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|-------------------------|---------------------------------------------------------------------------|
| <b>Title</b>            | Audit Process Manual                                                      |
| <b>Subject</b>          | Chapter 3 – Performing a Branch Audit                                     |
| <b>Version Control</b>  | 2.0                                                                       |
| <b>Purpose</b>          | Outline responsibilities and process to perform an audit in all branches. |
| <b>Audience</b>         | Network Services Field Team                                               |
| <b>Next Review date</b> | June 2013                                                                 |

**Stakeholders**

| <b>Stakeholders Name</b> | <b>Responsibility</b>                      |
|--------------------------|--------------------------------------------|
| Angela Van Den Bogerd    | Head of Network Services                   |
| Nigel Viles              | Enterprise Risk and Assurance Manager      |
| Craig Tuthill            | Network Support Performance Mgr: Reporting |
| Lee Heil                 | Network Support Admin Mgr: Reporting       |

**Responsibilities in change**

| <b>Role</b>   | <b>Job Title(s)</b>                                                  | <b>Date</b> |
|---------------|----------------------------------------------------------------------|-------------|
| Author        | Field Team Leaders – Alicia Hassam, Linda McLaughlin & Kate Harrison | 4/7/12      |
| Assurance     | Field Support Change Advisor                                         | 12/7/12     |
| Authorised    | Network Field Support Project Manager                                | NA          |
| Communication | Field Support Change Advisor                                         | 17/7/12     |

**Version control**

| <b>Version No.</b> | <b>Reason for issue</b>                                                                                                                                                                                                                              | <b>Section No.</b> | <b>Date</b> |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------|
| 1.0                | Audit review                                                                                                                                                                                                                                         | ALL                | Oct 2011    |
| 1.01               | Section altered to make clear that the last six Trading Statements can be printed from HOL now, if originals can't be obtained                                                                                                                       | 9.3.5              | 02/10/11    |
| 1.02               | Location of Lottery Scratchcard Matrix on EASE updated                                                                                                                                                                                               | 8.6.3              | 19/10/11    |
| 1.03               | Paragraph 9.3.6 added                                                                                                                                                                                                                                | 9                  | 12/12/11    |
| 1.04               | References to Outlet Field Support replaced with Network Support Admin Team                                                                                                                                                                          | Various            | 30/12/11    |
| 1.04               | Additional info added on content of Audit Admin email sent to lead Field Team Member prior to the audit                                                                                                                                              | 8.7                | 30/12/11    |
| 1.05               | "Branches in Northern Ireland" info added                                                                                                                                                                                                            | 7.5                | 29/01/12    |
| 1.05               | Reference to "Summaries Outstanding" report removed, as this was only on the old Horizon system, and not HOL                                                                                                                                         | 8.4                | 29/01/12    |
| 1.05               | Paragraph 8.3.1b removed (reference to dealing with Paystation money) due to introduction of Transaction Acknowledgements (TAs) accounting process. Paragraph 8.3.1a renamed as 8.3.1, as this now covers the process for all offices in the network | 8.3                | 01/02/12    |
| 1.06               | Altered sections to inform the Lead NSFM to attempt to have the branch open for 09:30am.                                                                                                                                                             | 3.13, 4.5 & 7.14   | 20/02/12    |
| 1.06               | 6 <sup>th</sup> bullet point added – reminder to congratulate                                                                                                                                                                                        | 12.1               | 28/02/12    |

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|      |                                                                                                                                                                                                                                                                                                                            |                          |          |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------|
|      | agent/staff if office has no compliance gaps                                                                                                                                                                                                                                                                               |                          |          |
| 1.06 | 4th bullet point – open plan till limit changed to £1000 for all branches. 5 <sup>th</sup> bullet point added about rising screen branches                                                                                                                                                                                 | Appendix C               | 28/02/12 |
| 1.06 | Accounting for MVL Shortages/Surpluses instructions made clearer                                                                                                                                                                                                                                                           | Appendix H               | 29/02/12 |
| 1.07 | Added to Appendix B – Area Managers of Multiples to be contacted prior to the start of the audit.<br>List of Multiples Area Managers added to front page of Chapter 3.                                                                                                                                                     | Appendix B               | 29/03/12 |
| 1.07 | Accounting instructions added for PO Local cheque acceptance ( audit deficits only)<br>Name Changes to reflect new Crown Management Structure                                                                                                                                                                              | Appendix E<br>Appendix A | 26/03/12 |
| 2.0  | Annual Review – FSA replaced with <b>Field Team member</b><br>Changed to say can be obtained from the documents section of the Safety Environment & Wellbeing Intranet pages if required.                                                                                                                                  | All 3.11                 | 29/06/12 |
| 2.0  | Core and Outreach Changed from info in appendix F to <b>additional information in Chapter 3a</b>                                                                                                                                                                                                                           | 5.2                      | 29/06/12 |
| 2.0  | Added to end – <b>along with uploading the relevant figures to SharePoint</b>                                                                                                                                                                                                                                              | 6.1 & 6.2                | 29/06/12 |
| 2.0  | Added Sentence – <b>This will be completed as a SharePoint Upload direct from the P32 &amp; CAT Reporting Tool</b>                                                                                                                                                                                                         | 6.10                     | 29/06/12 |
| 2.0  | Added at end of first paragraph - <b>FTM's should access the manual</b> SharePoint links after the automatic upload to ensure the entry went <b>through (Ref – EASE – Audits - SharePoint Links/Info)</b><br><b>There are also instructions here on how to Edit SharePoint Entries.</b>                                    | 6.12                     | 29/06/12 |
| 2.0  | 2 <sup>nd</sup> Paragraph added – <b>No call will be received for FA Audits if there is no Debit / Credit figure</b>                                                                                                                                                                                                       | 8.7                      | 29/06/12 |
| 2.0  | <b>Inserted David Sears name</b><br><b>Changed start of paragraph by adding Branches in Scotland only Irregularities as header</b><br><b>Highlighted physically check and added initialling any alterations</b><br>Added If the audit is a singleton activity <b>contact your Field Team Leader to arrange assistance.</b> | 9.4                      | 29/06/12 |
| 2.0  | The contacts listed for WHS when over £1000, are <b>(Simon Davies</b> <span style="border: 1px solid black; padding: 0 5px;">GRO</span> <b>or Steve Hall –</b> <span style="border: 1px solid black; padding: 0 5px;">GRO</span> <b>)</b> (John Hey no longer working for WHS)                                             | Appendix D               | 29/06/12 |
| 2.0  | Discrepancy over £1000 <b>Name changed to Paul Kellet</b>                                                                                                                                                                                                                                                                  | Appendix E               | 29/06/12 |

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## Section 1 - INTRODUCTION

**1.1** Audit activity takes place because we have stakeholder requirements to ensure that we protect, maintain and account for all our assets, both those we own and those we look after on behalf of our stakeholders. We are also responsible for ensuring that all our staff and agents operate their Post Office® branches in accordance with legislative regulations as well as conforming to our operating licence, branch standards and to customer charter standards.

**1.2** We will attend all types of branches throughout the year to verify financial assets on hand and to test regulatory compliance and business conformance against standards set out in HOL help and the operations manuals as listed below:

- National Lottery – March 2009 – COMB 44/4
- Security – January 2008 – COMB 58/2
- Ordering Stores & Stocks – February 2009 – COMB 47/8
- Post Office Outreach Services excluding Home Service – August 2008 – COMB 62/1
- Post Office Paystation – May 2009 – COMB 57/5
- Horizon Online™ Equipment & Administration – January 2010 – COMB 63/2

## Section 2 - TYPES OF AUDIT

**2.1** These are the types of audit

- Financial , Financial Assurance (FAA) and (Tier 2)
- Compliance

**2.2** The Financial Assurance Audit (FAA) involves the verification of cash, selected stock items and vouchers on hand. Items not verified are deemed to be assured.

**2.3** The Financial Assurance Audit (Tier 2) is a comprehensive check to assess the current trading position of the branch. This will be carried out if requested by stakeholders or as the result of escalation by the Audit Leader, visiting to complete a lesser request, resulting in unsatisfactory findings.

**2.4** The current financial position of the office is calculated and recorded by completion of an Excel based file known as a P32 and comparing this to the Horizon On Line(HOL) system derived “balance due to PO figure” using the latest declared branch trading statement, and reports obtained from HOL.

**2.5** The objective of the Compliance Audit is to check that mandatory business conformance and regulatory compliance controls are operating as intended: by checking evidence and gaining assurance that the required controls are in place. Compliance to business policies and procedures can be tested in conjunction with the Financial Audit visit or on a separate visit.

**2.6** Details of all audit types are available on EASE- Audits- Audits Codes List. The Network Services Field Team schedule entry is annotated to detail what type of audit is required.

## Section 3 - THE FIELD TEAM ROLE AND RESPONSIBILITIES

**3.1** The Field Team role at audit is completely objective and the reports they produce after the visit must be detailed, accurate and factual. The Field Team’s role is not to speculate on the



cause of the outcome of the audit or the honesty of agents or staff either overtly or by implication. Anything recorded which is deemed to be of a subjective nature would undermine any subsequent investigation and could impact on the ability of investigators to pursue the case.

**3.2 Field Team Members** should not enter into any discussion or speculation about why the office has been scheduled for a visit.

**3.3** If the audit should end in the precautionary suspension of the Sub postmaster then the Field Team Member must not apologise or enter into any discussion as to why a precautionary suspension has been affected. The Agent must be referred to their Contracts Advisor.

**3.4** There will be circumstances where an audit visit to an office leads to an escalation or investigation so it is necessary for the Field Team Member to be conscious of this from the outset.

**3.5** The Field Team Member must take detailed note of all timings and the course of all events. The actions of those on site and conversations held may become relevant if there is to be an investigation of mis conduct or dishonesty. The lead Field Team member is responsible for reporting these details.

**3.6** For full information about the support available from the Contracts Advisor see Irregularities (section 9).

**3.7** All Field Team members must carry their security passes and wear a Post Office® name badge whilst on site in branches.

**3.8** The Lead Auditor and one other Field Team Members must take their laptops to an audit so the activity is not jeopardised by laptop failure. General security rules apply.

**3.9** All Field Team Members working on audit activity must carry with them:

- The Branch Standards booklet
- Kendata - customer satisfaction feedback forms and envelopes. (E-mail NSAT to request a supply)
- The Network Support Directory of Mobile and Mobex numbers (ref: EASE Audits - Contacts).

They must also carry a supply of the following items to leave at offices where they are found to be lacking:

- \*Data Protection Act Leaflet
- \*Your Guide to Customer Service
- \*Suspicious Activity Reporting Form
- Note, coin, rem bags, HOL bar code stickers for non CiT rem.

\*All can be printed from EASE- Audits – Compliance Official Documents  
(Your Guide to Customer Service Internet print not to be handed out to customers)

**3.10** It should be noted that although the Field Team Member will supply these items, this will still be noted as an audit gap and the Field Team Member must witness the Agent placing an order for missing items via HOL.

**3.11** In addition to the aforementioned items the Field Team member must have the following paperwork:

- A record of conversation held (ref –EASE – Audits.)
- A without prejudice receipt (ref – EASE – Audits)
- A workplace Risk Assessment. (Can be obtained from the documents section of the Safety Environment & Wellbeing Intranet pages if required).
- An application form for Grapevine ( ref – EASE – Training On Site - Grapevine)
- Paperwork necessary for performing an office transfer (ref – EASE– Audits)
- Paperwork necessary for appointing a temporary Agent ( ref – EASE – Intervention – Temp AGENT Security Checks)

**3.12** The Field Team Member must carry notices informing the public of temporary closure or closure, to include the nearest MVL issuing office if applicable (ref – EASE - Audits - Closure Notices).

**3.13.** The Field Team Member must endeavour to have the branch open for 09:30am unless there are valid circumstances to prevent this. In practice the verification of the Main Stock Units, Compliance, etc should be carried out whilst the branch is open.

## **Section 4 - THE LEAD FIELD TEAM MEMBER ROLE**

**4.1** The Network Support Admin Team (NSAT) will indicate via the schedule which Field Team Member(s) are to carry out the audit visit and who has been allocated the “lead” role.

**4.2** It is the lead’s responsibility to prepare for the audit, manage activities on site, report financial irregularities and subsequently complete the audit reports.

**4.3** The lead is responsible for the introductory discussions with the Agent, providing regular updates and performing the closing meeting.

**4.4** The lead is responsible for delegating tasks for example; P32 completion, checking of display material, checking of bureau, to ensure the audit is run in an orderly manner making efficient use of the resource available and minimum disruption to customer service.

**4.5** The lead is also responsible for the decision to re-open the branch when sufficient checks have been carried out to provide assurance that an escalation to Tier 2 or the involvement of the Contracts Advisor is unlikely. As per the Team Standards, the branch should be ready to re-open by 09:30am to minimise disruption to customer service. However should subsequent findings indicate that the situation requires escalation, the Lead Auditor has the authority to re-close the branch, informing NBSC of the current status and the customers of the alternative branches.

**4.6** The lead is responsible for contacting the other Field Team Members to discuss arrangements and organise travel in accordance with the current Business Travel Expenses (BTE) policy, arrange a meeting point and consider contingency arrangements in the event of absence, sickness, travel or other problems. The meeting time should not precede the branch opening time by more than 20 minutes. (Ref - EASE - Audits - Audit Process Manual - Chapter 12 - Continuity Planning)

**4.7** The lead must provide the official working papers for use in the branch. Only the current versions of working papers available on EASE are acceptable. Working papers for escalation to Tier 2 must be carried if attending a Financial Assurance Audit (FAA).

**4.8** The lead should ensure that when on site the use of mobile phones is kept to a minimum and phones put on silent/vibrate once the office has re-opened. Any conversations that must be held from site should be done so out of earshot of the counter unless this is absolutely unavoidable. Clerks serving on the counter must be able to converse with customers without being hampered by conversations taking place behind the counter.

## Section 5 - PLANNING

**5.1** The Field Team Member designated “lead” at the audit is responsible for carrying out the pre visit preparation. The lead must check the audit type, branch name and code and other details supplied by the schedulers. Using the available database on EASE i.e. the All Branches Database, they can find all the information on the branch including the date of the last audit. There is a separate database of branch opening hours available on EASE too and details of Branch Trading dates to establish when the branch last rolled into a new BT period. The lead at the audit uses these details to populate the P32 audit tool and the CAT Reporting Tool.

**5.2** Whilst accessing these databases the lead auditor must also take note of what type of office this is for example:

- Agency Offices
- Crown Office ( ref – additional info Appendix A)
- A Franchise or multiple (ref- additional info Appendix B)
- Open plan or a combination store (ref – additional info Appendix C)
- WH Smith (ref – additional info Appendix D)
- Core and Outreach (ref – additional information in Chapter 3a)
- Post Office Local (ref – additional information Appendix E)

**5.3** The type of office will indicate any further preparation required. Exceptions that relate to specific types of office are detailed in the appendices. All this information must be accessed in addition to the Audit Reports Matrix to determine where the reports must be sent. (Ref – EASE – Audits – Audit Process Manual - Chapter 8)

**5.4** The lead Field Team Member must also determine if any non-standard transactions are performed at the branch as they will need to ensure that monies associated with these transactions are included in the audit checks. The outlet should also be able to demonstrate that these products are being accounted for in the correct manner.

- Bureau de change (ref – Section 8.5)
- ATM (ref – Appendix F)
- Lottery (ref – Section 8.6.1 – 8.6.5)
- Paystation (ref – Section 8.3.1)
- Teller cash dispenser
- Combi till ( ref – Appendix C )
- Stamp Vending Machine & Post & Go – (cash assured)
- Rollercash ( ref – Appendix C )

There are instructions for dealing with these non standard transactions in the relevant Counter Operations manuals/HOL HELP and Field Team Member must familiarise themselves with these to be prepared to check cash and accounting practices at on site activities.

**5.5** The lead must also consider any other factors that may impact on the amount of resource required for audit activity e.g. seasonal variation, Public holidays or local events affecting cash flow and banking activity.

## Section 6 - P32, THE CAT Reporting Tool and SharePoint

**6.1** A P32 is an Excel spreadsheet designed to support planning, verification and assurance of assets and generate the reports required by Financial Audit activity at all branches. The lead Field Team Member is responsible for posting all reports to the branch and email reports as per Audit report matrix to all stakeholders along with uploading the relevant figures to SharePoint. The latest version of the P32 is available from our database: (Ref – EASE –Audits – Audit Process Manual - Chapter 2.)

**6.2** The Compliance Audit Test Reporting Tool (CAT Reporting Tool) is an Excel spreadsheet designed to support the planning and testing of regulatory compliance and business conformance and recording and reporting the results. The Field Team Member uses the tool to access the lists of Regulatory Compliance and Business Conformance tests required, record the answers and generate the report and a Compliance Declaration. The lead Field Team Member is responsible for posting all reports to the branch and email reports as per audit report matrix to all stakeholders, along with uploading the relevant figures to SharePoint. The latest version of the CAT Reporting Tool is available from our database (ref – EASE –Audits – Chapter 10 - CAT Tools & Instructions)

**6.3** The tools are reviewed on a monthly basis and the expiry for the tool and last date for submission is included in the latest Audit Process Update email. These dates must be strictly adhered to.

**6.4** The lead Field Team Member must download the current copy of the P32 and the CAT Reporting Tool direct from EASE for every activity. Local copies should not be saved to avoid use of out dated versions.

**6.5** The current P32 and user instructions can be accessed from our database: (ref - EASE – Audits- Chapter 2.)

The current CAT Reporting Tool and user instructions can be accessed from our database. (Ref – EASE – Audits – Audit Process Manual – Chapter 10 – CAT Tool and instructions)

**6.6** The lead Field Team Member must ensure that they have read and understood the current versions of the instructions.

**6.7** To correctly name the P32 or CAT Reporting Tool, please see the guide/instruction on EASE (ref – EASE – Audits – Audit Process Manual Chapter 8 - Guide to sending reports)

**6.8** When a date of previous audit is given on the all branches database then it is necessary to access the database where the previous audit reports are held and carry forward information on gaps from the previous audit or post transfer visit to ensure they have been addressed. There is an area on the CAT Reporting Tool “Planning section” where this information must go. Only audit reports from the preceding three years need be consulted.

**6.9** If the office has been subject to transfer since the last audit activity then the gaps recorded against the previous Agent should be ignored. However audit gaps recorded during Post Transfer Activity are relevant.

**6.10** All findings from the P32 and CAT Reporting Tool must be submitted via the appropriate SharePoint Survey. This will be completed as a SharePoint Upload direct from the P32 & CAT Reporting Tool



**6.11** SharePoint is an on line tool that enables results to be reported and accessed immediately by the relevant stakeholders. The responses to all SharePoint surveys can be collated automatically without the P32 and CAT Reporting Tool having to be manually analysed. The instructions to complete a SharePoint survey as an upload are held on our Toolkit. (Ref - EASE –SharePoint Links/Info - P32 / CAT Tool - SharePoint Upload instructions)

**6.12** As with the reporting tools it is essential that the lead Field Team Member accesses the correct SharePoint survey links. Field Team Members should access the manual SharePoint links after the automatic upload to ensure the entry has gone through (Ref – EASE – Audits - SharePoint Links/Info)

There are also instructions here on how to edit SharePoint Entries.

It is also essential to read and follow the latest version of the instructions, ensuring that cut-off times are strictly adhered to.

## Section 7 - ON SITE ACTIVITY

**7.1** Before approaching the branch the lead Field Team Member should take the opportunity to brief the team on the approach for the visit and clarify all roles and responsibilities.

**7.2** The lead Field Team Member must send a text message to the Contracts Advisor to inform them of the audit activity. The brief text message must include the lead Field Team Member's name, the office name and branch code. This is to make the Contracts Advisor aware that there may be calls later in the day regarding irregularities in the office. This is designed to speed up the resolution of on site issues. If there is no signal for a mobile at the office, no text message will be sent, and the audit should commence as normal.

**7.3** The introduction, by the lead Field Team Member, to the first person arriving on site should be worded as follows;

*"Hello my name is .... from Post Office® Network Services Field Team, I'm here to carry out an audit of your branch today – please can you tell me who you are and what your role is here....."*

**7.4** If they are not the Agent then they must be advised to contact the Agent to let them know their branch is being audited and invite them to attend. This also applies to all Multiple partners. Whether the Agent accepts or declines to attend the branch, the branch is audited as planned. Once the initial introduction is carried out then the lead must introduce each member of their team.

**7.5** The Agent or staff may contact the NBSC before allowing access and this will mean that Field Team Members may have to wait outside until their identity has been confirmed by the NBSC and they have completed their first access procedures. (Contact with NBSC is not mandatory; Field Team Members may be admitted on verification of security passes)

### Branches in Northern Ireland only:

The admittance and verification procedures for audits in Northern Ireland differ from GB. Anyone carrying out an audit in Northern Ireland should follow the procedures detailed below:

Each afternoon, Network Support Admin Team will provide PO Grapevine with a plan of scheduled audits for the next day with details of the office, branch code and names of auditors scheduled to attend.

### Special Audit Requests

In the event of an audit being called at short notice, the Network Support Admin Team will email PO Grapevine and the relevant security manager to inform them of the special audit, detailing the office name and branch code along with the names of the auditors who are scheduled to attend

At commencement of the audit, the Agent or staff **must** contact **Post Office Grapevine to verify the auditors credentials** before allowing access and this will mean that Field Team Members may have to wait outside until their identity has been confirmed by Grapevine and they have completed their first access procedures.

**7.6** The Agent or staff should be advised that he/she should not access cash, stock or the HOL system until the Field Team Members have gained access. In these circumstances, any

irregularity should be documented and a transaction log obtained from the HOL system to ensure there has been no activity on the system before the Field Team Members were allowed access.

**7.7** If the Agent or staff refuses to allow entry to the premises, explain that the Field Team Members have the right to verify Post Office Ltd assets and that the Agent is contractually obliged to allow the Field Team Members access to do this. If access is denied refer to the Contracts Advisor for advice in the first instance. It may be necessary to involve the police as a last resort.

**7.8** Having gained entry to the building the lead Field Team Member must phone NBSC to report the closure of the office for audit purposes and arrange for the notices informing the public of the closure to be displayed in a prominent position. The details on the poster will include the names and addresses of alternative offices, nearest MVL office if applicable and an estimated opening time for the office.

**7.9** Each Field Team Member must ensure that they sign a visitor's book or log recording their arrival, date, time and purpose of their visit. They must also enter their departure time before leaving the office.

**7.10** Establish facilities for Field Team Members and where bags and personal belongings should be stored – Not getting agreement on this could prove contentious if items are claimed to be missing from the premises during or after the visit. Some branches have policies in place which forbid taking handbags, personal cash, food etc into the counter area. Field Team Members must abide by these policies. If Field Team Members are concerned about leaving personal items in a different area or locking them in a vehicle then they are advised not to carry unnecessary items to audit visits.

**7.11 The Field Team Members should not have un-witnessed access to cash and stock.** Where it is not possible for the Agent to attend or the Agent chooses not to be present, then checks must be made in the presence of a nominated Officer in Charge (OIC) - (this should be agreed with the Agent on the call). It is important that any checks are not made in isolation. Both the Field Team Member and stockholder should acknowledge the accuracy of the figures following the check. Where a discrepancy is highlighted, the Agent or OIC should be offered the opportunity to verify the findings and sign the cash and/or stock sheet to confirm that the figures to be used as part of the audit are correct. In the event that they decline the offer, then this should be noted, and included in the subsequent audit report.

#### **7.12 The need to identify and produce all cash, stock and vouchers**

It must be stressed at the outset that there will be a need to identify and produce all cash, stock and vouchers and to remind the Postmaster/OIC that this could include items kept outside the secure area. Should the Agent/ OIC present cash after the audit has commenced, and it has been confirmed that all cash has been produced, it must be excluded from the audit as the audit result is only based on the verification of the financial assets presented as "on hand" at the outset of the audit. The cash must be accepted from the Agent "without prejudice to investigations or the current branch trading position", a receipt issued, and included in Post Office Ltd funds, but not the current branch trading position. Details of the amount should however be included in the SharePoint input sheet of the P32 and recorded on SharePoint.

**7.13** Obsolete stock must be discounted from the audit, the subsequent shortage included in the current branch trading position and explained in the audit report.

**7.14** Other points for the opening discussion should include as a minimum:

- The purpose of the audit is to verify cash and stock items.

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- The reason behind the use of laptops and the P32 (using tools independent of the Horizon system for verification)
- The course of events, what items will be checked and in what order – establish where they are held in branch
- The need for access to the HOL system.
- The estimated opening time of the branch is 9:30am.
- Other aspects of the audit; for example reconciliation of non-value stock. E.g. POCA cards, MVLs, etc.
- The Compliance Audit which will require the input of the Agent/OIC and staff. Some of the areas to be tested can be mentioned as examples, e.g. Security, AML, etc.
- The close of audit meeting and the opportunity for the Agent/OIC to comment on any findings.
- The opportunity for the Agent/OIC to fill out a customer satisfaction feedback form requesting their views on how the visit was conducted.

## Section 8 - FINANCIAL ASSURANCE AUDIT (FAA)

(Tier 2 requires additional procedures details below section 10)

**8.1** The Financial Assurance Audit (FAA) involves the checking and verification of:

- Cash (ref – Section 8.3.2)
- Cheques (ref – Section 8.3.3)
- ATM cash (ref – Appendix F )
- Currency (ref – Section 8.5)
- Spoiled Postage labels
- Lottery Instant scratch cards (ref Section 8.6.1 - 8.6.5)
- National Lottery Cheques
- Self Adhesive stamps 100 x 1<sup>st</sup>
- Self Adhesive stamps 100x 2<sup>nd</sup>
- Self Adhesive stamps 50 x 1<sup>st</sup> Large
- Self Adhesive stamps 50 x 2<sup>nd</sup> Large
- MVL discs (ref – see below & also Appendix H)
- Traveller's cheques
- POCA cards

All other stock items will be deemed to be assured.

Stamp Vending Machine and Post and Go machines will be assured.

**MVL Discs** - Count on hand MVL discs. Full unused packs of MVLs may be sampled and assured. Following discussions with P&BA and the Conformance Team, it has been agreed that any discrepancies at audit are recorded on the P32, audit report and SharePoint. Furthermore, any shortages or surplus discs should be corrected during the audit (**see Appendix H**).

Please note all empty stocks, when audited, should have the cash declared as zero before coming out of the stock unit.

## 8.2 Horizon Reports

**8.2.1** Ascertain the number and types of stock units on the system.

**8.2.2** Ask the Agent or a member of staff with manager's access to create a user ID for the lead Field Team Member to allow them access to the Horizon system.  
See Appendix G for Instructions on Accessing the Horizon System and the different procedure required for audits requested by investigations.

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E-mail:

GRO



**8.2.3** Obtain the previous period end branch trading statement. The figures should not be altered by the Field Team Member in any way or made illegible, as these may need to be produced at a later date, possibly as evidence in a court of law.

**8.2.4** The following report printouts **must** be obtained from the HOL system, examined and filed with the working papers in line with the current retention process: See EASE – Audits - Chapter 3 for Audit Report Paths, See EASE – Audits - Chapter 9 for Retention of Papers

- Un-reconciled/outstanding transfers report – for multi stock branches
- Transaction log for the day of the audit (audits commencing before opening hours - only) - this report must be produced regardless of whether or not you feel the Horizon terminal has been accessed prior to audit attendance
- Office snapshot
- Balance snapshot for each stock unit - including where the branch operates an individual stock unit
- Most recent cash declaration holdings for each stock unit
- Foreign currency holdings
- Outstanding summaries (to verify vouchers / cards on hand):
  - Giro deposits / withdrawals
  - Personal banking deposits and withdrawals (manual transactions)
  - Green Girocheques
- Suspense account report
- Transaction corrections outstanding
- Transaction corrections processed (this will also show instances whereby evidence has been requested – entries will be preceded with an 'E')
- Remittance summary (ins and outs) for the whole office for the trading period
- Reversal reports for 42 days – RV and ER; Reversal transaction and existing reversal transaction when transaction code as been used

### 8.2.5 Further reports required for Compliance Testing

- User summary - obtain a list of all HOL users and take note of their full names. This can then be checked by accessing the 'modify user' screen and checking that all entries are current and in the correct format.
- Forty-two day transaction log detailing all transactions over £5000.00 to illustrate transactions where identification data capture may have been required.

**8.2.6. Please note:** - Further reports can be obtained from the HOL system as required e.g. branch trading statement reprints, stock adjustment reports, event logs and further transaction logs for investigation purposes. The above list is not exhaustive. However, this should be seen as the minimum.

**8.2.7** If the audit takes place on a Thursday, following the end of a branch trading period, and the branch trading statement has not been fully completed, the audit should be based on the trial balance figure ensuring cash and stock have been declared. The final branch trading statement can then be completed during the course of the audit or as soon as practicable, ideally before the Field Team Members have left the branch.

## 8.3 Checking Cash, Stock and Vouchers on Hand

**8.3.1** For Branches with a Paystation terminal, ensure any overnight Transaction Acknowledgement's (TA) have been accepted or ensure this is the first action on log on. Ensure

all monies accepted in respect of transactions carried out on the terminal have been introduced to the main cash before commencing the audit.

Please note: - The maximum amount of Post Office® cash that can be held on the retail side is £250.00.

**8.3.2 Cash check** - obtain the final cash declaration for the day prior to the audit by reprinting the last “existing” declaration or obtaining the report via the event log. Where the audit is carried out later in the day and the branch has been open for business then it will not be possible to confirm cash to a branch declaration. However the report should still be obtained and examined for possible inflation of cash.

**8.3.3. Cheques** -. Count and record cheques on hand and verify to the HOL snapshot or the branch trading statement if the branch trading period has been completed. Ensure that cheques are examined for validity and that any “personal” cheques are not on hand, including those belonging to staff members, without the correct annotation and a matching transaction that can be verified through HOL.

**8.3.4** If an irregular personal cheque (not associated with any transaction) is found contact the Contract Advisor team, and Security Manager. The personal cheque must be impounded, excluded from the audit result and a “without prejudice” receipt issued.

**8.4 Vouchers-** All the vouchers on hand must be checked and verified irrespective of the day of the audit. The details on the report printouts of any transaction vouchers on hand must be checked against the actual vouchers on hand e.g. giro deposits and withdrawals, or green giros etc. These reports can be obtained in the HOL back office. Most are in the “Daily” report section, but the green giro report is in the “Weekly” report section. It is also important that all vouchers on hand are checked for validity, early encashment and fraud.

**8.5 Currency** - Verify all the Euros, US Dollars & the next 2 largest currencies on hand to the correct amount on the bureau stock snapshot. Any discrepancies must be corrected in the Horizon bureau stock at the time of the audit. Totals from the currencies verified and those deemed assured should be documented for later inclusion in the P32. Upon correcting the errors, the revised sterling equivalent figure should be used in the P32.

**8.6.1 Lottery** - All on line lottery transactions must be accounted for daily. Calculate any outstanding monies owed to the Post Office and ask the Agent to make this good. If the Agent isn't able to do this or the lottery is not being accounted for correctly then see irregularities (Section 9).

**8.6.2** Count and record lottery scratchcards and reconcile to the HOL snapshot and local records, if held. Scratchcards will normally be held on the retail counter and it may be necessary to physically count the cards outside the counter area. Any cash held on the retail side relating to sales should be included in the cash on hand verification.

**8.6.3** The scratchcards on hand can be verified by reference to the lottery matrix held on EASE – (Audits – Processes – Audit Process Manual – Ch 3 Performing a Branch Audit) or by telephoning the NBSC 08456011022. The Agent must be advised that any value of obsolete scratchcards will be removed from the balance and the resultant shortage must be made good. This should be actioned at the time of the audit and detailed in the audit report.

**8.6.4** Obtain the following reports from the lottery terminal and the Agent, depending on the type of branch OLT

- Summary Inventory
- Pack status reports for each game listed on the Summary Inventory

APM Chapter3 - Performing a Branch Audit - v1.2.0 June 12  
Owners: Linda McLaughlin Alicia Hassan Kate Harrison

Tel. GRO  
E-mail: GRO

- Activation receipts (use to reconcile against scratchcards physically held. N.B. Activation receipts to be left onsite after checking)

**8.6.5** Using the summary inventory and pack status reports confirm and reconcile the un-activated scratchcards. It should also be confirmed that the scratchcards on sale have all been activated. The pack status reports identify the status of the cards held:

|         |   |                      |
|---------|---|----------------------|
| CONFIRM | - | Pack is un-activated |
| ACTIVE  | - | Pack is activated    |

## **8.7 Network Support Admin Team - Audit Admin Duty**

Whilst on site the lead Field Team Member will receive a phone call from the Network Support Admin Team Audit duty. Depending on the type of audit

**Financial Assurance Audit** – Field Team Member will be advised of Agent Debt Figure only. No call will be received if there is no debit / credit figure.

**Tier 2 Audit** – In addition to Agent Debt figure, Field Team Member will also be advised of both inward and outward remittance figures for the current trading period for verification purposes. 48 hours prior to all audit types the Admin Duty will notify the lead Field Team Member of the names of the staff registered as working in the office by email. Any staff working in the office not registered with HR should be reported via the P356 Anomalies Report located on EASE. – Audits – Audit Process Manual – Ch 3 Performing a Branch Audit. This email may also notify the lead Field Team Member that the office currently has some outstanding debt, and for them to expect a call on the day of the audit to advise of the specific amount of debt. For Post Transfer Audits, there could also be information on any concerns from the Fraud & Conformance team (e.g. the branch has been showing unusually high generated cash figures recently) for the audit team to address when onsite.

**8.8** There is no need to hold back and open rem bags awaiting collection if they are due for despatch the same day as the audit. The reference numbers from the bags must be recorded and verification sought the following day that the bags have arrived at the Cash Centre by phoning the Network Support Admin Team Audit Duty. Any failures should be reported to the Contracts Advisor and Security Manager for an Investigation audit to be arranged. If rem bags have been made up in advance and are not due for despatch on day of audit they should be opened and contents verified.

**8.9** On completion of the audit, contact the Cash Management Team for an assessment of their performance. In the event of excess cash holdings, remit excess back to the cash centre. Record amount returned for inclusion on SharePoint and remind Agent/OIC/Manager of the correct cash management process.

## **Section 9 - IRREGULARITIES**

**9.1** During the course of the audit the Field Team Member may find discrepancies, transaction corrections, inappropriate items held in suspense, business practices out with the Post Office® operating instructions and in this situation the irregularity must be discussed with the Contracts Advisor.

**9.2 Central Accounting in Chesterfield** - Problems with irregularities involving errors in accounting, transaction corrections or entries in the suspense account may be progressed with the help of the appropriate contact. Please see (ref - EASE – Audits – Contacts – P&BA Team Contacts – P&BA Teams.)

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 Owners: Linda McLaughlin Alicia Hassam Kate Harrison  
 Tel. GRO  
 E-mail: GRO



**9.3 Support from Contracts Advisor** - As part of the preparation for the audit the lead Field Team Member must have available the contact details for the Contracts Advisor and alternative Contracts Advisors and the Security Manager to report findings, errors, discrepancies or admissions.

**9.3.1** If intervention is required, or circumstances suggest that they may be required, the Contracts Advisor should be contacted at the earliest opportunity. This will allow discussions to take place and any necessary decisions made whilst the lead Field Team Member is still on site and will ensure that problems are dealt with quickly and efficiently. Contact should be made via mobile phone, as this will ensure confidentiality (use Mobex number for calls). The use of the Agent's telephone should be avoided.

**9.3.2** The Contracts Advisor should be contacted if anything happens during the visit that would suggest that the agent may be in breach of their contract for example:

- There is an unexplained discrepancy of £1000 or more (excluding outstanding debt)
- There are any irregular or suspicious circumstances
- There is an irregular personal cheque on hand
- Sales made on a "credit" basis i.e. payment outstanding
- There is an admission of misuse of Post Office® Ltd funds or fraudulent activity
- The Agent refuses to allow access to the premises or any cash or stock items
- Cash on hand has been inflated or an amount of cash is produced after the audit has commenced
- Lottery takings are not to hand and/or banked in personal account
- There are discrepancies found in on-site verifications (remittances, suspense accounts etc.)
- The Agent has declared that the previous periods discrepancy has been made good, however findings are to the contrary
- The Agent cannot make good an audit shortage and is unable, or unwilling, to put forward proposals
- If the lead Field Team Member has any other concerns about the branch

This list is not meant to be exhaustive. Regardless of the circumstances, if there is any doubt or concern about the branch or Agent, contact the Contracts Advisor.

**9.3.3** Should the Agent admit any fraudulent activity, he/she should be advised immediately that the branch will be kept closed and the Contracts Advisor and Security Manager contacted. Should the Agent be suspended, there is a possibility that the branch will remain closed and the assets defunded (ref EASE – Audits – Audit Process Manual - Closure Process - Chapter 5) for details about branch defund, In this case, a special notice to this effect should be displayed and NBSC should be contacted to advise them of the situation. If the branch is to remain closed, the timestamps should be lodged in the safe. Arrangements for the door and safe keys should be agreed with the Contracts Advisor.

**9.3.4** In the event of a discrepancy, the Agent/OIC/Manager should be invited to complete an independent check of the cash. This can be obtained from EASE (Audits- Audit Process Manual – Chapter 3 – Record of Conversations – Cash Sheet)

**9.3.5** In cases involving suspension, the lead Field Team Member should obtain six periods worth of branch trading statements, and send for retention at the central archive in Salford along with any other working papers. This will assist P&BA and/or the Fraud Team should there be legal repercussions.



Originals should be obtained, but copies (where such facilities exist) are acceptable. Should there be no statements available; reprints of the last six completed statements must be obtained from the HOL system.

If the Agent objects to their removal, it should be pointed out that the paperwork is the property of Post Office® Ltd, and if necessary a receipt should be issued.

**9.3.6** When an audit has gone to suspension, the lead Field Team Member should also advise Network Support Admin Team of this on the day. This is particularly important from a scheduling point of view, as NSAT may need to cancel or reschedule any work the day after the audit, if any of the Field Team Members on the suspension audit need to carry out any follow up work relating to the audit, e.g. the office may not transfer to a temp SPMR until the following day.

**9.4 Appointing a Temporary Agent** - If the Contracts Advisor decides that the Agent is to be precautionary suspended from the office then it may be possible to appoint a temporary Agent in his place to ensure continuity of service.

The Contracts Advisor will commence this process with the permission and agreement of the existing Agent. The Field Team Member must carry a set of paperwork to carry this out under the direction of David Sears, Temporary Agent Advisor GRO  
(Ref EASE – Intervention – Temporary SPMR Security Checks)

### **Branches in Scotland only – Audit Irregularities**

One of the fundamental rules of Scottish Criminal Law is that the essential elements of the charge require to be corroborated before anyone can be convicted on that charge. It follows that an admission by the accused is not enough evidence to convict in Scotland because that evidence needs to be corroborated from another source. Therefore if one Field Team Member finds a shortage in excess of £1000, the cash and stock they have checked requires a second Field Team Member to **physically check** it, and also sign the working papers initialling any alterations. Hence it has then been corroborated. From a business point of view we should not construe as corroboration getting the Agent or Temporary Agent who is taking over to check the cash and stock. The Defence argument could be that the Agent was in shock, under duress etc when checking the figures. The same argument could be made by the defence when it is an Assistant who is taking over as a Temp, and they are asked to check the figures.

If the audit is a singleton activity contact your Field Team Leader to arrange assistance. Please contact Security Team in addition to the Contracts Advisor on the day of the audit to discuss.

NB: Corroboration can be completed by any Post Office employee, i.e. in remote locations a member of Field Change Team etc may be more accessible than another Field Team Member.

## **Section 10 - PROCEDURES FOR FINANCIAL ASSURANCE AUDIT (TIER 2)** (In addition to aforementioned Financial Assurance Audit (FAA) procedures)

**10.1** Print a copy of the Branch Trading Statement.

**10.2** Check all cash, cheques, currency, postage, stock on hand as required for completion of P32 (Tier 2). Refer to the latest user instructions on EASE for completion of the P32.

**10.3** Working papers specific to Tier 2 must be used from EASE..  
(Ref – EASE – Audit – Audit Process Manual – Chapter 2a - Audit Tools- Working Papers)

**10.4** If a Tier 2 audit has been scheduled then in addition to the agent debt and staff names information the Network Support Admin Team Audit Duty will also provide details of figures for remittances reported in the current trading period. If the Financial Assurance Audit (Tier 2) is by escalation then these figures must be requested by the Field Team Member.

## Section 11 - COMPLIANCE AUDIT

**11.1** Compliance audit tests (CAT's) are designed to test that regulatory compliance and business conformance procedures are operating as intended, by checking evidence of adherence to the approved systems.

**11.2** The Field Team Members role in compliance auditing is to undertake sufficient testing (across at least 50% of all staff) to be able to confirm, with reasonable assurance that controls that should be present in a system are being deployed.

The areas tested are:

- CORE CAT's (Compliance Audit Tests)
- Government Services (DVLA, IPS, AEI)
- Procedural Security Inspection

**11.3** For current tests and user instructions see CAT reporting tool and user instructions on EASE.

(Ref EASE- Audits- Audit Process Manual – Chapter 10 – CAT Tools/Instructions)

## Section 12 - CLOSE OF AUDIT MEETING

**12.1** Once the financial audit and compliance tests have been completed, the audit findings will need to be discussed with the Agent. The following guidelines should be followed:

- The closing meeting should already have been discussed and planned with the Agent as part of the opening meeting at the outset of the audit
- The meeting should be conducted in private whenever possible as some of the points for discussion may be sensitive
- The lead Field Team Member should be familiar with all the findings of all the tests completed (in conjunction with the person who has completed the Compliance testing if this is not the lead Field Team Member)
- When talking through the findings it is important to discuss them in a balanced way and be able to qualify exactly what is meant. The reason for any actions should be made clear. It is essential to highlight where the correct procedure is documented and the importance of adherence to it, by explaining the correct procedures and clarifying understanding. The lead Field Team Member must highlight the consequences and impact of failure to comply for the Postmaster/staff and for the business. Failure could lead to the loss of the Agent's contract to provide products and / or services, and / or financial penalties for Agent, his staff and the business
- Recognise good working practices in the office.
- Also, on the occasions where an office has no compliance gaps, congratulate the agent and/or staff on their good performance, emphasising how this has a positive effect on the Network and Post Office customers.
- Following the closing meeting a customer satisfaction feedback form should be left with the Agent at the branch – The Postmaster should be encouraged to complete and return this form.

## Section 13 - AUDIT REPORTING

**13.1** All audit reports are embedded within the P32 & CAT Reporting Tool.

Please refer to the latest user instructions held on EASE; please also refer to the current “reporting matrix”.

(Ref - EASE – Audits – Audit Process Manual – Chapter 8)

**13.2** The lead Field Team Member must telephone the branch two days after sending the report to confirm their understanding of the content and highlight their responsibility for the return of the Declaration of Compliance and ask if they have returned their Customer Satisfaction Feedback Form.



**CROWN OFFICE**  
**(Additional information to be used at Crown Branches)****APPENDIX A**

- Check and verify as a **minimum**, 50% of the counter stocks. If time and resource allow then additional counter stocks can be checked
- All dormant stocks have to be checked
- Any stock held by the Branch Manager (it is advisable for the integrity of the audit to have a back office duty confirm which is the Branch Manager stock)
- All stocks with cash in excess of 25k

If a discrepancy of more than £1000 is discovered, this should be reported to the Crown Sales and Customer Service Manager and Security Manager: There is no need to escalate this to a Tier 2 Audit, or keep the branch closed for longer than is necessary.

If a discrepancy of £10,000 or more is discovered, the Crown Sales and Customer Service Manager and the Security Manager must be notified immediately and the Branch remains closed until a full Audit of Accounts (Tier 2) can be completed. The branch should be re opened at the earliest opportunity to minimise disruption to customer service.

**FRANCHISE AND MULTIPLE BRANCHES****APPENDIX B**

The all branches database will provide details of branches that are of either a franchise or multiple branch type. The lead Field Team Member should obtain this information at the preparation stage along with:

- The name of the multiple / franchisee
- The multiple/franchise company contact point e.g. nominee
- The name of the Contract Advisor

The financial audit process outlined in this chapter can be applied to multiple and franchise branches with the following exceptions:

If highlighted in the Branch Performance Profile model the lead Field Team Member will need to determine if the procedural security compliance paper needs to be undertaken if the branch is a franchise. Some franchise branches are self-insured and in these cases the Procedural Security Inspection tests should not be completed. The self-insured franchise branches can be identified from the branch details excel spreadsheet, available from EASE. Any major security weaknesses must be still noted, however, and commented upon in the audit report.

On arrival at the branch, the lead Field Team Member should make the visit known to the store manager and any local entry procedures must be adhered to. At the beginning of the audit the lead Field Team Member must telephone the company contact, as per Multiple Contact List on Chapter 3 main page, to advise that an audit is taking place and to invite them to the closing meeting at the branch. The estimated time of the closing meeting should be advised and, if the company contact is unable to attend, it must be confirmed that they are happy for the audit findings to be discussed with the officer in charge on site. Any irregularities, discrepancies, admissions etc. should be reported to the Contract Advisor.

**OPEN PLAN AND COMBINATION FORMATS****APPENDIX C**

A Combination Store is the title given to retail branches that combine other retail business with Post Office transactions using the same point of sale in the retail area. These branches often also have one or more fortress positions. In the retail area the same person will deal with retail and Post Office transactions, but funds and accounts will be separated.

The financial audit outlined in this chapter can be applied to open plan and combination branches, but special care must be taken because of the different security arrangements.

To minimise security risk to staff and funds, the following principle applies:

- Under no circumstances should bulk cash be counted in positions which are exposed to the public
- If the owner of the premises refuses to close to allow for the counting of bulk cash then contact their Contracts Advisor
- All cash on hand should be counted in a secure back office area (if available) or prior to the branch opening for business to avoid the problem.
- Cash being moved to a secure area should not exceed the till limit (£1000) for open plan working unless the premises are closed
- NOTE: Rising screen branches operate with the same security procedures as screened branches so the normal 60/90 rule would apply (enough cash to last up to 1.5 hours), not the £1000 limit

**WH Smith Branch****APPENDIX D****(Additional information to be used at WH Smith Branches)**

- On arrival at the branch, the lead Field Team Member should make the visit known to the store manager and any local entry procedures must be adhered to.
- There is no need to contact WH Smith (as we would with any other multiple) as senior WHS Security & Investigation managers are aware of the audit plan.
- WHS have an insurance waiver, but compliance questions relating to Procedural Security Inspection should be asked. This is at the request of the Head of Business Development (WH Smith).
- The closing meeting will take place with the lead Field Team member, the Field Team Member completing the Compliance tests and the Branch Manager (or their representative at the branch) on the day of the audit.

**Process - Financial**Physical check of cash & cheques

- Main Safe stock unit
- Bureau stock unit
- Counter stocks: 2 to 3 stocks, prioritising in cash value the highest while still allowing the branch to open at the normal time
- Rollercash contents can be assured if store/branch is open
- All other all purpose working (APW) stocks should be assured
- Cash and currency REM Pouches – All cash rem pouches on hand to be verified, by reversing the rem and checking the contents. (All cash rem prepared for dispatch must be reversed out from HOL prior to opening and checking). Each pouch then needs to be checked **one at a time** (the contents of each pouch being pouched up again and remmed out prior to checking the next pouch). If the rem van arrives during the audit, the pouches that the Field Team have checked can be dispatched. Any pouches still to be checked will leave the office on the next scheduled collection day. N.B. All pouches should have the barcode numbers noted and their delivery confirmed the next day, as per normal procedure. (Count and assure the numbers of full sealed bags and physically count any odd amounts of loose notes).

Physical check of stock

- Main stock only – verify stock items as per Financial Assurance (P32) process. N.B. The bulk MVL discs should be checked once the branch has been allowed to open.
- Stock items in other stock units where holdings are considered to be high

In the event that a large cash, cheque or stock discrepancy is found, then a full stock unit check is required.

**Process - Compliance**

- Questions will be directed towards the BM and ABM in the office and as many counter staff as practically possible. If the manager is unavailable then a representative of the manager should be chosen.



- Unlike some self-insured multiple partners, security questions should still be asked in every case.

### **Contact**

If there is an issue onsite, i.e. discrepancies over £1000 then there is one main point of contact, Simon Davies (WH Smith). Any intervention to suspend staff will be actioned by either Simon or passed onto an appropriate WH Smith manager to deal with. One phone call from the lead Field Team Member will be sufficient. If Simon is unavailable please contact Steve Hall.

**Simon Davies** - **GRO**  
**Steve Hall** - **GRO**

**POST OFFICE LOCAL****APPENDIX E**

Post Office Local - **Retailer Cash Funded** – Audit Process

Post Office Local offices can all be identified by the second set of three digits in their Branch code which will be --- **458** (or ---**758** in Northern Ireland)

Normal audit procedures apply throughout the audit but if a discrepancy is found further information will be required for offices where the Operator provides their own cash to run the Post Office. (N.B. some PO Locals are PO funded).

**Discrepancy over £1000**

Contact Paul Kellett at Chesterfield, Current Agents Debt, Postline: **GRO**, STD Phone: **GRO**

Paul will be able to confirm whether the Operator is owed money by the Post Office or owes money to the Post Office in settlement of money that they have loaned to operate the office. When this has been confirmed please contact the Contracts Advisor and inform them of the situation. They will make the decision to suspend if appropriate.

Check to see if branch are aware of the discrepancy and the cause.

If they are aware Field Team Member to contact relevant team in P&BA (EASE – Audits – – Contacts -P&BA Team Contacts) to determine if a transaction correction can be expected.

If the branch are unaware Field Team Member to contact Paul Kellett at Chesterfield (Current Agents Debt, Postline: **GRO**) and check if they are aware of discrepancy. If required Paul will liaise with the Fraud & Conformance team to check if they are aware of any issues. Paul can also advise on outstanding settled centrally debt if required

When this has been confirmed please contact the Contract Advisor and inform them of the situation. They will make the decision to suspend if appropriate.

Should the Operator opt to make good an audit shortage by cheque; Accept the cheque, issue a without prejudice receipt and post directly to Product and Branch Accounting, 1 Future Walk, West Bars, Chesterfield S49 1PF. Endorse the reverse of the cheque with branch name, code and “audit shortage”.

**Defund of Post Office Local**

If, as a result of the call to Agents Debt, the money in the office is due to the Post Office, and needs to be returned it will need to be accounted for as follows:

Loan Withdrawn from PO – on Horizon (HOL)

**F7 Adjustments - 66 Loan to PO withdrawn**

Send cash by Special Delivery to:

Paul Kellett

Agents Debt

Post Office Ltd -Finance

Second Floor West Wing,

1 Future Walk

West Bars

Chesterfield S49 1PF

**ATMs****APPENDIX F**

There are 4 different ATM types on site at branches.

The different types of machines in the network are:

- PO maintained – this machine holds between £50k– £140k and is funded by a remittance received at the branch. Some branches are authorised to hold in excess of £140k, but written notification should be on hand. The transactions are reported through the branch trading statement.
- Fully Serviced – this machine type is totally maintained by a cash carrying company therefore would not be included in an audit.
- Self-fill: Retail cash – this machine is funded from private cash and under no circumstances must Post Office funds be utilised. This is considered misuse of funds and should be reported to the Contracts Advisor. The cash in this machine does not form part of the audit.
- Self-fill: PO cash – these machines hold £1k - £3k and are funded from PO funds.

There are consequently only 2 machine types that would need to be verified as part of the audit process. Although it is not possible to open any of the ATMs whilst the branch is open for business (if access is not via the secure area), all cassettes should be removed for counting and the ATM closed down before the branch is allowed to open. If the branch (or the retail side) is already open for business when the audit commences then they should be closed for a short period whilst the ATM contents are removed for checking.

If, however, it is not possible to perform a physical check of the ATM during the audit then sufficient reports should be obtained from the ATM to provide assurance that funds are on hand within the ATM. This should be subsequently fully documented in the audit report, and reported to the Contracts Advisor at the time of the audit.

The obtaining of ATM reports should not be considered a replacement for physically checking the actual contents of the machine. It should be used as a temporary measure to carry on with the audit until such time (during a quieter period of the day as mentioned above) when the branch can be closed for a short period to perform the physical verification.

This should only occur as an exception and where the premises in which the branch are situated is not owned and operated by the same person and a decision to close the doors cannot be enforced.

In extreme circumstances when the ATM is unable to be accessed, 4 weeks entries for ATM withdrawals should be checked to ascertain whether or not stated holdings are reasonable. All instances whereby the ATM cannot be accessed must be reported to the Contracts Advisors by phone during the audit.

## ACCESS TO THE HORIZON SYSTEM

## APPENDIX G

It will be necessary as part of an audit to gain access to the HOL system at the branch being audited. There will also be times when different levels of access will be required and the following should be adopted:

### At all Audits

You should request the AGENT to add you to the system, if this is not possible, then your Global User ID should be used to access the system. Once logged on with your Global User ID you can then create other users on the system in order to later assist with the production of transaction/event logs and you should add yourself as a user through the normal process and to then produce all reports required under that user log on.

As previously stated, do not attempt to log on to or gain access to the HOL system with anything other than your own personal ID.

**Please note:** - If users have been added to the system during the course of an audit remember to delete them from the system at the conclusion of the audit before leaving the branch.



## ACCOUNTING FOR SHORTAGES/SURPLUSES IN MVL DISCS AT AUDIT

### APPENDIX H

**Shortages** need to be declared as “lost” discs: – on HOL – Front Office – (F5) Licences & Government – (45) Stock Mgt – (32) Lost Disc – If the branch knows the serial number(s) then this should be entered, if not they should use volume where the serial number is not required- (F16) Settle.

**Surplus** discs need to be entered as “found”:

If serial number is NOT known – on HOL – Back Office – (F5) Rems & Transfers – (F2) In From ADC – (F15) Quantity [enter amount found] – (71) MVL discs – (F16) Settle.

If serial number is known - on HOL – Back Office – (F5) Rems & Transfers – (F2) In From ADC – (F15) Quantity [enter amount found] – (71) MVL Discs – (F16) Settle – Front Office – (F5) Licences & Government – (45) Stock Mgt – (34) Found disc - Choose either [31] Single or [32] range - the system will now ask for the REM Session ID, Enter the serial number(s) / bar code(s) on the disc(s) - (F16) Settle.

In all instances a copy of the MVL handout should be left at the branch and Kay Dolby (or the Mails and Stock Team) should be contacted on GRO.

Section 3.9 of this chapter refers to carrying a copy of the Branch Standards booklet at audits, and this should be used to reference the importance of offices correctly accounting for MVL discs, and the financial penalties of not doing this.

**The MVL handout has been produced to assist MVL branches account for their tax discs and should be given to the SPMR/OIC at all MVL branches at audit. This handout is available on EASE (Audits – Useful Handouts and Guides).**