
From: Alwen Lyons [GRO]
Sent: Mon 18/06/2012 1:32:14 PM (UTC)
To: Angela Van-Den-Bogerd [GRO]
Subject: FW: For Shoosmiths call

fyi although I am sure you already knew

Alwen Lyons

Company Secretary

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[GRO]

From: Rod Ismay
Sent: 18 June 2012 14:27
To: Simon Baker; Alwen Lyons
Subject: For Shoosmiths call

To assist in this afternoons call

Point 5

It is worth noting that Subpostmasters can run trial balances at any point they wish in order to exercise good stewardship over their cash balances and to ensure complete, accurate and timely accounting in branches. Subpostmasters are also, as a routine, required to "declare" their cash holdings each day in order to enable the Post Office Cash Supply teams to advise and support on holding the optimum value and mix of bank notes to align with customer demand at that branch.

There is sometimes a misconception that Subpostmasters can only do their balancing routines at period ends and can, therefore, feel pressurised to agree to losses with inadequate time to investigate them. Well run branches do not find it burdensome to do balancing procedures more regularly and are better placed to deter theft by staff and to avoid late surprises.

Point 6

The Subpostmaster is contractually liable for losses. However, in the first instance many differences between the physical cash count and the balance in Horizon are found to be administrative errors by the Subpostmaster or by their staff in recording transactions in Horizon. These are either resolvable by the Subpostmaster themselves or through advice from the Post Office Helplines. In the event that there truly is a loss, then the Subpostmaster has the option to make good locally or to "settle centrally" and engage in centralised debt recovery processes.

Where a branch purports to have more cash than Horizon, the vast majority of these cases are due to the Subpostmaster or their staff having failed to record a customer transaction properly (eg. Understated the value of a banking deposit). It would not be appropriate for the Subpostmaster to take the money out as it is genuine customer funds entrusted to the Post Office but where the Subpostmaster has inaccurately recorded the value of those funds.

There are only two other plausible reasons for a surplus of funds – these would be if the Subpostmaster has given too little change to a customer or if the Subpostmaster has previously “made good” a loss in the branch and then subsequently finds the funds that had previously been thought to be lost.

The premise that Subpostmasters will at times be bound to make good losses, but are rarely invited to take money out, is consistent with the reality that money is sometimes lost or stolen but it does not [appear out of thin air / appear without there having been a customer transaction].

Point 11

The Post Office is fully confident that the Horizon computer system in its branches, and all the accounting processes around it, enable subpostmasters to account accurately for the transactions and balances they record.

As alluded to in point 6 above, if a Subpostmaster misplaces funds and then later finds them, or realises that they have misrecorded a transaction, then there are process in place to enable these to be dealt with and to offset what had initially been deemed to be a loss.

Subpostmasters have the facilities to perform balancing and cash count processes whenever they wish and to avoid the risk of any last minute surprises at a period end.

Also, in the event that a Subpostmaster continues to refute liability then there is a process which has been communicated several times for Subpostmasters to dispute the “Transaction Corrections” or “Branch Discrepancies” which are considered to be the debt. Post Office support teams do assist pro-active Subpostmasters to explore issues that they have encountered.

As regards the suggestion that “.. it is far from clear...whether POL have actually lost any money...”, it may not be immediately obvious to the Subpostmaster but POL will typically have experienced one of three types of loss. Either the loss of cash that should be in the branch, or the loss of cash or cheques which have been alleged to have been sent to central teams for banking, or POL will have made payments to a client or customer in good faith based on what the Subpostmaster has recorded in Horizon and may then have difficulty in tracing or recovering such funds when the original transaction is proven to have been miskeyed. Reasons for the latter can be dishonesty by that customer or inability to trace parties under existing Data Protection frameworks.

Thanks, Rod