From: Rod Ismay [GRO]
Sent: 29/08/2014 14:04:13
To: Pheasant, Andrew [/O=BOND PEARCE/OU=First Administrative Group/cn=Recipients/cn=ajp4]
Subject: RE: SS Doc - Rod's feedback - 29/8 2.30pm update [BD-4A.FID20472253]

Good stuff. Speak soon. R

From: Pheasant, Andrew [GRO]
Sent: 29 August 2014 14:51
To: Rod Ismay
Subject: RE: SS Doc - Rod's feedback - 29/8 2.30pm update [BD-4A.FID20472253]

In that case I will review your latest comments and give you a call about 3:15?

If another time is better for you just let me know – my afternoon is clear.

Best
Andy

From: Rod Ismay [GRO]
Sent: 29 August 2014 14:49
To: Pheasant, Andrew
Subject: RE: SS Doc - Rod's feedback - 29/8 2.30pm update [BD-4A.FID20472253]

My preference, if OK with you, would be to try to clear the decks of the stuff here just leaving section 17 as the outstanding.

Reason being:

- (a) If we need to do more on the other sections, and
- (b) Monday is go live day for new back end Finance systems following separation from Royal Mail so it is probably the biggest change day up here for a few years. I am keen to clear the decks from other stuff.

Is that OK?

Thanks, Rod

Rod Ismay | Head of Finance Service Centre

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From: Pheasant, Andrew [GRO]
Sent: 29 August 2014 14:44
To: Rod Ismay
Subject: RE: SS Doc - Rod's feedback - 29/8 2.30pm update [BD-4A.FID20472253]

Rod,

Would it be easier to arrange a call Monday. Alternatively, im happy to have a chat through the other comments today?

Many thanks
Andy

Andrew Pheasant

Associate

for and on behalf of Bond Dickinson LLP

GRO

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From: Rod Ismay **GRO**
Sent: 29 August 2014 14:34
To: Pheasant, Andrew
Subject: FW: SS Doc - Rod's feedback - 29/8 2.30pm update

Andy – now updated for the “damaged cheques” points. Updated below.
I suspect we may need to talk through what I have sent. I also have Section 17 outstanding. All the people who could help me are away today. Back Monday.
Thanks, Rod

Section 14 – The comments that “Damaged cheques will never be the cause of loss to a branch” (ie. Where they are mutilated in transit or at the cheque processor) – Damaged cheques, if they cannot be processed due to missing MICR line for example, are treated in the same way as missing cheques and therefore branches would not be held liable for these unless there has been a breach of operational procedures.

**The final bullet point of para 13 of the response document needs changing. It says “..if the missing cheque...is stamped...and endorsed on back..” [If it is missing there is no way of seeing if it is stamped or endorsed]. Suggest revised wording of “..Post Office will absorb the loss of the cheque provided discussions with the branch and review of transactional data does not indicate breach of operational processes.”

Section 17 – Point 4.2.3 in the detailed response to “Audit Trail on Girobank Deposits” – ANSWER O/S still

Section 17 – Point 5.1 about one part paying in books. – ANSWER O/S still

Section 18 – Errors & Fraud Repellency – point 6 of the response. Suggestion below.

“With the exception of the early phases of Horizon Online rollout, comms interruptions have typically been of short duration and therefore we would expect the counter colleague faced by the recovery prompts to remember what transaction they were performing and what stage it had got to at the point of interruption (ie. What product it was, whether cash had exchanged hands etc). In that situation the criticism would not seem fair. During Horizon Online rollout and in other rarer cases, longer interruptions have arisen and we acknowledge that it could have been the next day or after a change of staff on split shifts when the recovery prompt came up. However, in such a situation common sense would indicate that the original clerk would make a note of what transaction they were performing at the point of

failure (and what stage it was at) before finishing their shift. In any situation the branch would be able to call the Helpline for advice.”

Section 18 – point 7 of the response. [Should be checked by IT too]

“Whilst the Branch User Forum, established following the first report, is clearly an example of a process for reviewing and improving Horizon, Post Office has had other processes and forums in earlier years. These have included subpostmaster representation in design forums and in user acceptance testing groups. For several years Post Office had a formal Problem Management Team in Service Management. Post Office has also had joint working groups with NFSP forums focussed on conformance, efficiency and security.”

Section 19 – One Sided Transactions – not sure I understand how paragraphs 6,7,8 of the response have been drafted. I would suggest the alternative to them below.

6. Comms failures can have 2 broad impacts. The main impact would be the type of interruption that is addressed by recovery prompts that are referred to separately in this document. The other impact (which would affect the customer, not the subpostmaster) would be where a debit card payment was interrupted after the bank had ringfenced the customer funds for the payment but before the counter confirmed that the transaction was complete. This can lead to a situation where the transaction is declined, there is no issue for the branch accounts, but the customer is no longer able to draw down on funds in their bank account because they remain ringfenced for the original attempted transaction. Banks have routine processes to clear down ringfences within a couple of days or on an accelerated basis by specific enquiry. This would not affect the subpostmasters accounts but could of course lead to customer complaints.

7. Where examples of recovery issues have been raised in spot reviews, we have responded to those specific cases. If Second Sight has specific other examples from mediation then we would be happy to investigate such specific examples.

8. Otherwise we consider that by properly following recovery places, Post Office has safeguards in place and that Subpostmasters would not be disadvantaged

OTHER SECTIONS

6. MVL

The barcode on V11C forms does not define the duration of the tax disc and therefore the assertion, as stated, is not valid. A V11C is printed with boxes on it for the customer to choose whether they wish for a 6 or 12 month disc. Upon scanning the V11C, which identifies the registered vehicle, the counter colleague is prompted to enter whether the customer wishes for a 6 or 12 month disc for that vehicle.

However, if it is true that erroneous barcodes were printed on V11C's then if so it could lead to a charge based on a different vehicle and potentially different tax band.

That would disadvantage the customer, if neither the customer nor counter colleague spotted the unexpected price. However, Horizon would then invite payment of that amount and so long as the counter clerk took payment of the amount on screen then the branch would not have a shortage or gain from the transaction. It would simply be that the customer paid the wrong amount. That is a different issue, but not in scope of this Second Sight Review.

7. Lottery – paragraph 13 of the response related to the “complication”

Suggest replacing paragraph 13 with the following:

At paragraph 7.7 of the Report, Second Sight highlight the “complication” of timing of processes. Whilst Lottery branches are, and were, advised to balance the following morning, that was the same for every day of the month for them (it was not a difference or “complication” of month end). The difference is that non lottery branches were encouraged to balance on Wednesday night. The most obvious confusion from that would be for serial subpostmasters who ran both lottery and non lottery branches, but that is not the issue raised by Second Sight. We do not therefore agree that the “complication” as raised is a complication. It is rather a difference of process for different branches.

In practice many branches chose not to follow "next day" guidance and may have balances several days later. Post Office operational instructions have however always focussed on next day accounting.

What has not been raised but may be worth noting is that a significant feature of non conformance prior to the rollout of Transaction Acknowledgements was for branches to bring stock into their records by way of "stock adjustments" as opposed to be way of the advised "stock remittance" process. Stock adjustments have the accounting effect of sales or sales reversals, impacting stock and cash records. That non conformance by Subpostmasters often created confusion for them and in some cases may not have been easily visible if it was offset by cash discrepancies of similar magnitude on other products.

Thanks, Rod

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From: Pheasant, Andrew [GRO]
Sent: 28 August 2014 18:25
To: Belinda Crowe; Parsons, Andrew
Cc: Angela Van-Den-Bogerd; Rod Ismay
Subject: Re: SS Doc - Rod's feedback

Belinda,

Thank you. I will review and call Rod tomorrow.

Best regards
Andy

Andrew Pheasant
Bond Dickinson LLP

From: Belinda Crowe [GRO]
Sent: Thursday, August 28, 2014 06:23 PM
To: Pheasant, Andrew; Parsons, Andrew
Cc: Angela Van-Den-Bogerd <[GRO]>; Rod Ismay <[GRO]>;
Belinda Crowe <[GRO]>
Subject: FW: SS Doc - Rod's feedback

For information – Rod Ismay's comments on the doc.

As you will see below, Rod is happy to speak and is still awaiting some answers on outstanding questions.

Best wishes
Belinda

Belinda Crowe

148 Old Street, LONDON, EC1V 9HQ

GRO Postline: GRO

GRO

belinda.crowe GRO

From: Rod Ismay
Sent: 28 August 2014 18:00
To: Belinda Crowe
Subject: SS Doc - Rod's feedback

Hi Belinda,

Mark ups attached and a list of comments. Probably best if you read and then call me. I am around all of tomorrow. If I don't answer my phone immediately it will be because tomorrow is the last day of the Finance Roadmap Programme before new systems go live. So we have a lot happening up here just now.

I also need to ask some questions in my team tomorrow to try to close down some o/s points.

Thanks, Rod

Rod Ismay | Head of Finance Service Centre

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