

PO Ltd Financial Systems Release 3

Conceptual Design

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Doc Ref: POL/IMPACT/DES/R3029**Table of Contents**

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1 Document Control

1.1 Document Information

| | |
|-------------------------------------|--|
| Document Title: | PO Ltd Financial Systems – Release 3 |
| Document Type: | Conceptual Design |
| Abstract: | This document details the Business & Operational Requirements for PO Ltd Financial Systems. It shows the High Level Business Process Model, Details the Technical Requirements and describes the Architectural End-to –End scope and Principles that should be employed in the implementation of the solutions for the PO Ltd Financial Systems Project. |
| Document Status: | Draft |
| Originator & Department: | Karen Hillsden – Business Solutions |
| Contributors: | Fujitsu Services, Prism Alliance |
| Post Office Distribution: | Ray Jackson; David Parnell; Karen Hillsden;; Chris P Allen |
| Supplier Distribution: | Bob Cragg; Tony Brain; Peter Flood; Philip Godden; (Prism) Gareth Jenkins; Bill Reynolds; (Fujitsu); |

1.2 Document History

| Version. | Date. | Reason for Issue. | Associated WP / CT Nos |
|----------|----------|--|---------------------------|
| 0.01 | 16/01/04 | First Draft | |
| 0.02 | 7/02/04 | Second Draft for Project review | |
| 0.03 | 19/02/04 | Version for Baseline | |
| 0.04 | 24/03/04 | Revised after comments from Project teams Issue to Post Office Business | |
| 0.05 | 31/04/04 | Review for final sign off. | |
| 1.0 | 01/06/04 | Formally baselined | |

1.3 Change Process

Any changes to this issued version of this document will be made, controlled and distributed by: -

Business Solutions
Post Office Ltd
80 Old Street
London

1.4 Changes in this Version

| Version | Changes |
|---------|--|
| 0.1 | <ul style="list-style-type: none">• None, First draft template. |
| 0.2 | <ul style="list-style-type: none">• Updates to sections 7 & 8 with all relevant swimlanes and process descriptions. |
| 0.3 | <ul style="list-style-type: none">• Assumptions & dependencies section 4.2• Additional information in Information Flows in lieu of AIS's section 9• Additional Requirements for NRDS section 8.10• Additional information relating to Management Information Sect 8.9• Update to Non-functional requirements re R3/S80 Sect 10 |
| 0.4 | <ul style="list-style-type: none">• Client Ledger requirements revised (S6.3)• Foreign Exchange related requirements added (S6.7)• Impact Stakeholder Forum Design Principles added (Appendix B)• Transaction examples added (Appendix C) |
| 0.5 | <ul style="list-style-type: none">• Updates following feedback from POL Business particularly to:<ul style="list-style-type: none">• Requirements• Swimlanes and Process Descriptions. |

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| | |
|-----|---|
| 1.0 | <ul style="list-style-type: none">Updated for comments provided with approval of V0.5 – those impacting on requirements are as follows:<ul style="list-style-type: none">S4.2 – more clarity on treatment of legacy systems used for client data capture.S6.6.- more clarity on stock movement controlS6.7 – further foreign currency requirementsS6.8 – WCS:POL FS reference data requirement addedS7.1 – Foreign currency reporting added as an specific functionS10.4 – problem management requirements addedReferences to Yantra replaced by the WCS (Warehouse Control System)MI Requirements clarified:<ul style="list-style-type: none">S 8.9.3- Requirements 1001, 1003, 1009, 1011, 1112, 1113, 1114, 1115 added to reconcile from Programme CD.S 8.9.3 – Requirements 1005 and 1016 moved to POL FS with reference: 173 and 174 respectively (KPIs and Rota Checking)S 8.9.3 – Requirements 1101 and 1102 amended – P&L for Outlet and Product |
|-----|---|

1.5 Key Contacts

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| Prism SAP ADS | Bob Cragg |
| Optional Review/Issued for Information | |

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1.7 Associated Documents

| Reference | Ver'n | Date | Title |
|--|-------|----------|---|
| CR/CDE/006 | 3.4 | Sept 03 | E2E Programme Conceptual Design. |
| POL/E2E/DES/006 | 1.1 | Jan 04 | Automated Cash Bank Ledgers Conceptual Design |
| AIS Transaction Corrections 0.04 | 1.30 | Feb 04 | AIS for transaction corrections from POL Ledger to Horizon |
| AIS_BranchLedger Entry R3 V0.03 | 0.03 | 26/04/04 | AIS for Horizon to POL Ledgers |
| | | | PO Ltd IS Security approach |
| quest_retail_Prod R3_260204 | Na | 18/12/03 | Sizing document for SAP POL FS |
| VI/STR/064 | 1.0 | 15/08/03 | Testing Approach for The Horizon System |
| Settlement Process Design pack | 05 | Feb 04 | Settlement Swimlanes v05.ppt A442_001 IMPACT Finance Summarise sales and calculate payment support.doc A443_001 IMPACT Finance Calculated and settle on estimated amounts.doc A444_001 IMPACT Client Discrepancy.doc A444_002 IMPACT Errors Identified by client.doc A446_001 IMPACT Finance authorise and make payments.doc |
| Debt Recovery | 05 | Feb | Debt Recovery Swimlanes V05.ppt |
| POL Strategic Data Model | | | POL Strategic Data Model |
| AIS_R3_ADS to POIFS_V0.1 | 0.01 | April 04 | AIS for interface between SAP ADS and POL FS, and MIS. |
| POL FS to ESFS Interface AIS V0.2 | 0.02 | Mar 04 | AIS for the interface between POL FS and ESFS |
| AIS_NRDS to POL FS Vendor Data Interface V0.1 | 0.01 | Mar 04 | AIS for the Vendor Data interface between NRDS and POL FS |
| AIS POL FS to NRDS GL Master Data Interface v0.1 | 0.01 | Mar 04 | AIS for the GL Data interface between POL FS and NRDS |
| NRDS to POL FS Branch Hierarchies AIS V0.1 | 0.01 | Apr 04 | AIS for the Branch Hierarchy Data interface between NRDS and POL FS |
| NRDS to POL FS Customer Data Interface AIS V0.2 | 0.02 | Mar 04 | AIS for the Customer Data interface between NRDS and POL FS |
| NRDS to POL FS Product Data Interface AIS V0.1 | 0.01 | Mar 04 | AIS for the Product Data interface between NRDS and POL FS |

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|---|------|--------|---|
| NRDS to POL FS Site Data Interface AIS V0.2 | 0.02 | Apr 04 | AIS for the Site Data interface between NRDS and POL FS |
|---|------|--------|---|

Unless a specific version is referred to above, reference should be made to the current version

1.8 Abbreviations/Definitions

| Abbreviation | Definition |
|--------------|--|
| Agent | An individual or company who does or has in the past been a sub-postmaster under the normal PO Ltd agency agreements |
| AIS | Application Interface Specification |
| A/c or a/c | Account – relating to either bank or general ledger as specified |
| BACS | Bank Automated Clearing Service – form of payment to/from third parties |
| BCV | Batch Control Voucher – used for batching cheques sent to EDS |
| BoE | Bank of England |
| CBDB | Counters Business Database |
| CLASS | Client Ledgering & Settlement System (part of the CBDB) |
| Client | Client is the corporation that is using the Post Office network as a route to market for their services and products |
| CLS | Cash Logistics and Security |
| COA | Chart of Accounts |
| Customer | Customer means the general public, (or occasionally companies), who use service or buy products offered through the Post Office Network. |
| EPOSS | Electronic Point of Sale Service |
| ESFS | Royal Mail Group's Enterprise Finance System |
| FAD | Financial Accounts Division (FAD Code) |
| LFS | Logistics Feeder Service |
| Horizon | EPOSS Counter system |
| MIS | Management Information System |
| MM | Materials Management module of POL FS |
| NRDS | New Reference Data System |
| NSF | Notes Sorting Facility |
| NSSC | National Secure Stock Centre, Hemel Hempstead |
| OLA | Operational Level Agreement |
| ONCH | Overnight Cash Holding |
| POL | Post Office Ltd |
| POL FS | Post Office Ltd Finance Systems – refers to the new SAP system to be built. This includes cash & bank ledgers, AR, AP, stock module etc. |
| POL Ledgers | Cash & bank ledgers, as part of POL FS |

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|------------------------|--|
| Product | A service or stock item to be transacted with the public/business in branch or cash centre. E.g.: MVL disc; A&L banking withdrawal, A&L banking deposit, US\$ currency, Euro Currency |
| S60 | S60 Release of Horizon that fits with Release 1 of POL FS |
| S70 | S70 Release of Horizon that fits with RDS and MI release |
| S80 | S80 Release of Horizon that fits with Release 3 of Impact, and the POL FS project |
| SAP ADS | SAP Advanced Distribution System |
| SLA | Service Level Agreement |
| REM's | Remittances/movements of cash & stock between branches & cash centres/NSSC; |
| STAMPS | Stock Transfer and Movements Planning System |
| TIS | Technical Interface Specification |
| TPS | Transaction Processing Service |
| Trading Date | The date a transaction occurs in either the branch or cash centre. |
| Trading Day | A trading day is defined for each branch as the trading period between each day end process. |
| Transaction Correction | Instruction to Branch, Cash Centre or Client to correct some transaction data. (This replaces the Error Notice) |
| Type A | Type A Reference data relates to reference data that is controlled in the application systems and may be controlled via NRDS. Type A data is not hard coded. |
| Type C | Type C Reference data relates to hard coded reference data that will only be changed through the change management system. |
| WCS | Warehouse Control System that is being implemented in the NSSC. (Planned Go live date June 2004) |

Other generic IT terms can be looked up at: <http://www.whatis.com/>

2 Introduction

2.1 Purpose

The content of this document is intended to outline the requirements and process design for the Deployment of the PO Ltd Financial Systems project. It is intended to act as a reference for those involved in the various stages of design, development, deployment and support for the PO Ltd Financial Systems project. It is also intended to support the concurrence and approval process required for this system to be implemented.

This Conceptual Design will inform, and be updated by, the detailed system design and build stage of POL FS. During this stage, more detailed analysis will be undertaken to inform:

- The build of POL FS to ensure accurate and timely product accounting, settlement and reporting to clients;
- The requirement for other systems to meet POL product or service related requirements that cannot be met by the POL FS generic design (e.g. reporting to clients of information not held in POLFS or Data Warehouse);
- Specific reporting requirements; and
- Migration plans and activity.

In support of the Detailed Design stage, POL's products and services will need to be analysed in the context of the sales and stock reporting enhancements available as part of the overall Impact Programme design. Business decisions will need to be taken so that individual product offerings can be revised and proposed to clients that provide a commercially balanced approach to ensuring:

- Materially accurate product accounting, client settlement and achievement of agreed client reporting commitments (as revised); and
- Minimal overall cost of reporting and any product verification activity

2.2 Scope

The scope of Release 3 builds on all the requirements and functionality delivered during Release 1. See Reference document.

The scope of this project is: -

Replacing the auditable financial ledgers of the Post Office Network of Branches, and Cash and Stock centres currently provided by Class. These ledgers will also hold volumes of transactions/stock where required.

This will include the following:

- Daily interface from SAP ADS to pick up all financial information from SAP ADS and hence replacing the current weekly cash account.
- Daily interface files from Horizon that will supply the financial ledgers with branch activity that has an impact on either financial or stock positions, and hence replace the weekly cash account.
- Daily interface from WCS to pick up all stock movements to and from the NSSC, to support control of stock movements and holdings within the POL Network. The intention is to minimise manual stock reporting

- Daily interface from STAMPS (manual) /SAP ADS to pick up all Bureau Foreign Exchange movements in Hemel Cash Centre.
- Periodic interface of Post Office Network financial results to RMG Financial Systems (ESFS).
- Accounting for, reporting and settlement of client funds in line with contractual agreements.
- Accounting for amounts to be recovered from current and former Agents and a tool for effectively managing debt recovery.
- Changes to NRDS to provide reference data to POL FS, and control interfaces between POL FS and other systems.
- Changes to MIS that are required due to the replacement of the legacy systems.

2.2.1 Exclusions

Amounts that relate to Business income or expense, or assets or liabilities are generally excluded from these ledgers, and hence this project. Exceptions to this rule are where these amounts are recorded at Branches on Horizon, or at the cash centre on SAP ADS, or entered into POL FS due to contractual requirements.

2.3 Background

This document has been produced by Post Office Ltd with the assistance of Fujitsu Services and Prism Alliance.

The overall IMPACT opportunity was assessed by Post Office, Fujitsu Services and Prism Alliance as part of the 'Working Together' joint working initiative. This initiative comprises part of the IMPACT programme and is intended to deliver new Financial Ledger processes to enable a more accurate reflection of the results and position of Post Office network.

2.4 Document Explanations

2.4.1 Business Process Models

Post Office's High Level functional requirements are represented in the form of IDEF Process models using Business functions and information flows. The common tool used for creating these Process Models is Popkin Systems Architect.

Detail Processes are represented in the form of Swimlanes, showing roles, business process, information flows and relevant technologies. The tool used for creating Swimlanes is IGRAFX.

Process Models and Detailed Processes are both show in sequence in section 7.

3 Overview

3.1 Business Proposition

The main business proposition is the replacement of CLASS financial Ledgers with more effective and flexible financial ledgers.

The business drivers behind this are:

General Accounting:

- Rationalise systems in place to report client and business information.
- Adopting standardised business processes around best practice
- To report Business and Client information separately and accurately.
- Alignment of management and accounting information
- Accounting period alignment – branch currently Wednesday, business Sunday.
- Improve timing, accuracy, granularity and summarisation levels.
- Establish an appropriate and flexible accounting hierarchy
- Performance measures of throughputs and the actual financial debt
- Enable proper accounting of cash and stock
- To increase accounting control of branches
- Cash centre accounting is manual, weekly, therefore no through view from transaction to settlement.

Client Settlement:

- Significant reduction of losses from remittances and client settlement. Cash remittance errors will be significantly reduced with the introduction of automated remts at S60. In the case of stock remts, S80 will provide more timely discrepancy information, with facilities to enable any subsequent change to automated remts for these items.
- Long term aim to account and settle on our data, not clients. It is envisaged that the availability of more timely transaction data will provide benefits for both POL and its clients to move to settlement based on daily transaction data. Any changes to settlement arrangements will be made in consideration of the overall Business benefit, through the involvement of appropriate Business stakeholders.
- Optimisation of cashflow

Exception Handling:

- Reducing resolution time and automating exception handling
- Identification of individual discrepancies

Debt Recovery

- Improved Debt Recovery (financial recovery of money), target 95% of debt incurred
- For 2005 the target is reduction of aged debt from 42 to 35 days
- Establish a central debt monitoring environment, for both business and transaction debts, to enable the identification of debt with a high degree of accuracy.
- To modify the method of recovering debt by balance rather than each individual item.

Stock Ledger

- Increased visibility of stock & foreign exchange in the network
- Increase accountability on Postmasters for stock leading to reduced losses
- Support future inventory management practice

3.2 Functional Summary

The following depicts the high level processes and information flows involving these processes. See Section 7 for High Level Process Diagrams.

3.2.1 General Accounting

The General Ledger will show the balance sheet position of the PO Network. There will be control accounts linked to the “Client” ledger, “Agent” ledger, and “Stock ledger”. These control accounts will provide summarised real time information of activity controlled within these integrated ledgers.

As well as these control accounts the General Ledger Balance Sheet will also show Inter Company, and “suspense” accounts. There will also be a small element of P&L accounts for items of Business income and expense that need to be recorded in POL FS. All this is in addition to the Cash and Bank accounts from Release 1.

3.2.2 Client Ledger

The client ledger will record all activity by product settlement group, branch/cash centre and trading date. This information will be interfaced from Horizon or SAP ADS as appropriate.

The product settlement group is a group of client products that are settled under the same contractual terms, and such that the client does not need additional analysis at time of settlement.

Where settlement is based on estimated or client data this information will be entered into the client ledger at an appropriate level of detail.

The client ledger will provide basic matching/comparison functionality between estimated or client data, and actual data interfaced from Horizon. The ability to match data from clients is limited to branch and trading day for each client product, subject to POL FS recording daily summarised transactions by the individual product.

The client ledger will also provide control and management of the settlement process and reconciliation (including transaction volumes) of contractual client documents such as National Audit Office statements.

3.2.3 Agent Ledger

The Agent Ledger will provide a permanent account for each current and former PO Agents including the ability to group branches under a single franchise or a multiple contract.

Branch Transaction Corrections will be entered in the Agent ledger and interfaced to Horizon for action by the Agent.

The Agent ledger will facilitate reporting and management of debt recovery from all Agents.

3.2.4 Stock Recording and Accounting

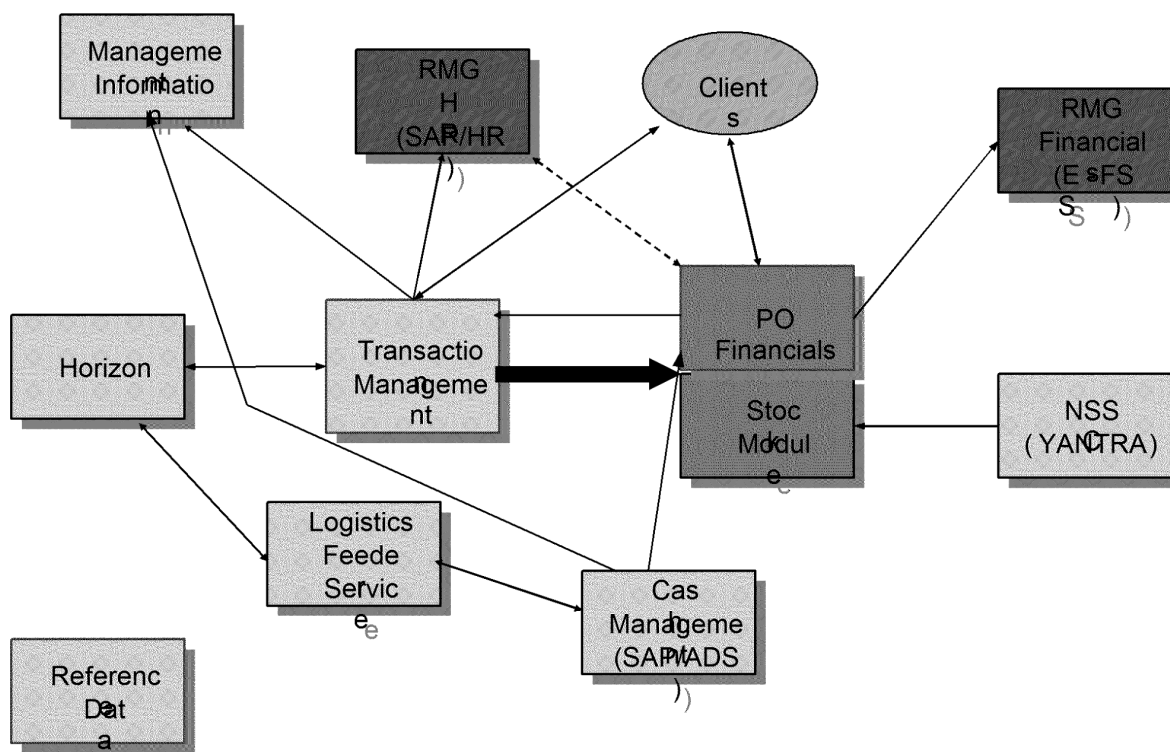
Stock is recorded in Materials Management (MM) module of POL FS. Where stock has a balance sheet value this value will also appear in the relevant stock control accounts in the General ledger.

Most of the stock quantity activity will be interfaced from Horizon daily as part of the financial activity in each branch. Stock activity incorporates remittances into and out of branches, "sales", and adjustments/write offs.

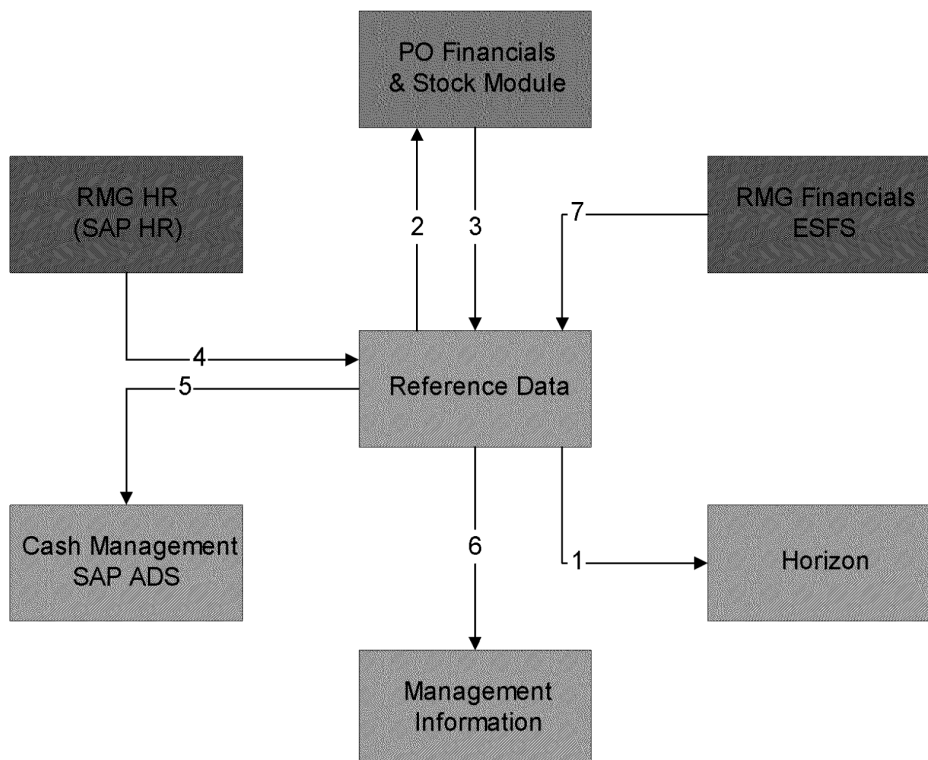
Activity of stock from NSSC, Hemel, will also be input into MM. It is planned that the new WCS system will provide an electronic interface of this information. If this does not occur then this information will be input manually as it is today.

3.3 Systems summary

The diagram below shows the IMPACT Release 3 system architecture
Representing Transaction Data Flows



Representing Reference Data Flows



3.4 Potential for Change

Significant design revisions could arise from any changes in the status of the dependencies and assumptions dependencies listed in Section 4.2.

4 Constraints

The requirements throughout this document are generic to all suppliers unless stated otherwise. Gaps in the requirement numbers represent requirements that have been removed, and the numbering has been retained for clarity.

4.1 High Level Functional

| Ref | Requirement Description |
|---------|---|
| FIH 001 | Introduction of a new financial system (POL FS) to produce the financial ledgers for Post Office Ltd (POL) to report to Royal Mail Group using simplified business processes and reduced duplication and requirement for reconciliation |
| FIH 002 | Introduction of a Client Ledger, Agent Ledger, Stock Ledger to enable standard procedures for Debt Recovery and monitoring. To enable the capture, validation, verification and correction of client transaction data. |
| FIH 003 | Produce POL Ledgers to report P&L and BS for POL in so far as the transactions are handled within the POL environment with a stream of data from branches and cash centres |
| FIH 004 | The Cash and Bank account values, from ledger implemented in S60, will not be overwritten with CLASS values at S80 implementation. A reconciliation will be undertaken between POL FS and CLASS as part of cutover activities |

4.2 Dependencies and Assumptions

| Ref | Description |
|---------|---|
| ASS 001 | Supplementary document matching will not take place in POL FS and will largely be stopped. |
| ASS 002 | Matching of client transaction data to POL FS data will not take place on POL FS. This will take place in MI where necessary. |
| ASS 003 | Matching of client summary data to POL FS data will be done on a risk based approach. |
| ASS 008 | Reporting of data to clients from POL FS will be at the maximum level of Branch, Trading Day & Product. |
| ASS 004 | Reporting of transaction data to clients will not take place on POL FS. This information will either be fed to clients directly (e.g. AP/Banking), or is available from MI. |
| ASS 005 | Depending upon where it resides at the time of S80 implementation, Foreign Exchange movements to/from cash centres will be received by POL FS either by an automated feed from SAP ADS or by the manual input of output from STAMPS. |
| ASS 006 | Client managers will be involved in establishing revised product propositions in response to changes being introduced by Impact. Legacy systems may need to be retained if they provide non POL FS related services to clients that cannot be managed away. |
| ASS 007 | It is assumed that an electronic feed of stock movements to/from the branch network will be provided by the WCS System that should have replaced the STAMPS System before S80 implementation. |
| ASS 009 | Dependency on Client Managers to ensure clients accept changes to client reporting of POL data – in particular Girobank and NS&I. |

4.3 Legal & Regulatory

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Project: POL FS
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| Req ID | Description |
|----------|---|
| POFS 001 | POL FS will be the auditable financial ledgers for Post Office Ltd Network. |

4.4 Audit

| Req ID | Description |
|----------|--|
| POFS 002 | It shall be possible to audit movements within POL FS by branch back to Horizon |
| POFS 003 | It shall be possible to reconcile movements within POL FS by cash centre back to SAP ADS |
| POFS 004 | Technical requirement: to keep a copy of all bulk data files exchanged between Horizon domain and Prism domain. The data should be the raw (unprocessed) data. |
| POFS 005 | Technical requirement: audit records of user activity within the SAP application should be created by standard SAP functions. |
| POFS 006 | Technical requirement: audit records of support activity on the POL FS host platforms should be created by standard Horizon functions and then stored in line with current Horizon practices |

4.5 Architectural Framework & Building Blocks

4.5.1 Integration with Other Systems

| Ref | Requirement Description |
|----------|--------------------------|
| TEC 023 | Integration with SAP ADS |
| TEC 025 | Integration with ES-FS |
| TEC 025a | Integration with Horizon |
| TEC 026 | Integration with NRDS |
| TEC 027 | Integration with WCS |
| TEC 028 | Interface with Girobank |
| TEC 029 | Interface with DNS |
| TEC 030 | Interface with NS&I |
| TEC 031 | Interface with BACS |

See section 9 for details on information flows

4.5.2 Post Office™ Strategic Direction

| Ref | Requirement Description |
|---------|--|
| TEC 001 | The applications should be data driven |
| TEC 002 | The applications should be modular were ever possible thereby allowing components, such as the presentation layer, to be easily swapped out as more suitable modules become available. |
| TEC 003 | Minimisation of duplicate functions |
| TEC 004 | Consolidation of related processes, to minimise movements of data, reduce audit and reconciliation points |
| TEC 005 | Adoption of commodity platform products to minimise hardware and associated support costs and to maximise availability of skilled resources |

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| | |
|---------|--|
| TEC 006 | Usage of packages, where business requirements can be mapped onto generic product capabilities |
| TEC 007 | Clear separations of functional boundaries to retain flexibility in the future |

4.5.3 Post Office™ Approved Technology**4.5.4 Not applicable Post Office™ Approved Components**

Not applicable

4.6 Supplier**4.6.1 Fujitsu Services / PRISM Alliance**

| Req ID | Description |
|----------|--|
| POFS 007 | The POL ledgers will be built in addition to and independent of other SAP systems. |

5 Design Principles

5.1 Programme:

Solutions are to be developed in accordance with the design principles established by the Impact Stakeholder Forum, as shown at Appendix B

| Ref | Requirement Description |
|---------|--|
| ACM 001 | Any individual component of the programme must conform to the POL Strategic Data Model |
| | |

5.2 Project:

| Req ID | Description |
|--------|-------------|
| | |
| | |
| | |

1. The intention is to set reasonable service level targets, with reasonable compensation for failure to meet the service. (The definition of reasonable will be determined during the contractual negotiations)
2. The new POL FS system should (wherever possible) fit in with existing processes and management systems.
3. The SAP installation should be a "vanilla" installation, except for the bespoke interfaces required to load data from Horizon and SAP ADS.

6 Functional Requirements

6.1 General

| Ref | Requirement Description |
|--------|---|
| FI 021 | Monitoring of system rejections to ensure that data is resent and processed or accepted successfully |
| FI 022 | System Management controls e.g. access levels, user ID's, passwords etc. |
| FI 023 | Ability to monitor interfaces received and processed or rejected, and extracts produced including reconciliation of file interfaces across systems. Where rejections occur, error messages should be produced, indicating reason, to aid investigation. |
| FI 024 | The capability to action discrepancies identified by the DRS process. |

6.2 General Accounting

| Ref | Programme Requirement Description |
|--------|---|
| FI 015 | To produce a set of auditable accounts within the framework of the Chart of Accounts specified |
| FI 016 | To enable matching of suspense items for debt recovery purposes and error handling |
| FI 017 | To enable the reporting of stock values in the relevant balance sheet accounts (this will cover the Stock Ledger) |
| FI 018 | To consolidate information from SAP ADS financials to report the POL accounts |
| FI 019 | To account for business transactions which will populate the trading ledger |
| FI 020 | To have visibility of branch transactions by day (this will cover the Branch Ledger) |

6.3 Client Ledger

| | |
|---------|---|
| CSH 001 | To implement a client ledger that accurately identifies PO Ltd's liability to and from clients and enables accurate, auditable, and timely settlement in accordance with contractual requirements. |
| CSH 002 | To receive a daily interface of summarised transaction data, from Horizon, by client or product. |
| CSH 005 | To calculate, pay / receive and account for Client settlements based on the contractual data stream, being any combination of: <ul style="list-style-type: none">• Horizon• SAP ADS (e.g. Corporate deposits)• Client data (e.g. Camelot)• Other existing contractual stream (e.g. BBC non bar coded licences)• Stock adjustments from NSSC |
| CSH 006 | To pay / receive settlements based on estimates and / or including standing deposits |
| CSH 007 | Settlement facility to be available by 7:30 am in support of client settlement terms |
| CSH 003 | To refer to information about transactions from clients in order to resolve any disputed items and determine true liability. Summary available from POL/FS detail from Data Warehouse |

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| | |
|---------|--|
| CSH 004 | To receive a daily interface of summarised transaction data, from SAP/ADS, by client or product. |
| | Programme Requirement Description |
| CS 001 | A daily view of summarised balance (value and volume) by client, by product, by branch or cash centre, and by day. |
| CS 002 | Ability to split client balances, when a client has several products or contracts with different terms of payment, in order to map into different sub accounts in the ledger. |
| CS 003 | The ability for each trading day to have a unique document entry |
| CS 004 | The ability for non-polled offices transaction data, once received, to be: <ul style="list-style-type: none"> • Accounted for in the current accounting period based on posting date • Recorded against the appropriate trading dates • Settled to clients based on trading date |
| CS 005 | The ability for differentiation between trading date and posting date. |
| CS 006 | The ability to receive client summary reports, by volume and value, for Automated Payment clients. These reports will not be on POL FS. |
| CS 007 | A mechanism to be able to trace disputed totals back to transaction level, on MIS, in order to resolve and correct information at the appropriate point to amend ledgers, and reporting or management information. |
| CS 009 | Ability to compare the values of settlement made based on client against actual data from Horizon for the equivalent period. POL FS will enable comparison at a daily branch and product level for all such clients. There will be the ability to perform detailed transaction comparison but this will not be on POL FS. |
| CS 015 | The ability to adjust settlement and account for discrepancies identified from: <ul style="list-style-type: none"> • Client invoices or data mismatches with Horizon transactions • Transaction Corrections (covering customer, supplier and branch queries) • Banks (unpaid cheques & Data Reconciliation Service adjustments) • Estimating differences |
| CS 010 | The ability to provide a generic solution for the main proportion of clients and only build exception processes when necessary |
| CS 016 | Settlement process, to include adequate control procedures, and to pay amounts due in accordance with clients individual settlement terms |
| CS 011 | To be able to settle (pay and receive) by contractually required methods of payment: <ul style="list-style-type: none"> • BACS • CHAPS • Swift • Cheque • Direct Debit (payment receipt only) |
| CS 012 | The ability to track payments made on estimates to compare actual to estimates, via a holding account or similar solution for client related data. |
| CS 017 | The ability to amend settlement for non core charges such as commission and interest charges and account for these accordingly. |
| CS 013 | The ability to provide client reports based on summary volume and value for each defined product. |
| CS 014 | The ability to provide contractual client reporting. This may be achieved by a mixture of POL/FS and Data Warehouse reporting. |
| CS 018 | To be able to determine the amount due to a client using payment terms agreed with client |

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|--------|---|
| CS 019 | To enable payments to/from clients with functionality for matching and closing paid items to leave open items for management of debtors/creditors |
|--------|---|

6.4 Debt Recovery

| Ref | Requirement Description |
|---------|--|
| DRH 001 | To implement a debtor's ledger (accounts receivable), which accurately identifies amounts owed to PO Ltd liability from agents, former sub postmasters, customers and clients in relation to transaction balances. If client balances are on an accounts payable ledger then to be able to identify and manage debit items within the overall creditor. |
| DRH 002 | To receive, as part of the Horizon daily interface, details of debt recovery items and results of debt recovery action e.g. cash receipts by debtor from the POL ledger entries. |
| DRH 003 | To be able to record debt recovery plan decisions, and action taken so as to manage debt recovery and document stages of escalation taken. |
| DRH 004 | To be able to refer to information about transactions both in MIS and directly entered trading transactions with debtors, in order to resolve any disputed items and determine true amount recoverable NB If amounts owed to the PO but still under investigation are recorded outside of the debtors ledger but within the Transaction Correction area of POL FS, to be able to manage these as if they were on the debtors ledger i.e. <ul style="list-style-type: none"> to accurately identify to branch, to know which date they relate to and therefore which agent and the time outstanding i.e. age, to refer to information for investigation purposes and to record action taken by individual operator |
| DRH 005 | To be able to generate identified transaction errors, to be fed back electronically to Horizon, if, as a result of investigation, debts need to be transferred and corrected within a branch liability statement. |
| DRH 006 | To be able to view debtor credit history in order to assess credit worthiness. |
| DRH 007 | To be able to assign appropriate credit terms to different debt items e.g. 30 days for counter transaction errors, 45 days for loans to SPMs |
| DRH 008 | To be able to assign different agents/branches to a central "head office" payment point in the instance of multiples who require their own central authorisation for settlement to POL. |
| DR 001 | A daily view of outstanding debtor balances (or suspense items) and the history of management for live items |
| DR 002 | Ability to age debt (or suspense items) so as to manage over due items. |

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|--------|--|
| DR 003 | A mechanism to be able to trace disputed totals back to transaction level in order to resolve and correct information at the appropriate point to amend ledgers, and reporting or management information. |
| DR 004 | A flag needs to be set when it is known that an office is to be closed, and may this may be reported on. The information will come from NRDS. |
| DR 005 | A flag needs to be set when a branch (or in the case of multiples the total of branches) has a debt of more than £5,000 this includes all debt, and may this may be reported on. |
| DR 006 | To be able to produce debt recovery reporting such as – Debt Recovery Case Management By branch, by branch type, by Agent name, by product (by client), by age of debt High value debt (e.g. all outstanding debt which exceeds a defined limit, by branch) Debt Recovery repeat offenders (problem offices) Value of debt or credit by number, by branch, by branch type (to meet current organisational structure), by product, by method of payment, by age of debt Former Subpostmasters accounts held including Branch, Agent name, Age of debt, Dispute details, Losses (write off) Disputed debt by branch, by client (e.g. Giro) Non-recoverable debt – e.g. as a result of fraud or client negotiations, details to be held until written off. By network (national total of all branches), by branch, by product, by client |
| DR 007 | Ability to search on a particular field (i.e. Agent name) and be able to track status, audit log entries |
| DR 008 | Ability to produce invoices for transaction corrections to be sent to central “head office” for multiples in order for central settlement |
| DR 009 | Ability to record details against individual exception (Debt Recovery Case Management) to track progress through investigation and towards resolution. Freeform text field plus CACM operator details, time and date stamp for audit requirements. Measurement against agreed timescales. |
| DR 010 | Ability to record Agent’s debt from: <ul style="list-style-type: none"> Actioned Transaction Corrections – automated from Horizon interface Other debts as identified – manually entered |
| DR 011 | Ability to record reductions in debt on agent’s account based on: <ul style="list-style-type: none"> Payment by Credit Card Deductions from payroll |
| DR 012 | To be able to produce correspondence to chase outstanding items e.g. statements, reminder letters. |
| DR 013 | To provide information of aged balances |

6.5 Cash Centre Management

| Ref | Requirement Description |
|---------|---|
| CHH 001 | SAP/ADS to make available, by cash centre, to the POL Financial System the daily end of day cash position for entry into the cash ledger (Release 1) |
| CHH 002 | SAP/ADS to make available, by cash centre, to the POL Financial System the detailed cash pouch data, for remittances into the cash centre, for entry into the cash ledger to enable Cash In Transit matching within the ledgers (Release 1) |

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|---------|--|
| CHH 003 | SAP/ADS to make available, by cash centre, to the POL Financial System the summarised daily client related transactions, (value and volume), by client for entry into the client ledger |
| CHH 004 | SAP/ADS to undertake the summarisation of required data, to an agreed level, prior to entry into the cash and client ledgers. |
| CHH 005 | The interface will provide all transactions which affect cash and near cash values of the cash centre. For example: - Inward and Outward to POL Inward and Outward to FI's Inward and Outward to Customers/Clients Inward and Outward to 3 rd Party Cash centre adjustments Cash centre discrepancies Cheque remittances Cheques on hand |
| CHH 006 | The interface will provide a snapshot of all transactions at approx midnight and must be available within the POL FS by 07:30 the following day |
| CH 001 | <p>The Cash Centre Trading Statement will replace the current cash account process. The statement is an internal document for the cash centre only and will not be forwarded to an independent area unless security and audit determine that that is essential. The actual data within the trading statement will have already populated the ledgers by the daily interface outlined above and therefore no data from the statement will populate the interface.</p> <p>The trading statement will encompass a snapshot of cash and stock and also any current discrepancies or suspense items. It will also enable the cash centre to view what business has been transacted over the last period. The cash centre manager will be required to "sign off" the trading statement as a true and accurate position at specified points in time.</p> <p>It is possible that the SAP/ADS system can produce the level of information required which would satisfy both control issues and security and audit requirements. The Trading Statement is being developed independently of POL FS by CL&S.</p> |

6.6 Stock Recording & Accounting

| Ref | High Level Requirement Description |
|---------|---|
| SRH 001 | To provide end to end visibility of the stock movements from point of entry (whether direct to branch or via the National Secure Stock Centre) until sale, loss or return. |
| SRH 002 | POL FS MM module to accept a daily interface of stock sales in order to maintain accurate link between stock movements and stock sales. |
| SRH 003 | POL FS MM module to accept a daily interface of stock adjustments at the branches, from stock declaration process. |
| SRH 007 | POL FS will provide a way of reporting stock remittance discrepancies (i.e. volumes rem'd out to volumes notified as received), that supports their easy identification for resolution purposes |
| SRH 004 | To provide an interface of stock at National Secure Stock Centre, identifying stock discrepancies, for recording to POL FS MM module. |

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|------------|---|
| SRH 005 | To provide auditable balances of stock throughout the network for probity and audit purposes |
| SRH 006 | Provide a means of controlling holdings and movements of stocks that have an intrinsic value (both POL and client owned) without adding additional complexity to operational procedures. |
| Ref | Programme Requirement Description |
| SR 001 | The Horizon system to make available to the POL FS MM module details of identified stock discrepancies by volume, and value, (where relevant). |
| SR 002 | The Horizon system to make available to the POL FS MM module the daily movements of stock into and out of branches by volume. These must include both internal and external remittances. |
| SR 003 | The Horizon system to maintain link between stock movement and stock sales and make available to the POL FS MM module the daily sales of stock. |
| SR 004 | The National Secure Stock Centre to interface identified stock discrepancies by volume, and value (where relevant) in order to identify stock adjustments in the POL FS MM module. |
| SR 005 | The National Secure Stock Centre to make available to the POL FS MM module the daily movements of stock into and out of the central stock unit by volume, and value, (where relevant). These must include both internal and external movements. |
| SR 006 | The POL FS MM module to hold information by stock type in order to inform POL FS of all balance sheet impacts. |
| SR 007 | POL FS MM module to hold value of all stock, which has a balance sheet impact, by stock item. |

6.7 Foreign Exchange

| | |
|------------|--|
| Ref | Programme Requirement Description |
| BDC 001 | Individual calculated stock values to be held on POL FS by Branch, on Day B: <ul style="list-style-type: none"> Day A's individual currency value (quantity, e.g. \$500) – these can be up to 14 characters long; and Day A's Sterling equivalent value (e.g. £250) at Day A Spot Rate. POL Finance and Audit will approve the solution for achieving this. The daily movement in foreign currency held by individual currency will be received as part of the daily interface from Horizon. |
| BDC 002 | Stock quantities (e.g. \$300) of Travellers cheques, by currency and branch to be held within POL FS in MM module (not valued) |
| BDC 003 | Margins and Commissions on transactions (Sell and Buy) are to be posted to an appropriate settlement account for the Bureau Joint Venture. |
| BDC 004 | Stock revaluations to be recorded separately in POL FS. |
| BDC 008 | Stock adjustments to be recorded separately in POL FS. |
| BDC 005 | Currency transfers between the Cash Centre Network and the Client are to be included within the POL FS Balance Sheet, with postings to a Client Settlement Account where appropriate. |

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|---------|---|
| BDC 006 | Management information in support of individual inventory management capability will be available within POL FS (e.g. stock : sales ratios by Branch; stock holdings by branch or branch hierarchy) |
| BDC 007 | POL FS reporting capability to be accessible within the Cash Centre Network. |
| BDC 009 | Currency return movements from the NSSC to First Rate will be used to adjust settlement to this Client. |
| BDC 010 | To support the future inventory management of foreign currency, individual branch holdings of individual foreign currencies will be able to be provided to SAPADS on a daily interface. If constraints, this could be for selected currencies (e.g. Dollar and Euro) and/or branches. |

6.8 New Reference Data System

| Ref | Project Requirement Description |
|----------|--|
| NRDS 001 | NRDS to provide reference data shared by multiple systems to POL FS |
| NRDS 002 | NRDS to accept reference data mastered in POL FS that is required for interface data mapping |
| NRDS 003 | NRDS to provide a data mapping facility to enable interfaces between significant systems to be controlled using reference data rather than hard coding |
| NRDS 004 | NRDS interface to Horizon to be enhanced with various data objects including interface data mapping logic. |
| NRDS 005 | A process will be developed to ensure that WCS and POL FS reference data are consistent or comprehensively mapped in support of the complete interface of stock movements. |

7 Process Models

Process models are broken into two types:

High Level: Defined using IDEF showing the existence of particular process activities

Detailed: Defined using Swimlanes process diagrams showing the breakdown of activities by role and technologies. Descriptions of each swimlane process are provided in section 8, and these should be read together.

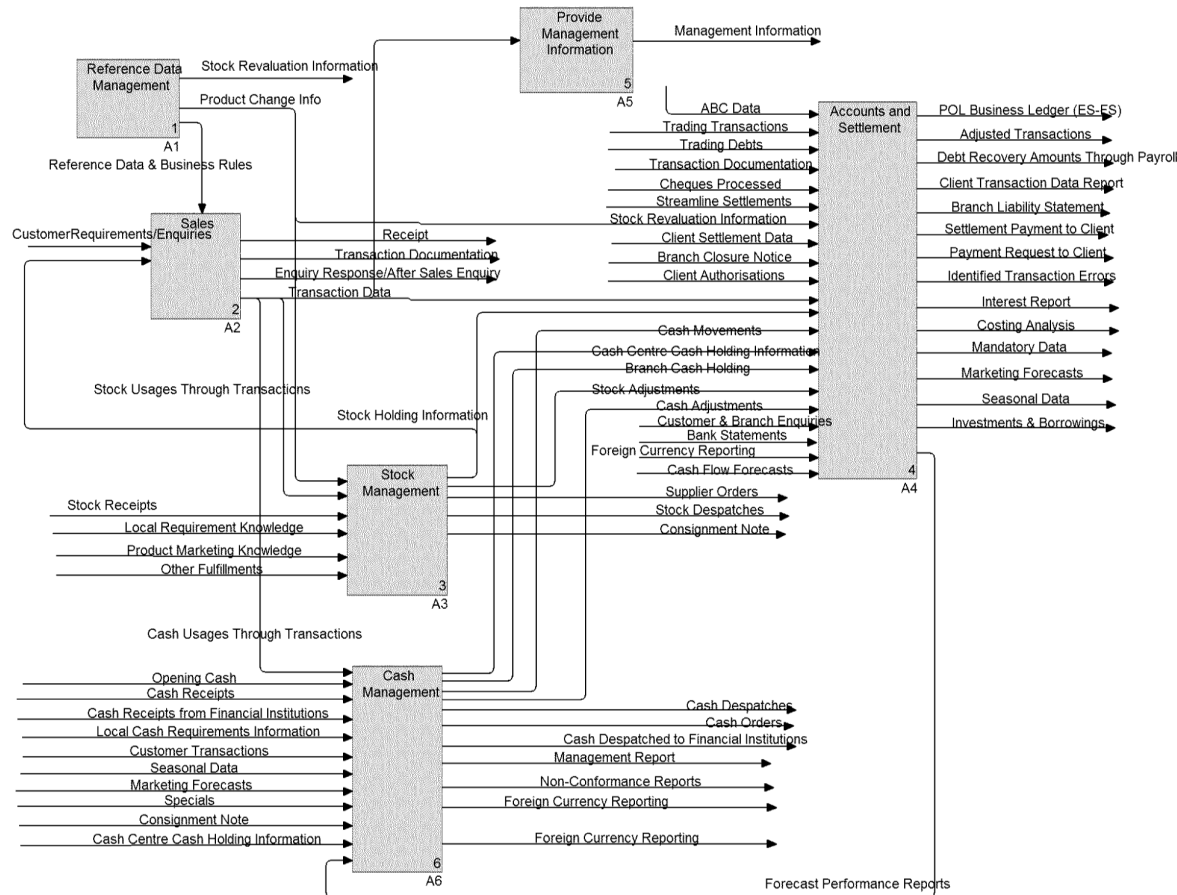
This section is aimed at several audiences:

Supplier project teams: To ensure understanding of the design requirements
Post Office Change Management: To assist understanding of new processes and potential for organisation changes
Post Office Business: To ensure understanding of new business processes.

To help understanding of these diagrams, some transaction examples are shown at Appendix C.

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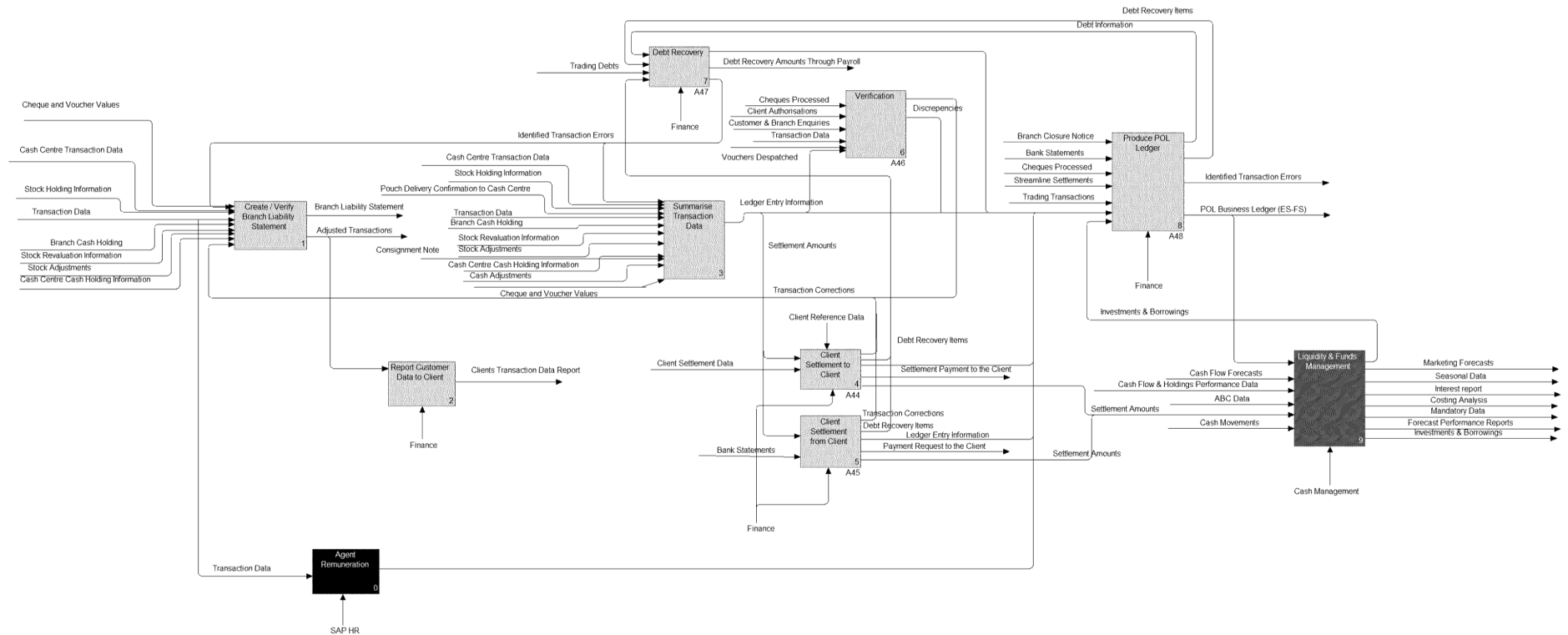
7.1 Post Office Processes in Scope



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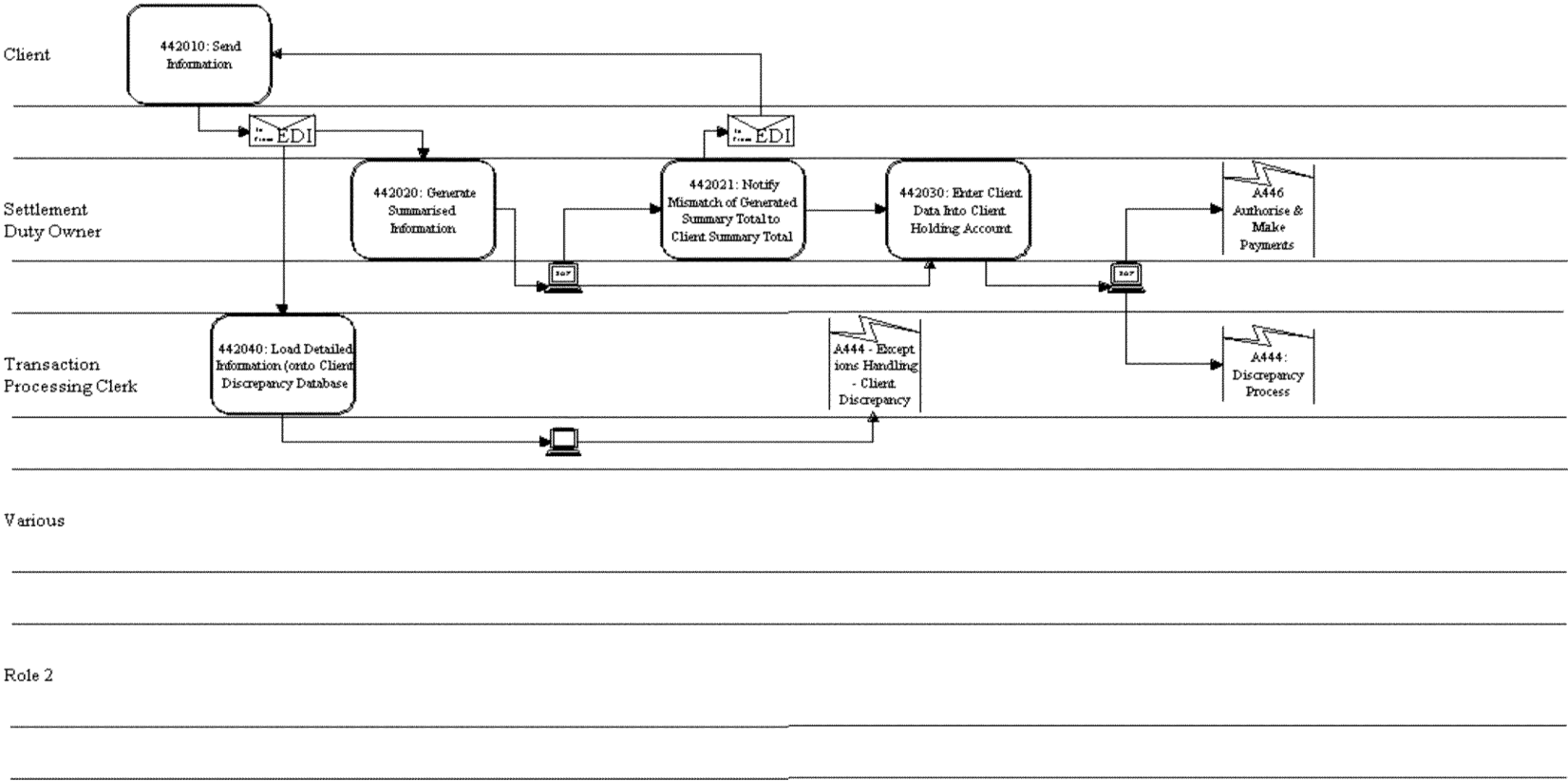
7.2 A4 - Accounts and Settlement



7.3 A442 Summarise Client Data

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A442 Summarise Client Data



Role 1

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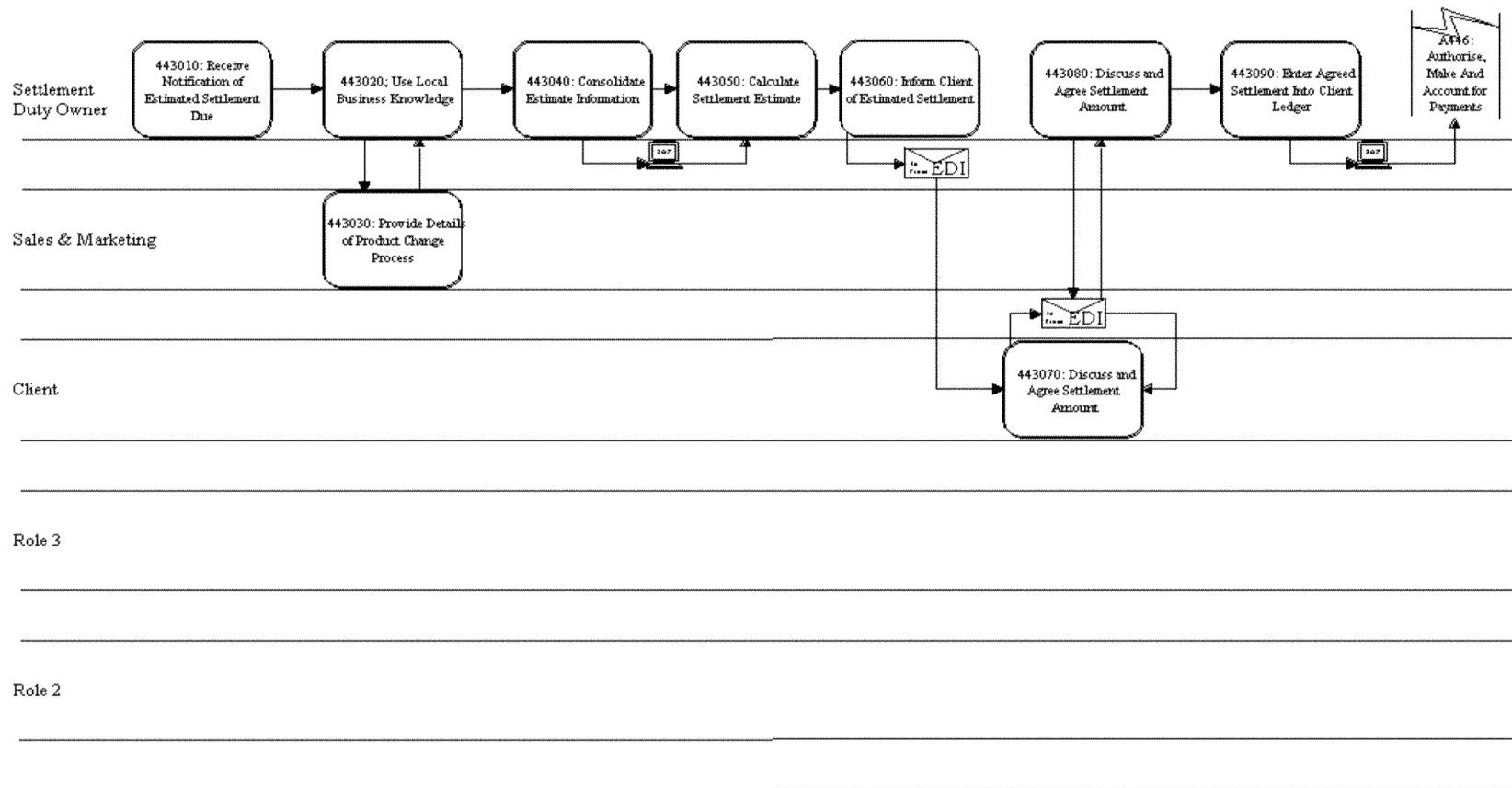
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7.3.1 A443 Calculate Estimated Settlement to Clients

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A443 Calculate Estimated Amounts For Settlement



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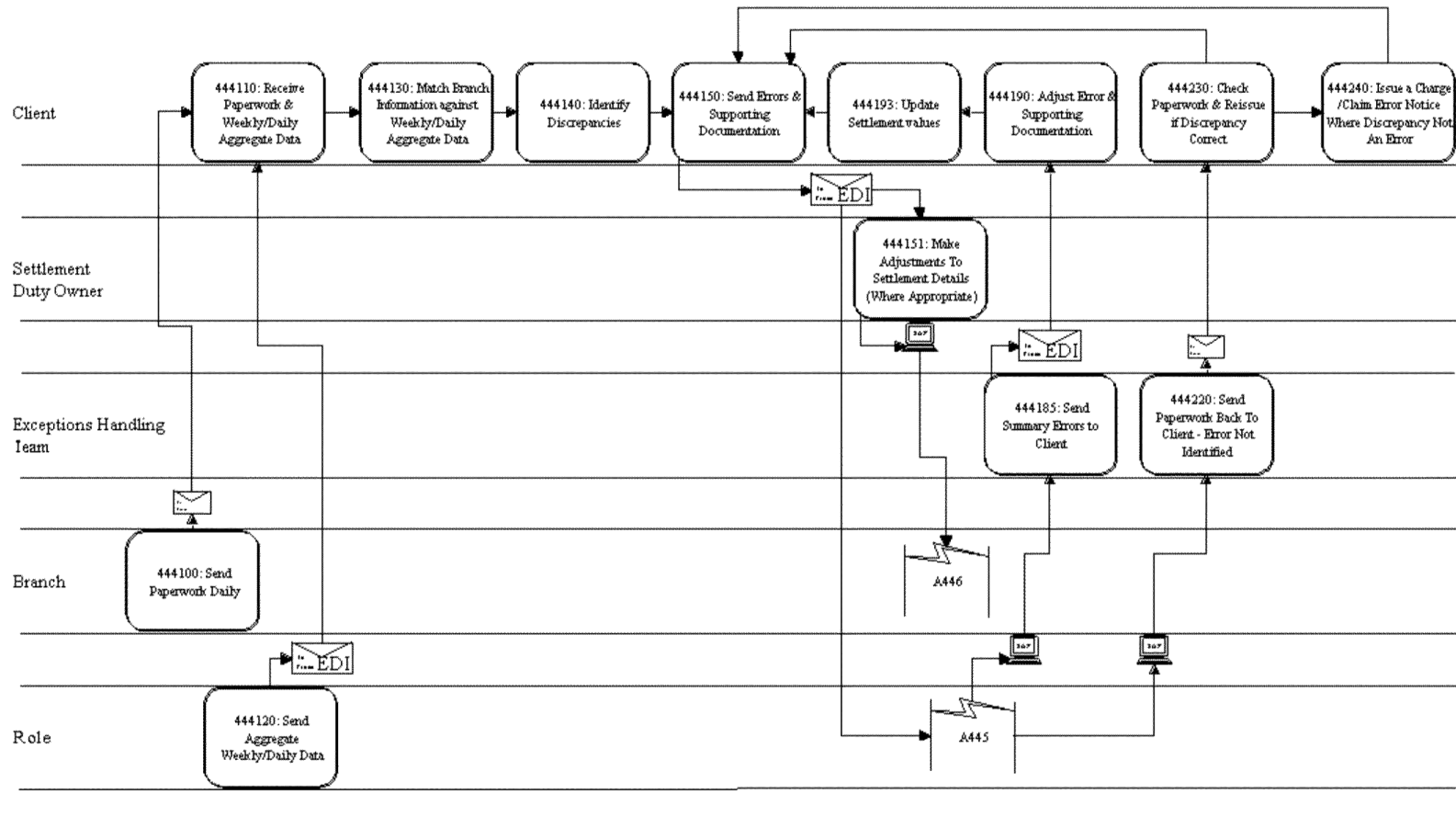
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7.3.2 A444 Discrepancy Process – Errors identified by Client

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A444 - Errors Identified By Client



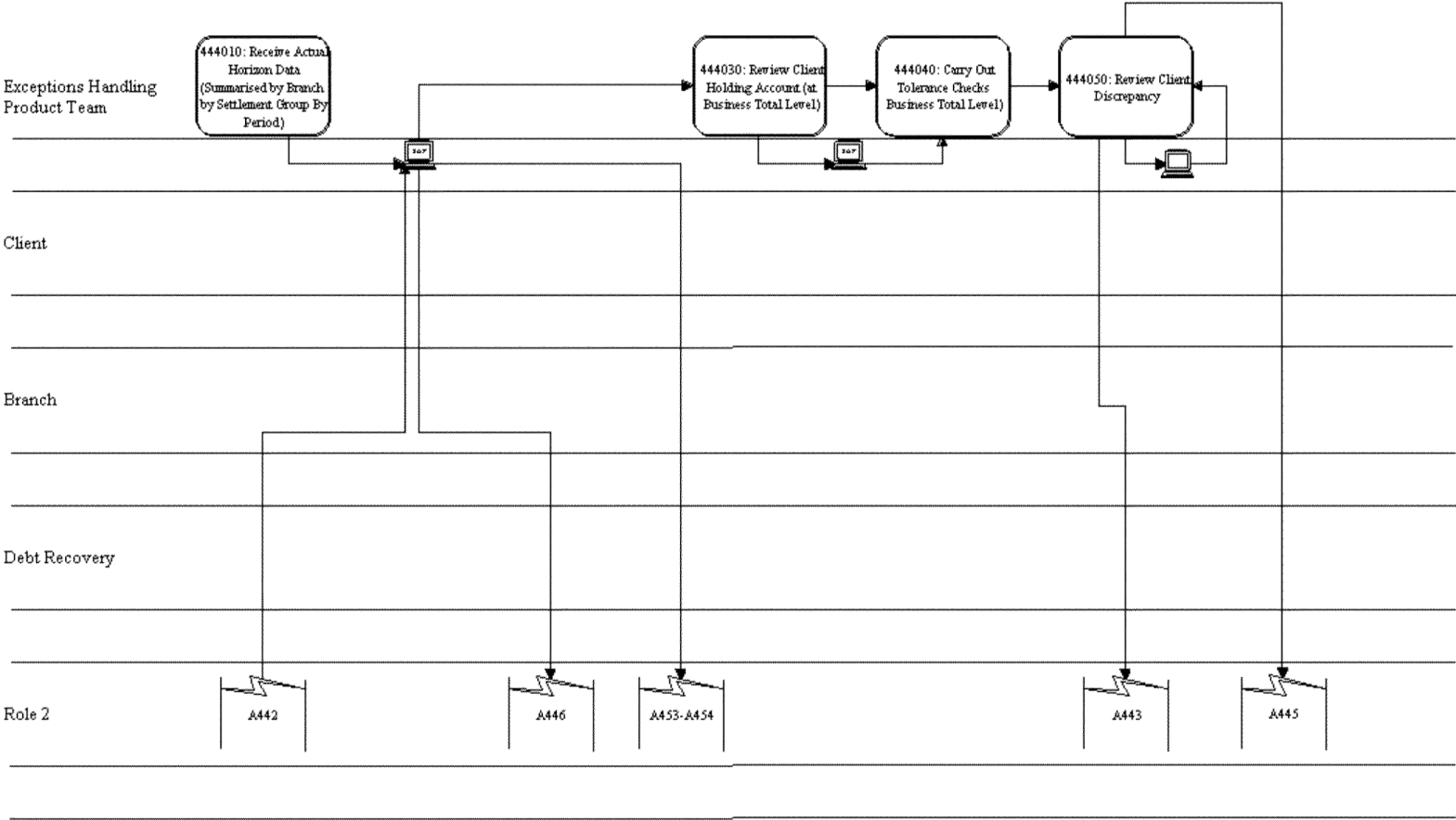
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7.3.3 A444 Exceptions Handling – Compare Settlement Data With Transaction Data

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A444 - Compare Settlement Data With Transaction Data



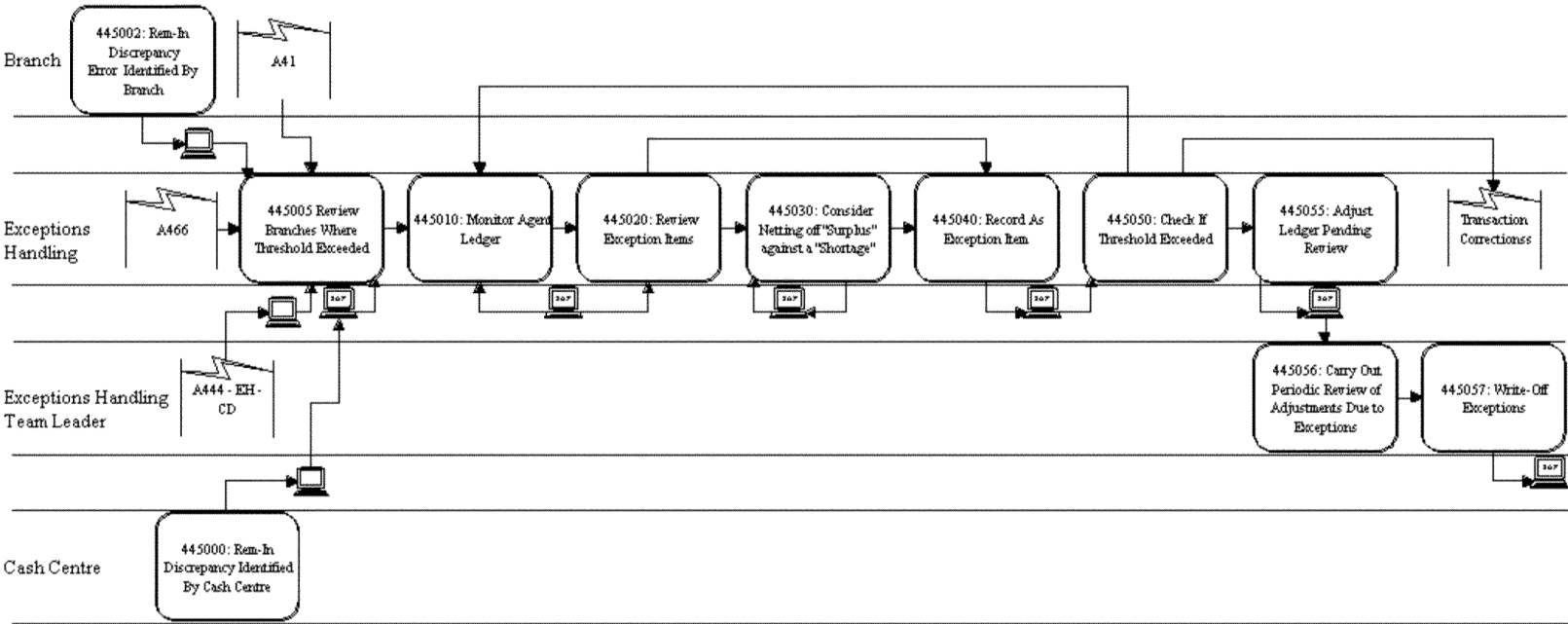
Role 1

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7.3.4 A445 - Resolve Exceptions

A445 - Resolve Exceptions



Role 2

Role 1

| | | |
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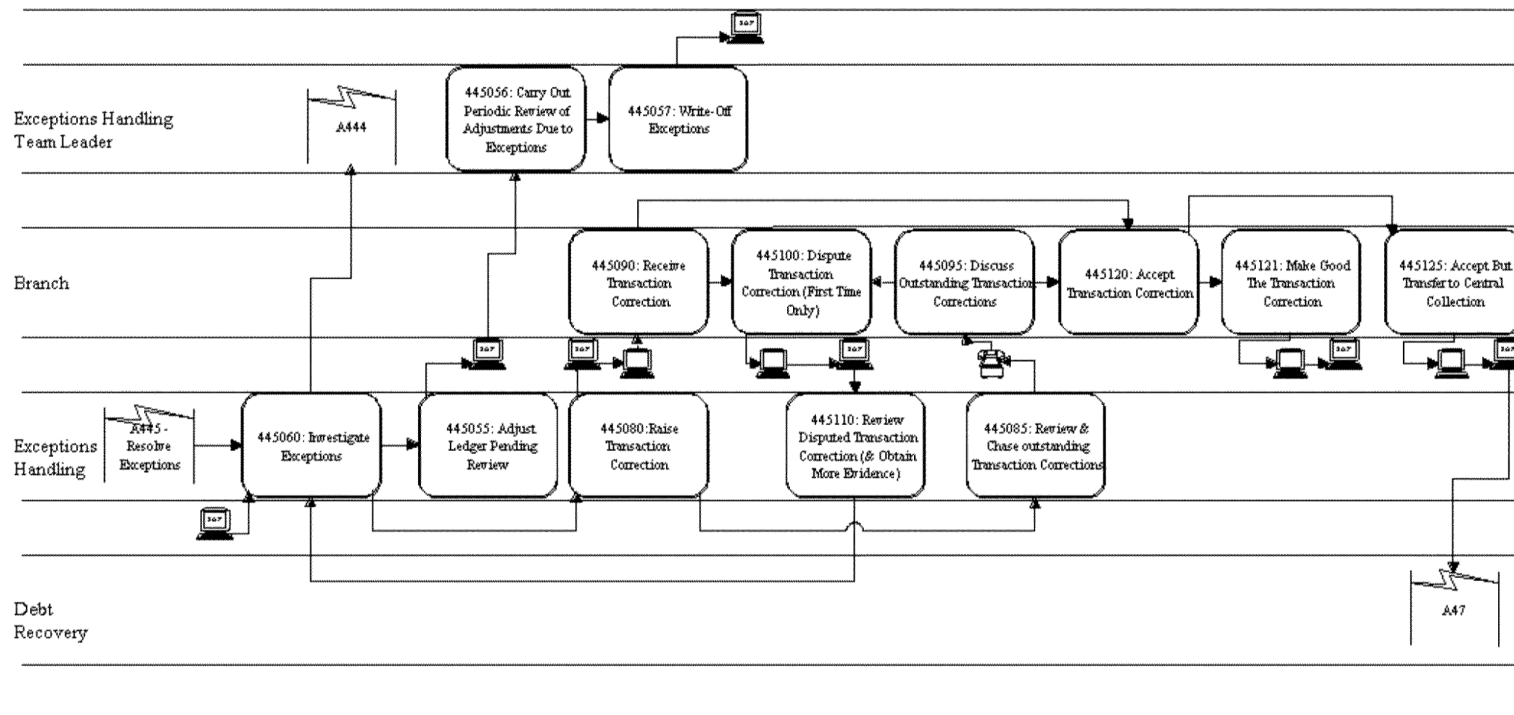
7.3.5 A445 Transaction Corrections (Singletons/Franchises)

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A445 - Transaction Corrections (Singletons / Franchised)

Multiples
Branch



Role 1

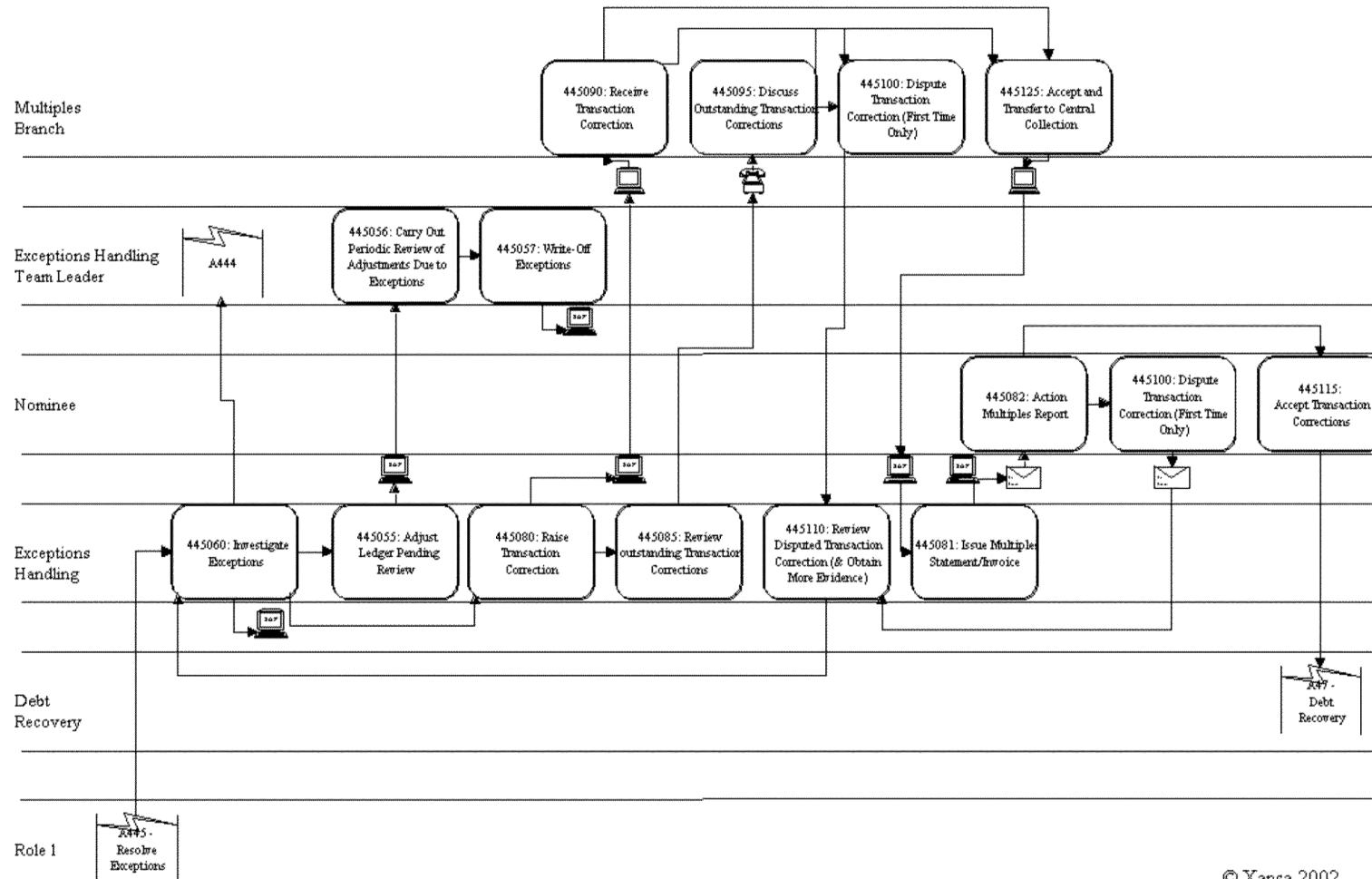
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7.3.6 A445 Transaction Corrections (Multiples)

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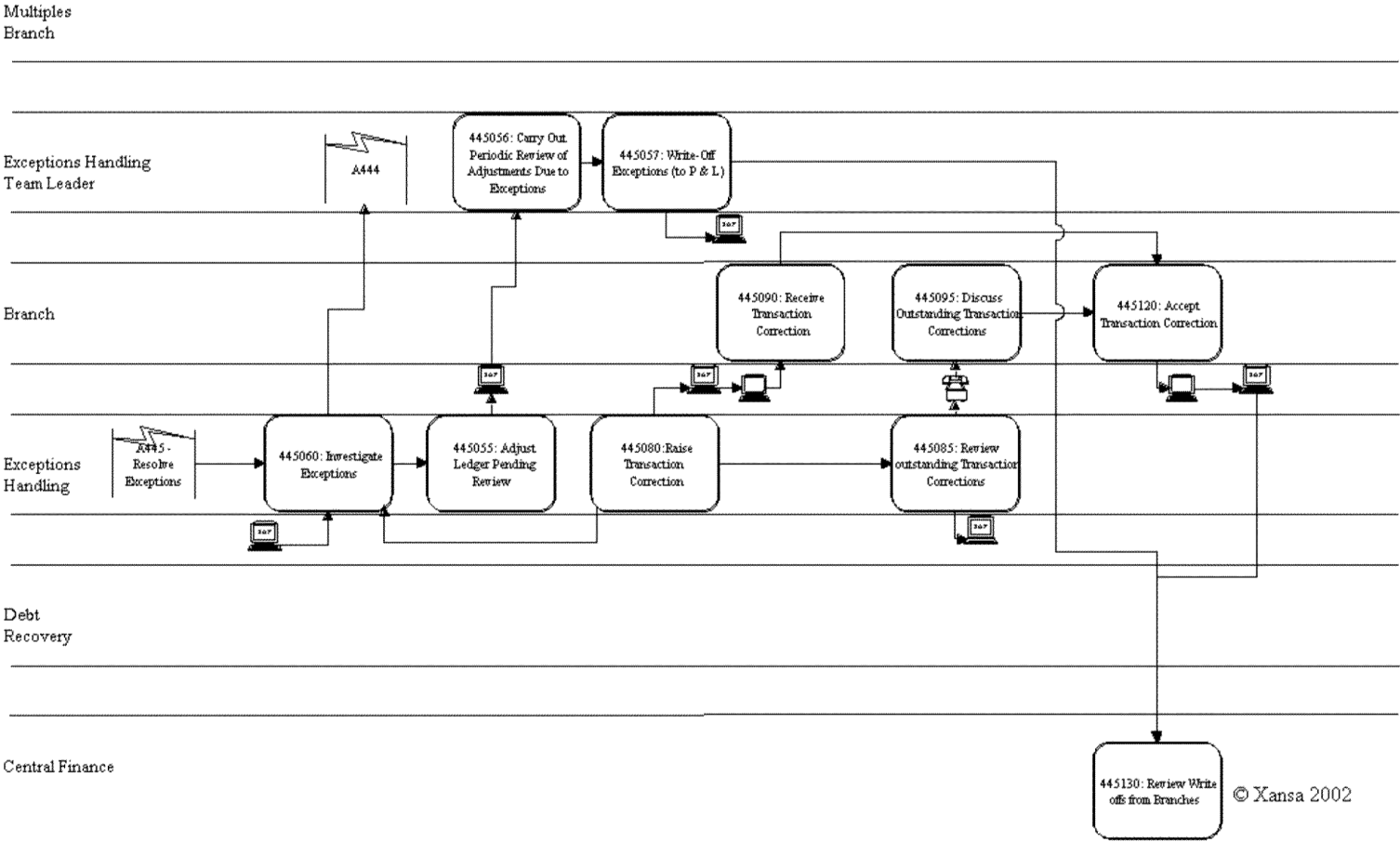
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A445 - Transaction Corrections (Multiples)



7.3.7 A445 Transaction Corrections (Directly Managed Branches)

A445 - Transaction Corrections (Directly Managed Branches)



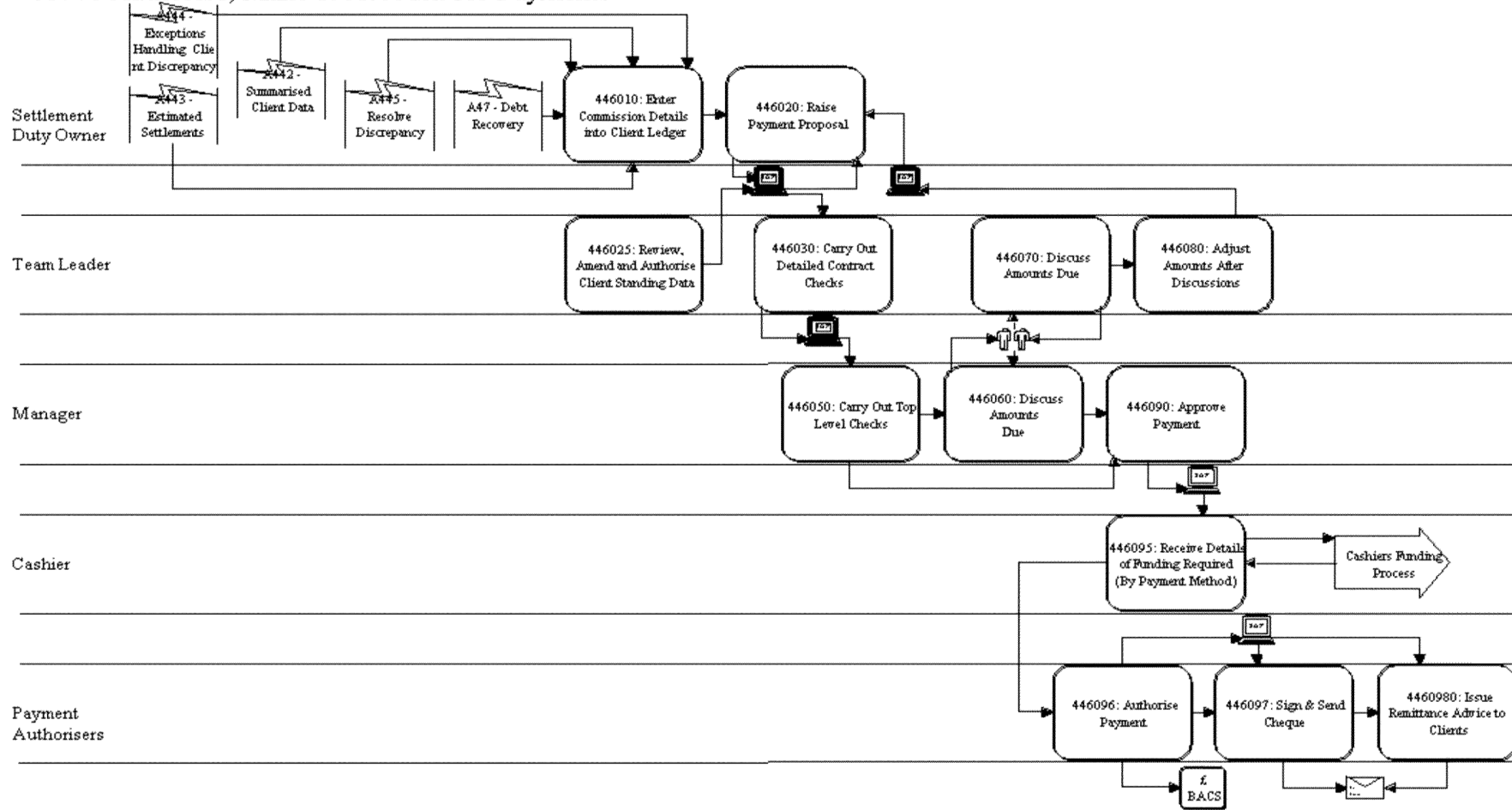
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7.3.8 A446 Authorise, Make & Account for Payments

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A446 Authorise, Make & Account for Payments



Role 1

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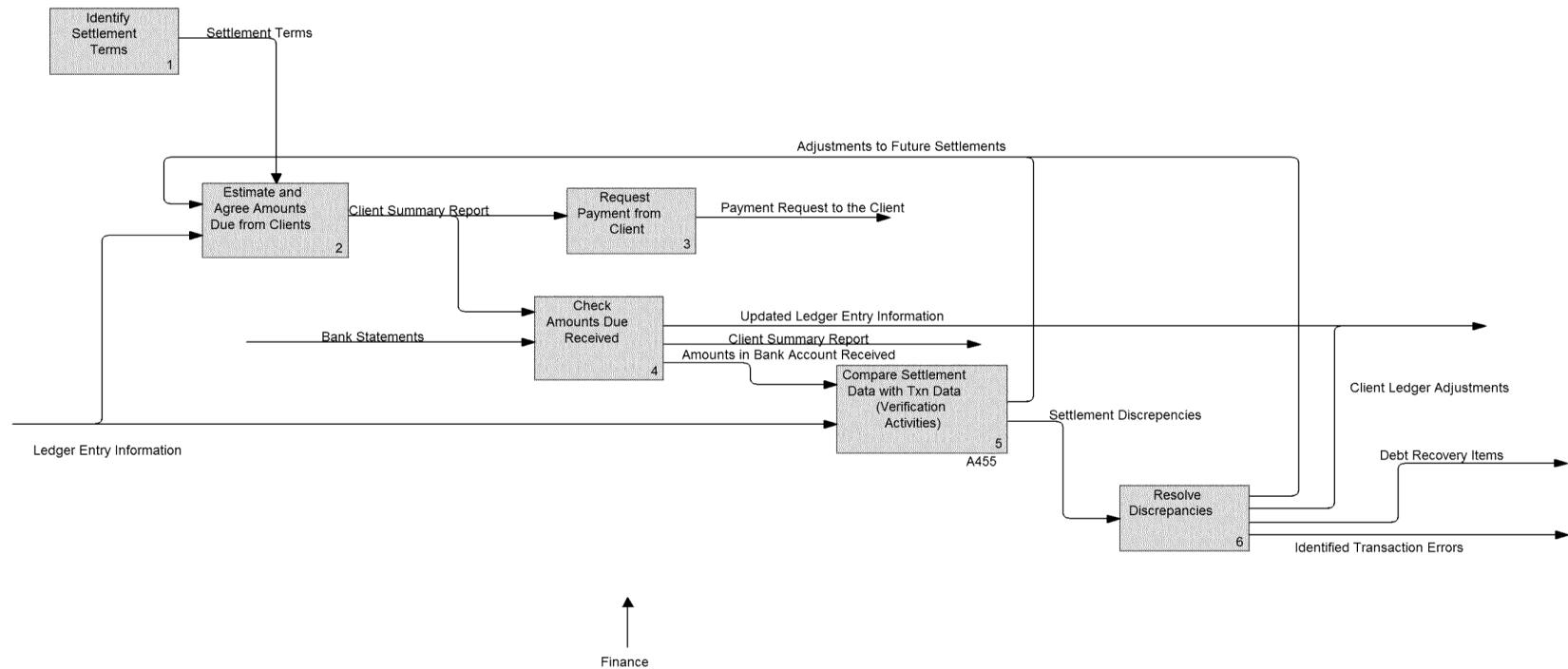
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Conceptual Design
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7.4 A45 Client Settlement from Client

The High level process shown here reflects current practice relating to Pre-funding from DWP / Inland Revenue.

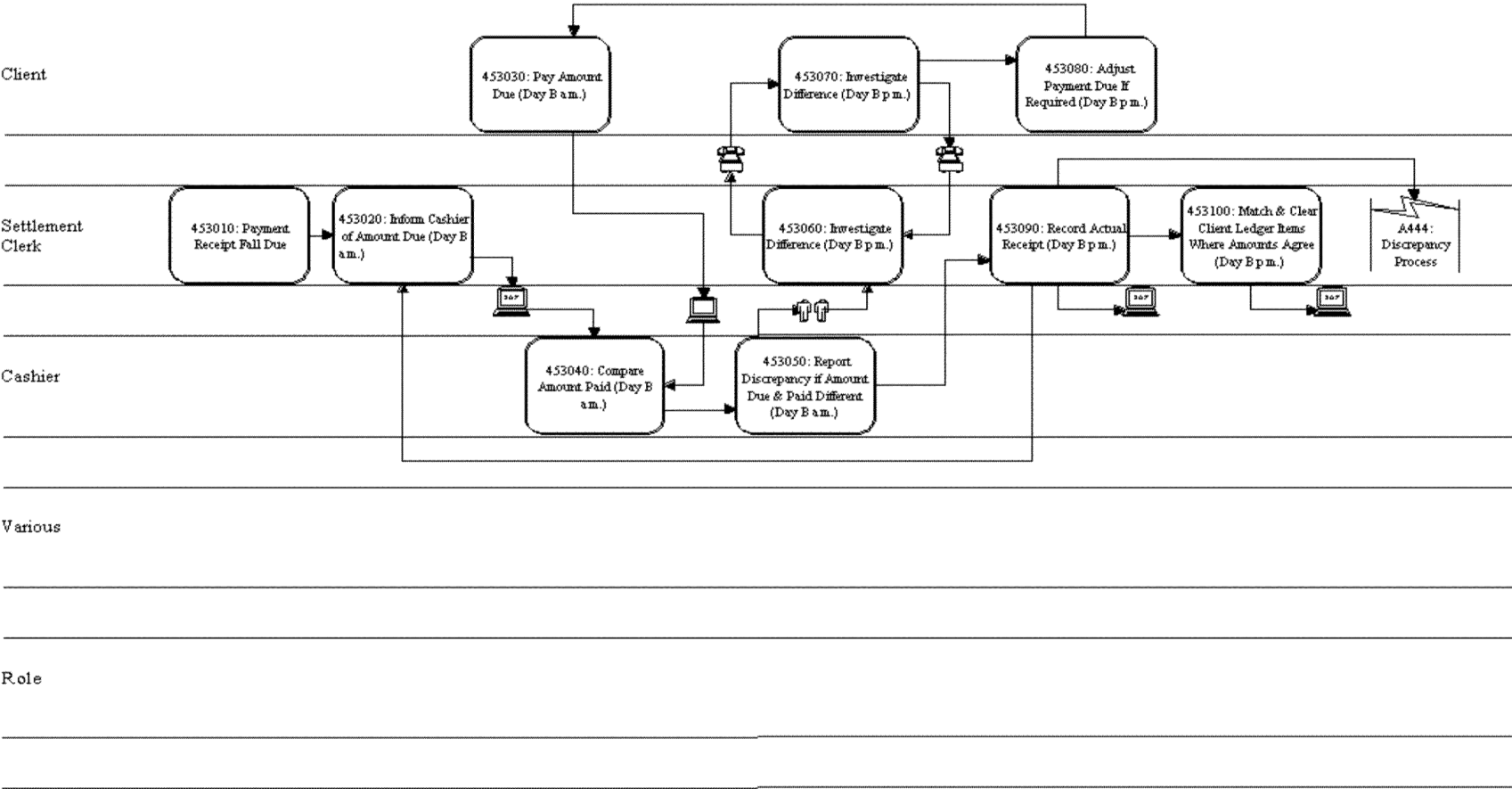


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| Conceptual Design | Project: | POL FS |
| COMMERCIAL IN CONFIDENCE | Doc Ref: | POL/IMPACT/DES/R3029 |

7.4.1 A453 – A454 Settlement from Client (Personal Banking)

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A453 - A454 Settlement From Client (Personal Banking)



Various

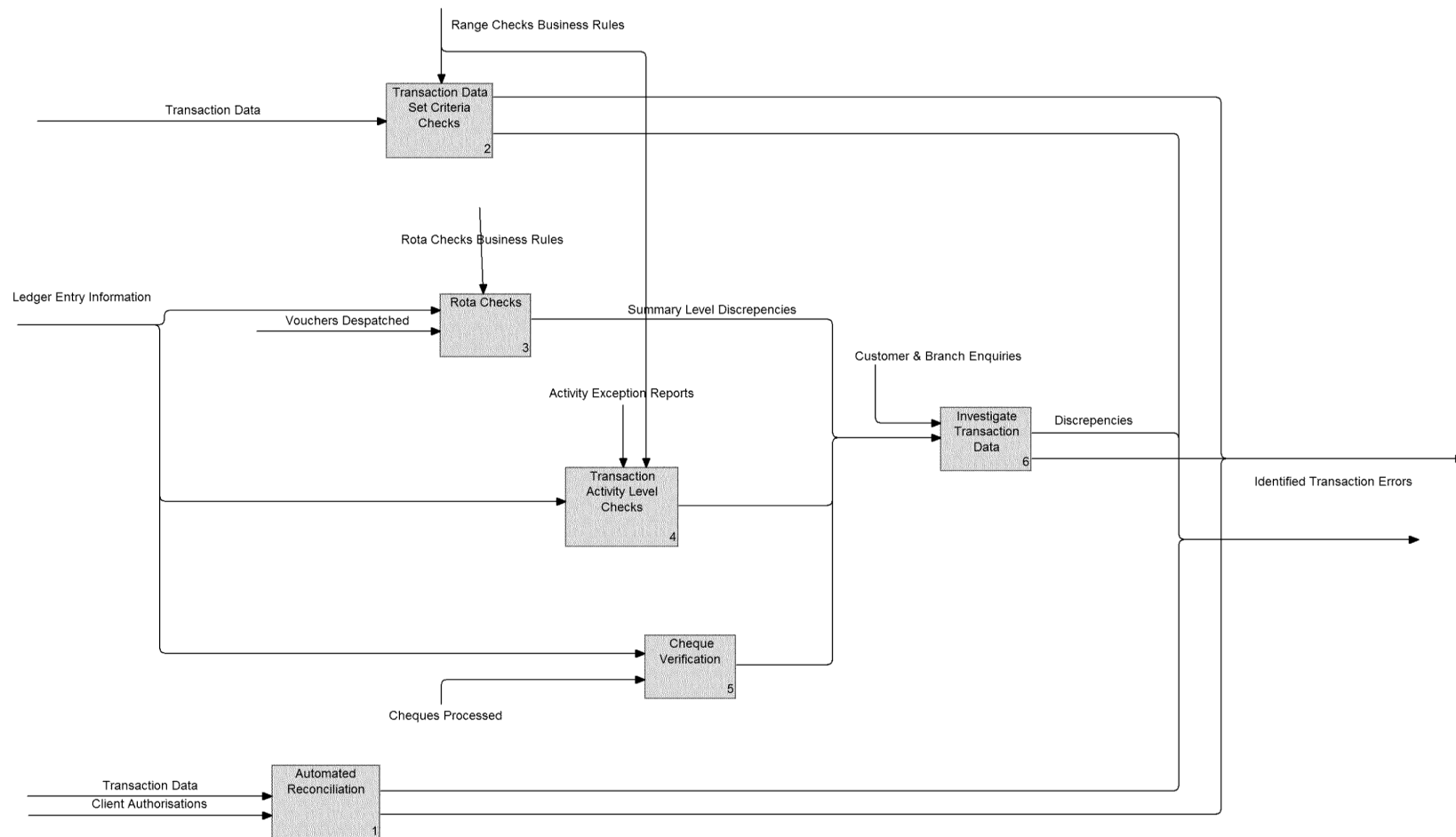
Role

Role 1

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7.5 A46 Verification

Only two areas of this functionality exist in the back office

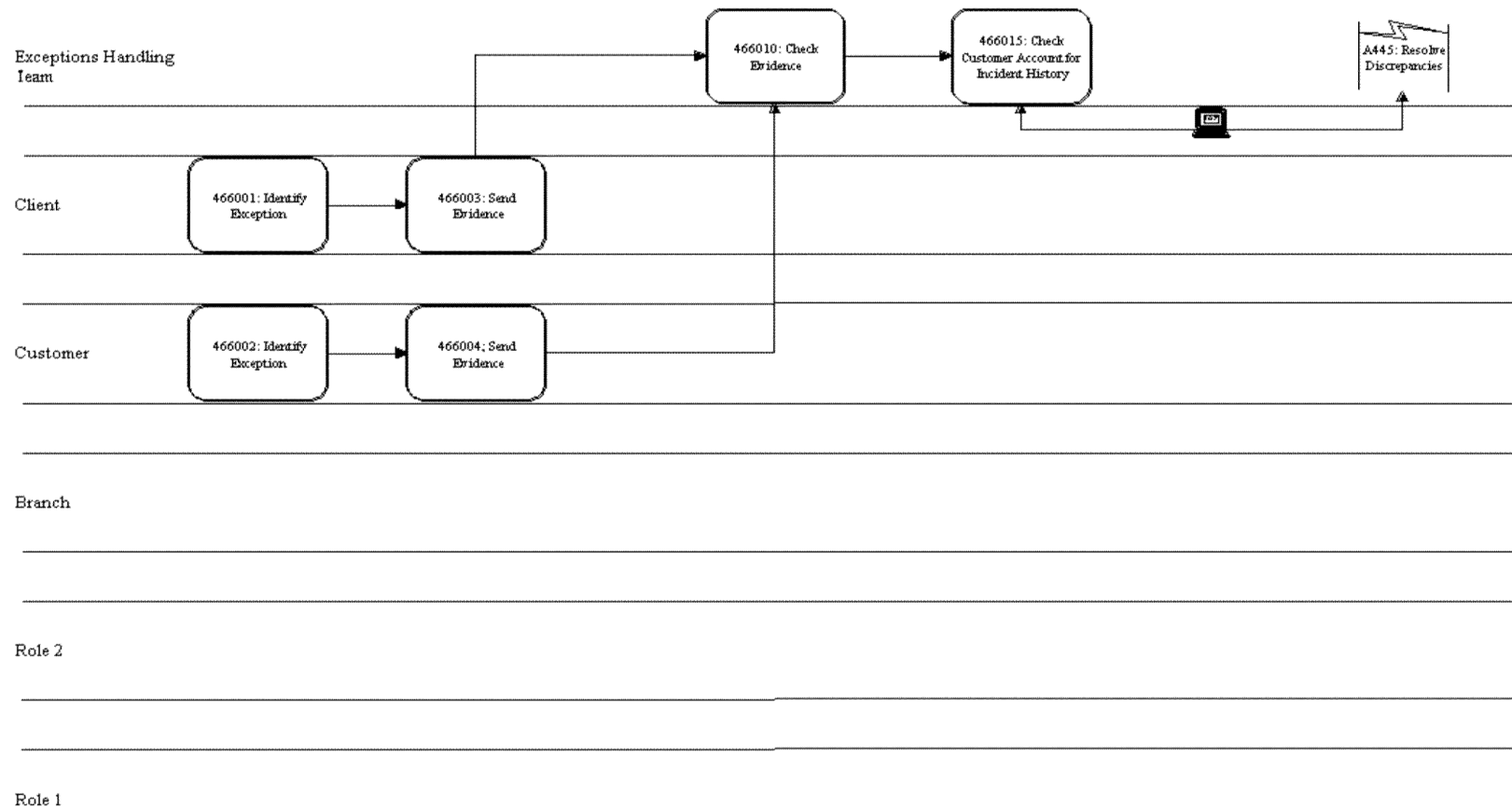


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Conceptual Design Project: POL FS
COMMERCIAL IN CONFIDENCE Doc Ref: POL/IMPACT/DES/R3029

7.5.1 A466 Exception Identified by Client or Customer

A466 - Exceptions Identified By Client or Customer

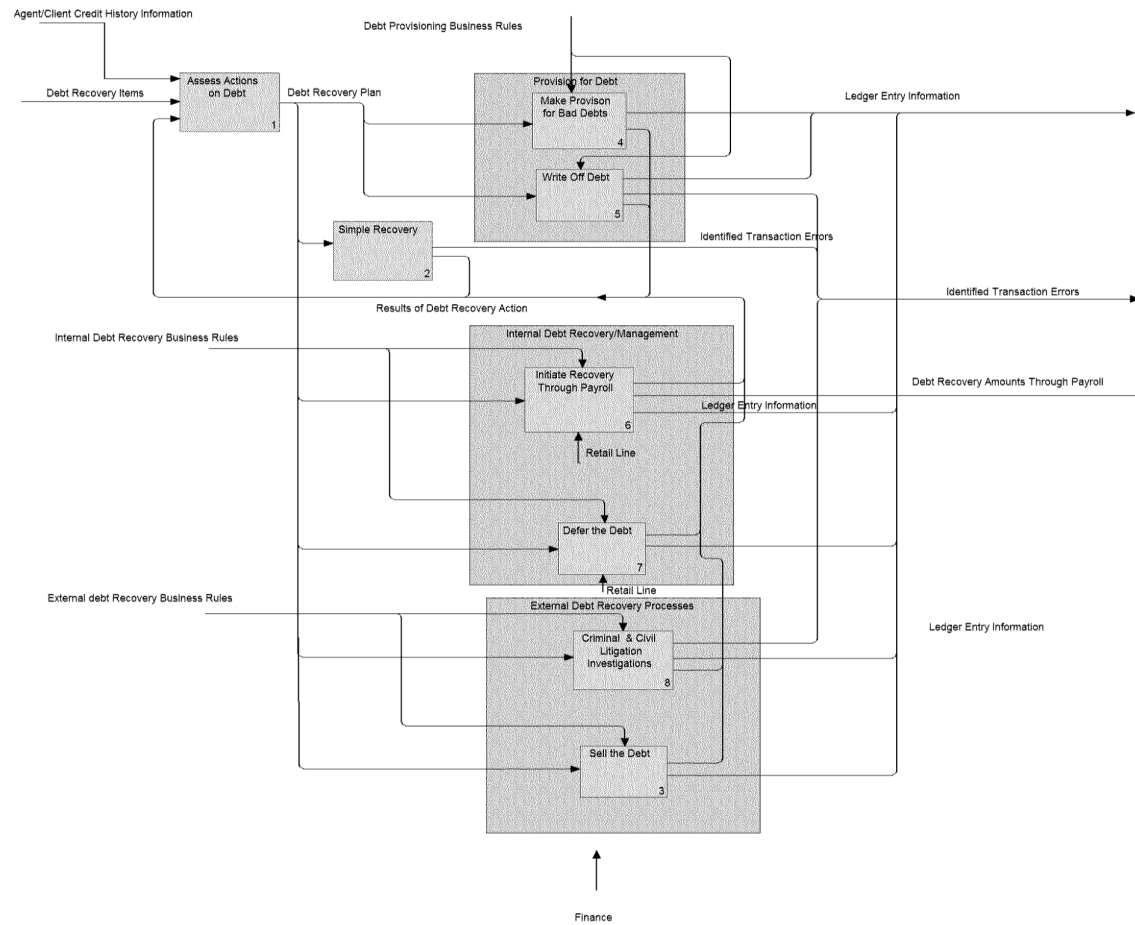


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7.6 A47 Debt Recovery

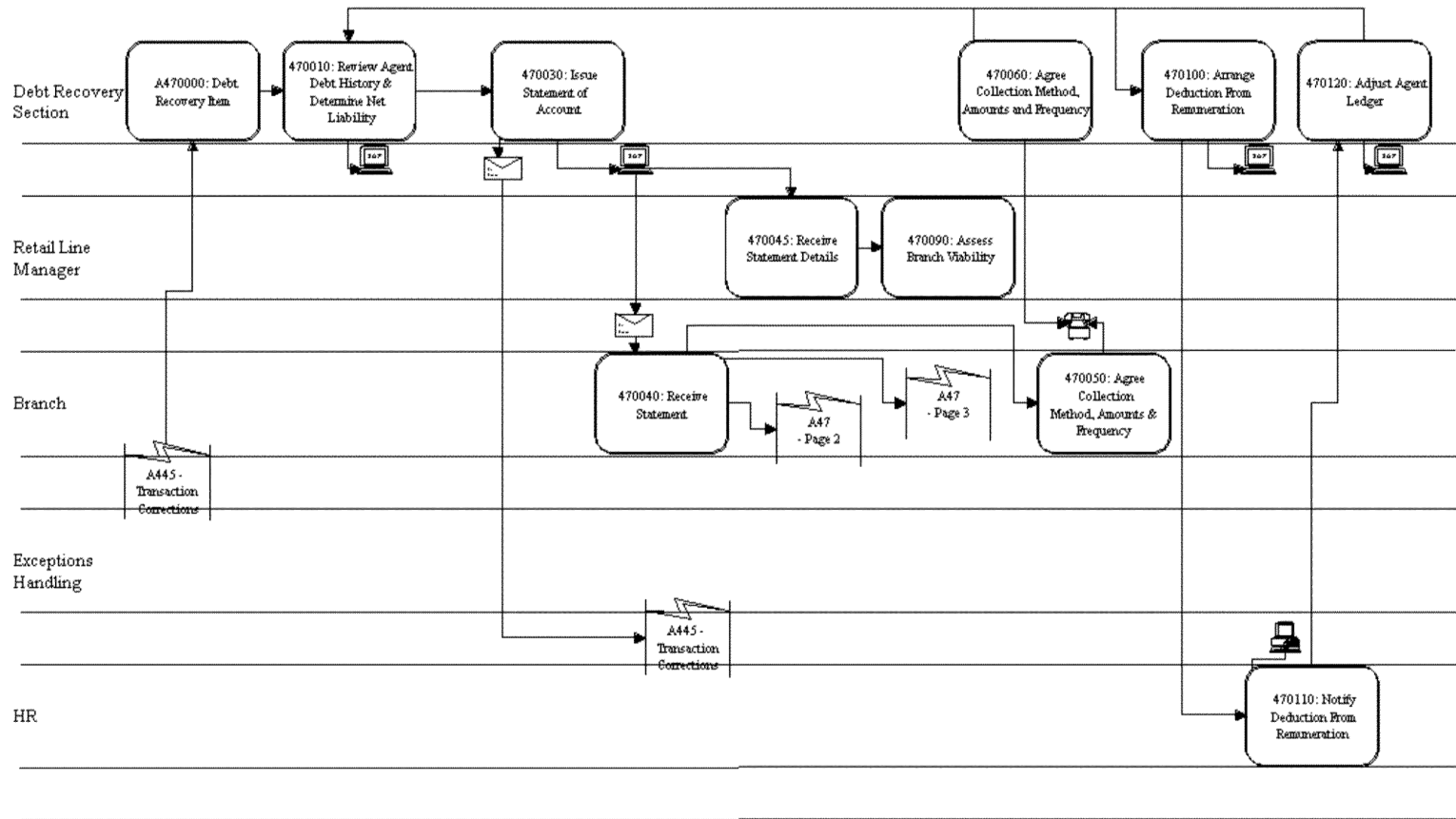


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7.6.1 A47 Debt Recovery (Deduction From Remuneration) 1/3

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A47 - Debt Recovery (Deduction From Remuneration) - Page 1 of 3



Nominee

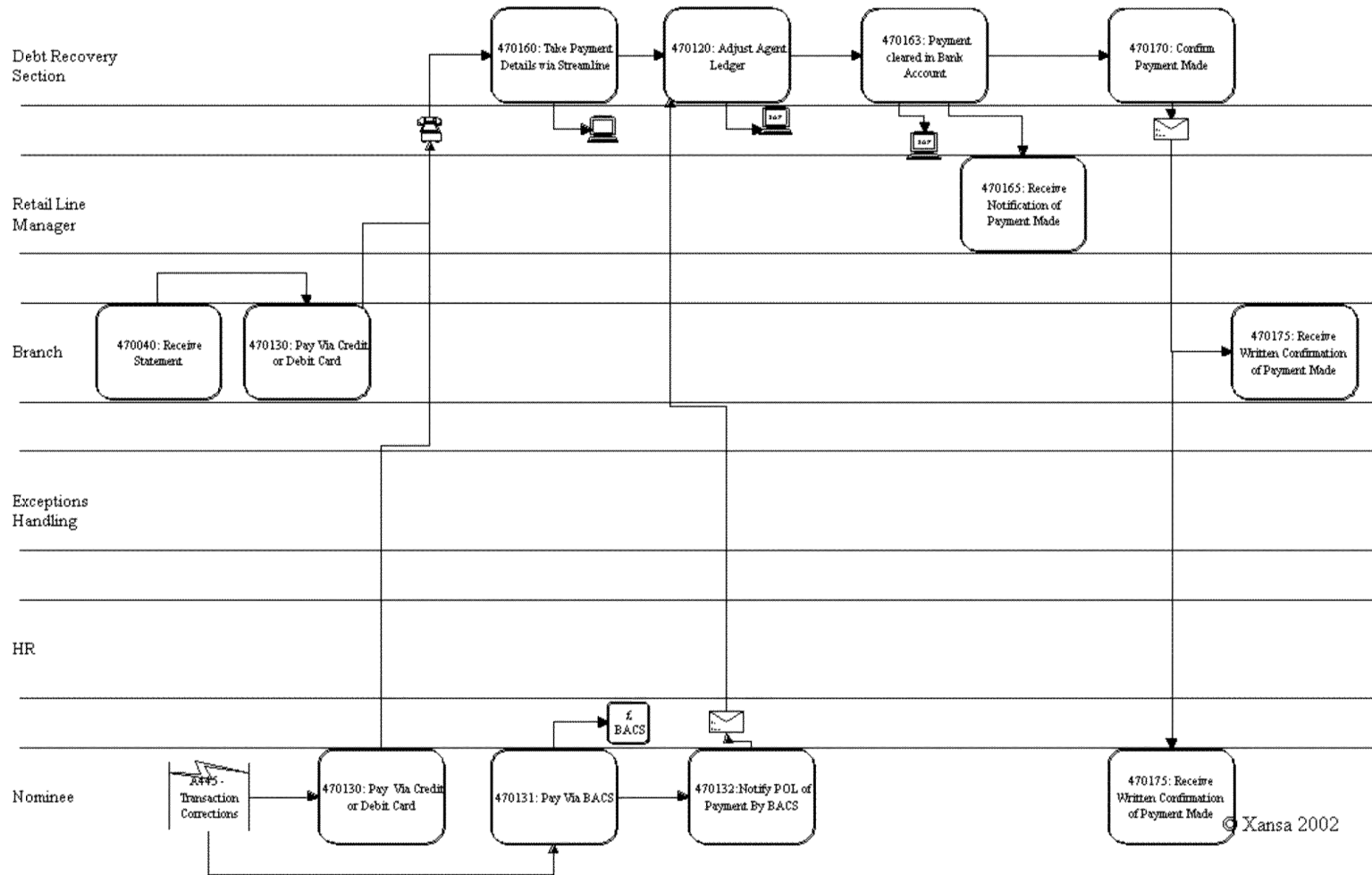
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7.6.2 A47 Debt Recovery (Repayment by Card or BACS) 2/3

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A47 - Debt Recovery (Repayment via Debit / Credit Card or BACS) - Page 2 of 3



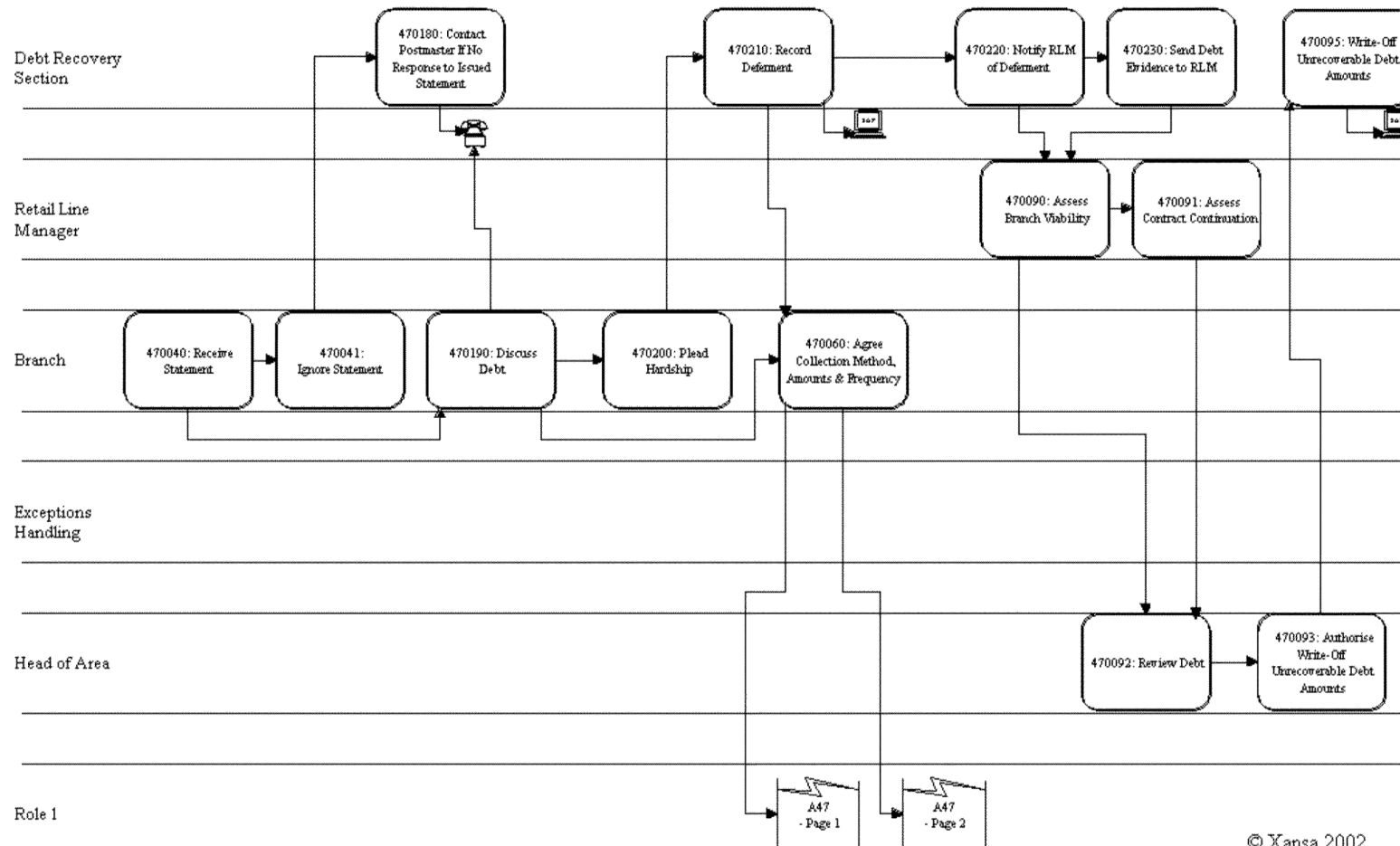
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7.6.3 A47 Debt Recovery (Deferment) 3/3

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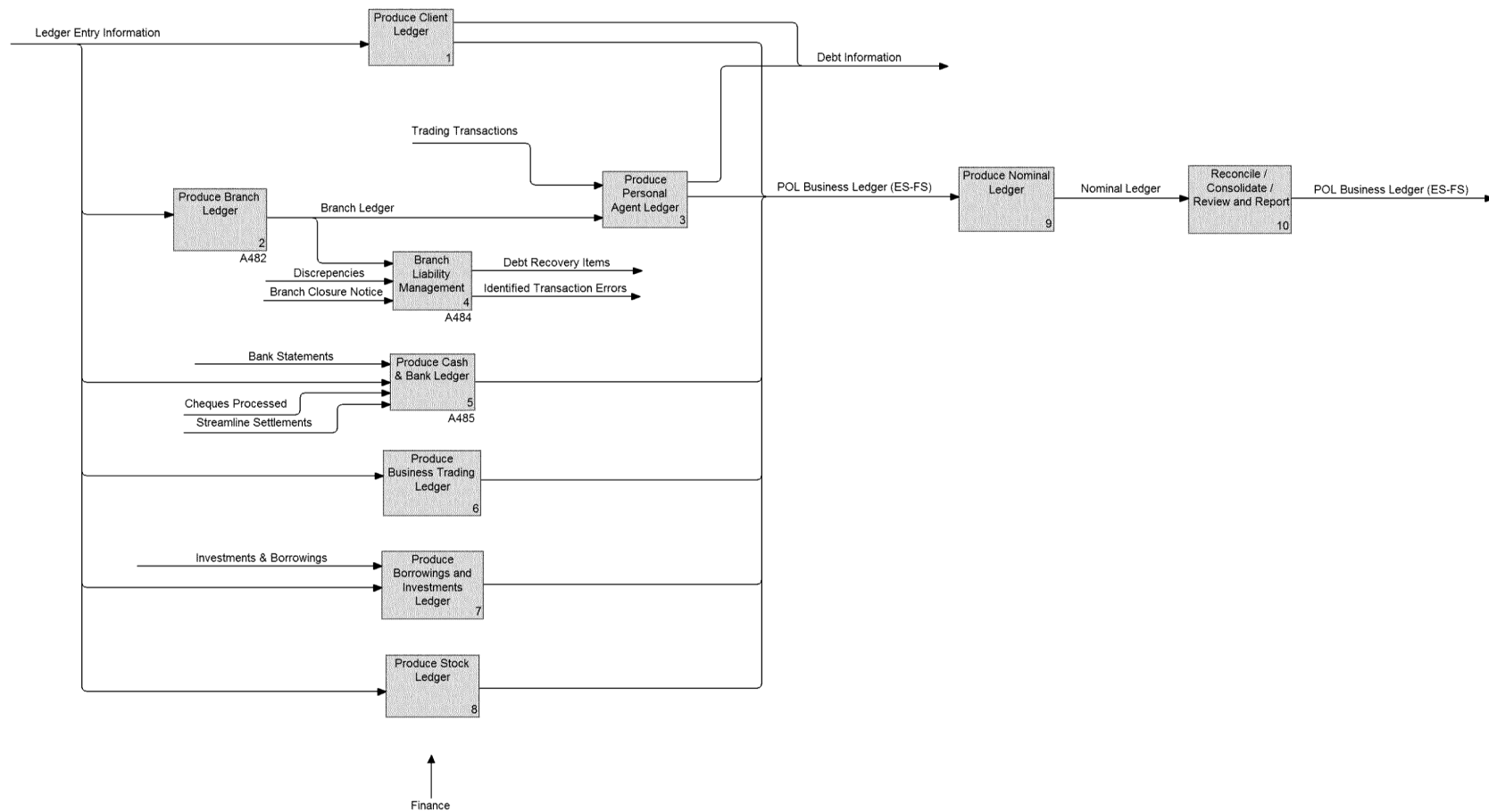
A47 - Debt Recovery (Deferment)- Page 3 of 3



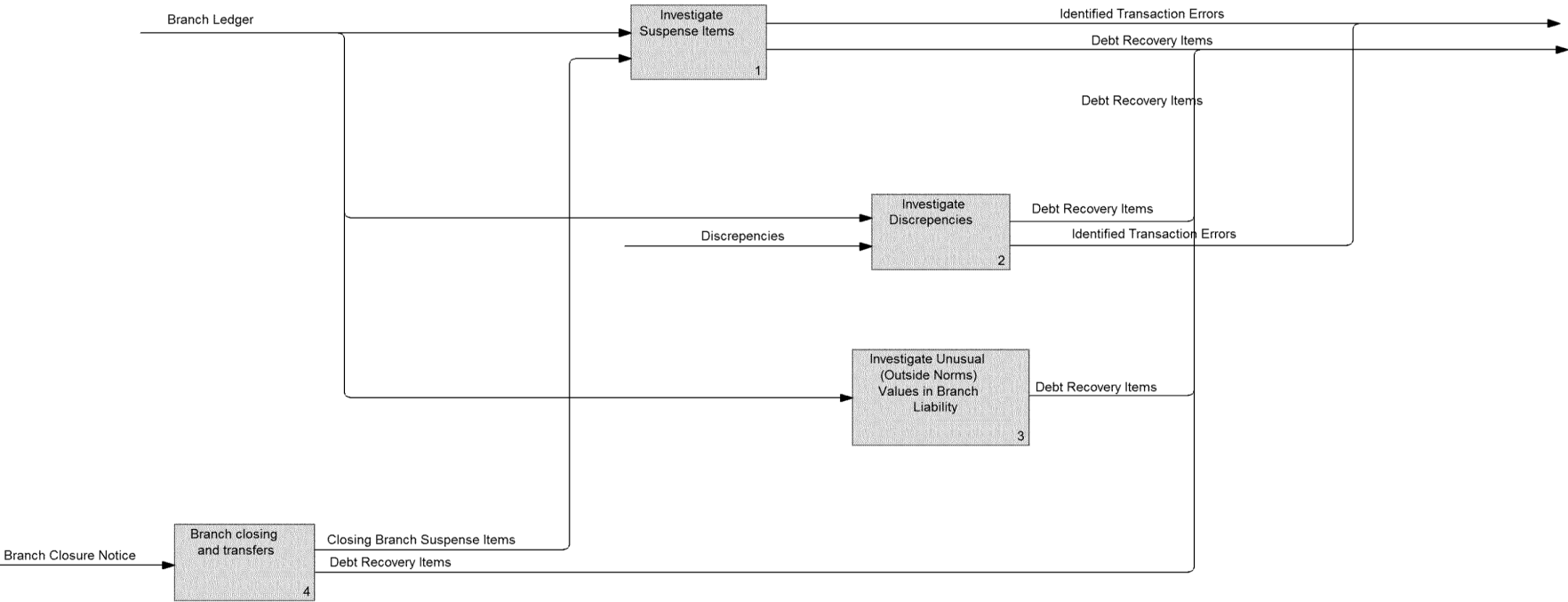
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7.7 A48 - Produce POL Ledger



7.7.1 A484 Branch Liability Management



↑
Finance

8 Business Processes

8.1 A3 Stock Management

POL FS is a recording and accounting system for stock management that occurs on systems outside POL FS.

The NSSC is currently going through a project implementing a stock warehouse system called Yantra. The associated Warehouse Control System (WCS) will provide information on stock movements to/from the NSSC and holdings at the NSSC.

Stock at Branches is controlled on Horizon.

POL FS will receive stock receipt, despatch and write off information from WCS. The assumption is that there will be a daily electronic feed of cash centre stock movements from WCS. If the electronic feed out of WCS is not developed then this information will be entered into POL FS manually.

All stock information from Horizon will be passed in the Summarised Branch Data process below.

8.2 A43 Summarise Transaction Data

8.2.1 Summarised Branch Data

The process feeding into POL Ledgers is by a daily interface from Horizon.

The data for each Branch may provide the following components subject to branch activity:

Summary Movements in:

| Branch Transaction | POL FS Account/Record (all by branch) | Subsequent Action on POL FS |
|--|--|--|
| Cash in hand | • To Cash in hand | • None |
| Cheques in hand | • To Cheques in hand | • None |
| Remittance out of Cheques | • To Cheques in transit | • Match to data from EDS |
| Payment by cards | • To Cards for clearing | • Match to Bank Statement |
| Forex in hand | • To Foreign Exchange in hand by currency | • None |
| Forex revaluations | • To Foreign Exchange revaluations | • None |
| Client product/service transactions with customers including quantity and value, when value can be £zero (and quantity 1) as distinct from an item which is not recorded e.g. blank form | • To Client ledger • To MM Stock by product where relevant | • Settlement Process • None |
| Remittances in and out of Stock | • To Stock accounts (if balance sheet stock) • To MM Stock by product | • Match to value from NSSC. • Match to Quantity from NSSC |
| Adjustments to stock & Foreign Exchange (from stock declaration process) | • To Stock accounts (if balance sheet stock) • To MM Stock by product | • None • None |
| Sundry costs & revenue incurred by branch | • Appropriate sundry revenue and cost accounts | • None |

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NB: Subsequent actions do not include reporting of information, which is implicit.

Individual Transactions for:

| Branch Transaction | POL FS Account/Record (all by branch) | Subsequent Actions on POL FS |
|--|--|--|
| Remittances in and out of Cash | <ul style="list-style-type: none"> • To Cash in Transit | <ul style="list-style-type: none"> • Match to data from Cash Centre/ADS |
| Remittances in and out of Foreign Currency – by individual currency – volume and value | <ul style="list-style-type: none"> • To Stock accounts (if balance sheet stock) • To MM Stock by product | <ul style="list-style-type: none"> • Match to value from STAMPS/ADS. • Match to Quantity from STAMPS/ADS |
| Discrepancies put into or removed from Suspense | <ul style="list-style-type: none"> • To Discrepancies (may be a subset of the Agents ledger) | <ul style="list-style-type: none"> • Exception Handling process |
| Remittance Discrepancies put into or removed from Suspense | <ul style="list-style-type: none"> • To Remittance Discrepancies | <ul style="list-style-type: none"> • Remittance Discrepancy process |
| Transaction corrections actioned or rejected | <ul style="list-style-type: none"> • To Agents ledger | <ul style="list-style-type: none"> • Exception Handling process |
| Recoveries relating to Transaction Corrections | <ul style="list-style-type: none"> • To Agents ledger | <ul style="list-style-type: none"> • Debt recovery process |

8.2.2 Summarised Cash Centre/ Forex Transactions

The Cash Centre Transactions will be interfaced daily from SAP ADS.
Any Foreign Exchange transactions recorded on SAP ADS will also be interfaced.

The data for each Cash Centre may provide the following components subject to activity in each cash centre

Summary Movements in:

| Cash Centre Transaction | POL FS Accounting all by cash centre | Subsequent Action on POL FS |
|---|--|---|
| Cash in hand movements | To Cash in hand | None |
| Receipt of Cheques from clients | To Cheques in hand | None |
| Giro Bank a/c movements | To Joint stock bank a/cs | Need to contra off the funding/defunding movements from POL FS controlled bank accounts |
| Joint Stock Bank movements | To Joint stock bank a/cs | Need to contra off the funding/defunding movements from POL FS controlled accounts |
| Remittance out of Cheques to EDS | To Cheques to EDS | Match to data from EDS |
| Remit in NI Cheques from Branch | To Cheques in transit | Match to NI Cheques from Branch |
| Girobank Change Sales & Purchases | To Cash Centre Bank clearing accounts | None as all banking is controlled in ADS. |
| Sale of foreign coin to Coin co – issue and invoice | To summary movement and client ADS debtor a/cs | None all banking in ADS |

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| | | |
|---|--|---|
| Loss on sale of foreign coin | To Loss account | None – interfaced as a business loss to ESFS |
| Sale of counterfeit/ mutilated notes | To summary movement and ADS client debtor a/cs | None - Clearing of debtor is to Cheques to EDS. |
| Cash centre losses/gains | To Loss account | None – interfaced as a business loss to ESFS |
| Girobank Deposits | To Girobank client creditor a/c | Compare to Estimates paid to Girobank |
| Girobank Deposit shortages not settled | To Girobank Client debtor a/c | None all control on ADS |
| Girobank Deposit surpluses no settled | To Girobank client creditor a/c | None all control on ADS |
| Unidentified pouches | To Unidentified pouch a/c | None all control on ADS |
| Foreign Exchange on Hand by currency | To Foreign Exchange in hand by currency | None |
| Foreign exchange revaluations | To Foreign Exchange revaluations | None |
| Foreign exchange Wholesale remittances in & out | To Foreign Exchange Purchase/sale control | Match to settlement to First Rate |
| Sundry costs & revenue incurred by branch | Appropriate sundry revenue and cost accounts | None |

Individual Transactions for:

| Cash Centre Transaction | POL FS Accounting | Subsequent Action on POL FS |
|--|--|--|
| Remittances in and out of Cash to Branches | To Cash in Transit | Match to data from Horizon |
| Remittances in Discrepancies | To Agent account | Send to Horizon as Transaction Correction |
| Coin Club & Customer bulk cash sale | To BoE Incoming CHAPS clearing | Match to transactions on BoE Statement |
| Coin Club & Customer bulk cash purchase | To BoE outgoing Chaps clearing | Match to transactions on BoE Statement |
| Cash In and out of Bond | To Cash in Bond clearing | Match to BoE Bank Statement |
| Bank Machine ATM cassette remit out | To Bank Machine “debtor” a/c | Bank Machine ATM Process (TBD) |
| Bank Machine ATM cassette remit in | To Bank Machine “debtor” a/c | Bank Machine ATM Process (TBD) |
| Repatriation of Scottish Notes | To BoE Incoming CHAPS/BACS clearing | Match to transactions on BoE Statement |
| Remittances in and out of Foreign Currency – by individual currency – volume and value | <ul style="list-style-type: none"> • To Stock accounts (if balance sheet stock) • To MM Stock by product | <ul style="list-style-type: none"> • Match to value from Horizon. • Match to Quantity from Horizon |

The current process of providing Pension cheques from cash centres for nursing homes is to be phased out by March 2005 and hence is not included in this document.

8.2.3 NSSC Stock Transactions

This includes all NSSC stock transactions that are not recorded on SAP ADS. It is a working assumption that this includes all Post Office Network stock transactions that are not Foreign Exchange.

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Doc: POL/IMPACT/DES/***
Ref:**Summary Movements in:**

| NSSC Transaction | POL FS Accounting all by NSSC | Subsequent Action on POL FS |
|---|--|--------------------------------------|
| Receipts of Balance Sheet Stock from suppliers | To Stock Account To MM Stock by product | None |
| Returns of Balance Sheet Stock to suppliers | To Stock Account To MM Stock by product | None |
| Despatch of Balance Sheet Stock to Branches | Move from Stock to Stock in Transit a/c Remove from MM Stock by product | Match to Receipt of stock by branch |
| Return of Balance Sheet Stock by branches | Move from Stock in transit to Stock To MM stock by product | Match to despatch of stock by branch |
| Write off /adjustments/destruction to balance sheet stock | To Write/off adjustments accounts | None |
| Receipt of other trading stock from suppliers | To MM Stock by product | None |
| Return of other trading stock to suppliers | To MM Stock by product | none |
| Despatch of other trading to Branches | Remove from MM stock by product | Match to Receipt of stock by branch |
| Return of other trading stock by branches | To MM Stock by product | Match to despatch of stock by branch |
| Write off /adjustments/destruction to other trading sheet stock | Remove/add to MM stock by product | None |

8.3 Client Settlement to Clients A44

The following process descriptions relate to the Swimlane maps in section 7.

8.3.1 A442 Summarise Client Data

| Activity | Description |
|-----------------|---|
| 442010 | Client sends transaction information to POL. This is at a low level of detail. This can be sent by email, fax or disc/tape. |
| 442040 | Transaction information is received. Transaction Processing require detailed data for comparing client data to data recorded on Horizon. The data is loaded onto Management Information system. Where discrepancies are identified, this will be a trigger into the Discrepancy Process to determine whether the tolerance /threshold levels have been exceeded and, if so, the action to be taken |
| 442020 | From the data received from the client, summarised information is generated and loaded onto POL/FS. Settlement team does not require detail information for settlement to clients |
| 442021 | The information provided by the client may include a summary total. Where this is the case, the Settlement team compare summarised data total (generated above) and compare to the client-provided summarised total. If there is a mismatch, then the client is notified. |

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|--------|--|
| 442030 | <p>Summarised totals (By Settlement Group By Period) are entered into Client Holding Account. This sets up the amounts due on a particular day to each client.</p> <p>However, this will be a trigger into the Discrepancy and Resolve Discrepancy Processes to determine whether the tolerance/threshold levels (at business total level) have been exceeded and, if so, the action to be taken</p> |
|--------|--|

The precise requirements of client data feeds will be defined during the system design phase.

8.3.2 A443 Calculate and Settle on Estimated Amounts

| Activity | Description |
|----------|--|
| 443010 | Estimate falls due. The estimation cycle and period is different for each client – e.g. Girobank estimates on a monthly cycle; BBC estimates are on a 3 – 4 day cycle. |
| 443020 | Local Business Knowledge. This activity involves the ongoing collection of information relating to an individual client. This includes knowledge of business cycles, public holiday effects, and trend in business. |
| 443030 | Product change Process. This process is outside the scope of this swimlane but specifically feeds into the local business knowledge in the settlement dept. |
| 443040 | Combine inputs is the activity of bringing together all the information that is used to calculate the estimate(s) |
| 443050 | Calculate estimate(s) |
| 443060 | Inform client in advance. The estimated payments are communicated to the client. This is currently manual. |
| 443070 | Agree Payment amount. The estimated payments are mutually agreed between POL and client. Some clients are more proactive than others in agreeing the estimates. |
| 443080 | Negotiate payment value |
| 443090 | <p>Enter into Client Ledger on POL FS to generate payments.</p> <p>This will involve a journal with both sides going to the Client a/c.</p> <p>The payment value will be posted to the payment area of the Client a/c and the balancing entry will be posted to the comparison area of the Client a/c.</p> |

8.3.3 A444 Discrepancy Process – Errors identified by Clients

| Activity | Description |
|----------|--|
| 444100 | Paperwork is sent by each branch on a daily/weekly basis to clients |
| 444120 | Client is sent electronic summary information based daily transaction summaries. (Currently sent weekly) |

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| | |
|--------|---|
| 444110 | On receipt of the paper work and the electronic information, the client carries out their own matching and verification (using their own systems) Where errors are identified, then the client notifies POL of errors and send any appropriate supporting evidence to POL (Girobank also adjusts settlement) The errors are investigated as part of the A45 Resolve Discrepancies process |
| 444130 | |
| 444140 | |
| 444150 | |
| 444185 | The investigation undertaken in the Resolve Discrepancies process may result in there being errors in the errors summary provided by the client. In this case, the summary errors are sent back to the client (via fax, e-mail or disc/tape) with the reason for return |
| 444220 | The investigation undertaken in the Resolve Discrepancies process may result in the error not being identified and necessitate the paperwork being returned to the client with the reason for return |
| 444190 | On receipt of the returned summary errors (from 444185), the client investigates and makes adjustments to the errors and supporting documentation. If necessary, the client re-issues the error(s) (via 444150) |
| 444193 | Client (Girobank) adjusts settlement expected. |
| 444230 | On receipt of the returned paperwork, the client investigates and reissues the error (via 444150) if the discrepancy is correct. |
| 444240 | Where the client investigation results in the acknowledgment that the error should not have been issued, then a charge or claim error notice is issued to POL |

8.3.4 A444 Client Discrepancy

| Activity | Description |
|----------|---|
| 444010 | Actual Horizon data is received into SAP – the data is summarised by Branch by Settlement Group By Period |
| 444020 | Client data is received into SAP |
| 444030 | The Client holding account is reviewed at business total level. This includes looking at the tolerance / thresholds set and determining whether these have been exceeded or not (at a business total level). Where the differences are within the tolerance / threshold level, then no further action needs to be taken. However, where they have been exceeded, then the process moves onto activity 444050 |
| 444040 | |
| 444050 | A check is made on the client discrepancy information held (this information is not held on POL-FS – see process A443 and associated support swimlane document) The detailed client discrepancy information is held by branch by product by period. This is investigated and the process may then move into the Resolve Discrepancies process |

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8.3.5 A445 Resolve Exceptions

The key feature of the Resolve Exceptions process is the Transaction Correction. This is the electronic version of the Error Notice. The Transaction Correction will be raised against the Agent Accounts Receivable account with sufficient information to identify:

Client product being adjusted

Suspense type being adjusted

Requirement for any write off

Options for resolution by the Agent – make good, request hardship, request more evidence

Information for the Agent so that they are aware of the impact of each option

Horizon will interpret this information to provide an intelligent interface at the branch to carry the appropriate transactions based on the option chosen by the agent.

Definitions

The term “branch” is used here to cover all the different types of branches – directly-managed, franchised, community, singleton, local multiples, national multiples.

The process covers all these types of branches – however, there is a difference in the way Transaction Corrections are handled for Multiple branches and this is reflected in the swim lane document and the activity descriptions below.

8.3.5.1 Resolve Exceptions

| Activity | Description |
|------------------|--|
| 445000 | Discrepancies identified at the Cash Centres (for example, through mismatch on Girobank deposits or pouches received from branches) are recorded onto SAPADS. The information is then sent to POL-FS |
| 445001 | A discrepancy has been identified (and this can be by POL, the branch, the client or a customer) |
| 445002 | Identification at the branch of Rem-In discrepancies which has occurred in Cash Delivery between the branch and Cash Centre |
| 445005 | A check is made on the client discrepancy system (see process A442 and associated swimlane support document). This is a “threshold investigation” to identify any branches which have exceeded the tolerance/threshold level <i>N.B. This is a review which takes place on an on-going basis</i> |
| 445010 445020 | This involves looking at the past history of the agent in terms of exceptions already identified (and possibly written-off or currently being progressed by Debt Recovery) – plus the trend and history for the particular branch, client, product or service. <i>N.B. This is a review which takes place on an on-going basis</i> |
| 445030 | If the exception is a “surplus” then it may be required to net this off against outstanding “shortages” if a Transaction Correction is eventually raised. |
| 445040 | Record exception against Branch/Agent – precise method of recording to be determined. |

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| | |
|------------------|---|
| 445050 | A check is made on whether the exceptions identified result in the threshold being exceeded (this takes into account previous exceptions and Transaction Correction outstanding). |
| 445055 | Where the discrepancies are not sufficient to exceed the threshold level, then adjustments are made to the agent ledger to indicate that the discrepancy has been investigated and is below the threshold level |
| 445056 445057 | A periodic review is undertaken of adjustments due to discrepancies and these may be written off |

8.3.5.2 Transaction Corrections – Singleton/Franchise Branches

| | |
|--------|--|
| 445060 | <p>Where threshold levels have been exceeded, then these need to be investigated (via A444 – Discrepancy Process)</p> <p>Where initial investigations result in determining that the initial findings were incorrect, then the process may move onto 445055, 445056, and 445057 (described in the above 2 rows)</p> <p>This process is also appropriate where the branch or Nominee dispute the Transaction Correction, by using the Request More Evidence option. This may result in the process moving onto 445055, 445056, and 445057 (described in the above 2 rows) or a new (amended) Transaction Correction being issued</p> |
| 445080 | <p>Investigations result in a Transaction Correction being issued to the Branch. This is issued electronically via POL-FS to Horizon</p> <p>The Transaction Correction will include the appropriate instructions for the branch manager (as is the case currently for Error Notices)</p> |
| 445085 | <p>Unresolved Transaction Corrections will also be regularly reviewed. This should not be left to the end of Branch Trading Periods or Financial Period ends.</p> <p>This activity will lead to Exceptions Handling chasing up Branches who have substantial outstanding Transaction Corrections. (May involve Retail Line)</p> |
| 445090 | The Branch manager (at non-Multiples and Multiples) checks on Horizon each day for the receipt of any Transaction Corrections |
| 445100 | <p>The Branch Manager (non-Multiples) or the Nominee (Multiples) dispute the Transaction Corrections</p> <p>Transaction Corrections can only be disputed once (on initial issue)</p> <p>Non-Multiples indicate this via Horizon – Nominees will do so via post/mail.</p> <p>Where the Nominee accepts the Transaction Correction, then the Nominee can make the appropriate payment (via Debit or Credit Card or BACS). This is via the process outlined in process A47 (see swimlane for this process plus the associated swimlane support document)</p> |
| 445110 | <p>Where the Transaction Correction is disputed, more evidence is obtained and further investigations are undertaken.</p> <p>Where necessary, further evidence is obtained and the Transaction Correction issued</p> <p>However, investigations may also result in the Transaction Correction being cancelled/withdrawn and the process moving onto 445055, 445056, and 445057 (see above) or a new (amended) Transaction Correction being issued</p> |
| 445120 | <p>The Branch Manager accepts the Transaction Correction</p> <p>For non-Multiples, acceptance is indicated on Horizon via one of the following two activities.</p> |

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| | |
|--------|---|
| 445121 | Accept and Making good the amount of the Transaction Correction. This assumes that the agent will put the Cash amount of the Transaction Correction in the Branch Till. |
| 445125 | Transfer to Central Collection. This sets up the Transaction Correction amount Debt due for collection in the Agents Debtor account. The process moves into the Debt Recovery process (A47) |

8.3.5.3 Branches Run as Multiples

| | |
|--------|--|
| 445060 | <p>Where threshold levels have been exceeded, then these need to be investigated (via A444 – Discrepancy Process)</p> <p>Where initial investigations result in determining that the initial findings were incorrect, then the process may move onto 445055, 445056, and 445057 (described in the above 2 rows)</p> <p>This process is also appropriate where the branch or Nominee dispute the Transaction Correction, by using the Request More Evidence option. This may result in the process moving onto 445055, 445056, and 445057 (described in the above 2 rows) or a new (amended) Transaction Correction being issued</p> |
| 445080 | <p>Investigations result in a Transaction Correction being issued to the Branch. This is issued electronically via POL-FS to Horizon</p> <p>The Transaction Correction will include the appropriate instructions for the branch manager (as is the case currently for Error Notices)</p> |
| 445085 | <p>Unresolved Transaction Corrections will also be regularly reviewed. This should not be left to the end of Branch Trading Periods or Financial Period ends.</p> <p>This activity will lead to Exceptions Handling chasing up Branches who have substantial outstanding Transaction Corrections. (May involve Retail Line)</p> |
| 445090 | The Branch manager (at non-Multiples and Multiples) checks on Horizon each day for the receipt of any Transaction Corrections |
| 445100 | <p>The Branch Manager (non-Multiples) or the Nominee (Multiples) dispute the Transaction Corrections</p> <p>Transaction Corrections can only be disputed once (on initial issue)</p> <p>Non-Multiples indicate this via Horizon – Nominees will do so via post/mail.</p> <p>Where the Nominee accepts the Transaction Correction, then the Nominee can make the appropriate payment (via Debit or Credit Card or BACS). This is via the process outlined in process A47 (see swimlane for this process plus the associated swimlane support document)</p> |
| 445110 | <p>Where the Transaction Correction is disputed, more evidence is obtained and further investigations are undertaken.</p> <p>Where necessary, further evidence is obtained and the Transaction Correction issued</p> <p>However, investigations may also result in the Transaction Correction being cancelled/withdrawn and the process moving onto 445055, 445056, and 445057 (see above) or a new (amended) Transaction Correction being issued</p> |
| 445125 | <p>Transfer to Central Collection. This sets up the Transaction Correction amount Debt due for collection in the Agents Debtor account.</p> <p>For multiples this records the Transaction Correction as a debt against both the Branch and Nominee Agent accounts.</p> |

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| | |
|--------|---|
| 445081 | <p>For Multiple Branches only, there will be a monthly Multiples Statement produced which will detail all the Transaction Corrections issued since the last report plus any that are still outstanding (for example, under investigation, cancelled) or cleared (i.e. made good).</p> <p>The report (a physical hard-copy) is issued to the Nominee and includes an Invoice detailing the amount payable to POL</p> |
| 445082 | The Nominee receives the monthly Multiples Statement and decides on whether to dispute some or all of the Transaction Corrections or make the appropriate payment |
| 445115 | <p>The Agent Nominee accepts the Multiples Statement & new Transaction Corrections accepted by individual branches.</p> <p>Acceptance of new Transaction Corrections will normally be indicated by payment of amounts due in agree terms.</p> |

8.3.5.4 Directly Managed Branches

| | |
|--------|--|
| 445060 | <p>Where threshold levels have been exceeded, then these need to be investigated (via A444 – Discrepancy Process)</p> <p>Where initial investigations result in determining that the initial findings were incorrect, then the process may move onto 445055, 445056, and 445057 (described in the above 2 rows)</p> <p>This process is also appropriate where the branch or Nominee dispute the Transaction Correction, by using the Request More Evidence option. This may result in the process moving onto 445055, 445056, and 445057 (described in the above 2 rows) or a new (amended) Transaction Correction being issued</p> |
| 445080 | <p>Investigations result in a Transaction Correction being issued to the Branch. This is issued electronically via POL-FS to Horizon</p> <p>The Transaction Correction will include the appropriate instructions for the branch manager (as is the case currently for Error Notices)</p> |
| 445085 | <p>Unresolved Transaction Corrections will also be regularly reviewed. This should not be left to the end of Branch Trading Periods or Financial Period ends.</p> <p>This activity will lead to Exceptions Handling chasing up Branches who have substantial outstanding Transaction Corrections. (May involve Retail Line)</p> |
| 445090 | The Branch manager (at non-Multiples and Multiples) checks on Horizon each day for the receipt of any Transaction Corrections |
| 445100 | <p>The Branch Manager (non-Multiples) or the Nominee (Multiples) dispute the Transaction Corrections</p> <p>Transaction Corrections can only be disputed once (on initial issue)</p> <p>Non-Multiples indicate this via Horizon – Nominees will do so via post/mail.</p> <p>Where the Nominee accepts the Transaction Correction, then the Nominee can make the appropriate payment (via Debit or Credit Card or BACS). This is via the process outlined in process A47 (see swimlane for this process plus the associated swimlane support document)</p> |
| 445110 | <p>Where the Transaction Correction is disputed, more evidence is obtained and further investigations are undertaken.</p> <p>Where necessary, further evidence is obtained and the Transaction Correction issued</p> <p>However, investigations may also result in the Transaction Correction being cancelled/withdrawn and the process moving onto 445055, 445056, and 445057 (see above) or a new (amended) Transaction Correction being issued</p> |

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| | |
|--------|--|
| 445120 | <p>The Branch Manager accepts the Transaction Correction</p> <p>For Multiples, this is the only choice. Any disputes or payments are handled by the Nominee (see 445100)</p> <p>For non-Multiples, acceptance is indicated on Horizon via one of the following two activities...</p> |
| 445130 | Review write offs to ensure values are understood and controlled by branch. |

8.3.6 A446 Authorise and Make Payments

| Activity | Description |
|----------|---|
| | <p>The trigger points for this process are from the following processes:</p> <ul style="list-style-type: none"> • A442 – Summarise Client Data • A443 – Calculate Estimated Amounts For Settlement • A444 – Exceptions Handling – Client Discrepancy • A445 - Resolve Discrepancy • A47 - Debt Recovery <p>POL data will include any adjustments made during the above processes</p> |
| 446010 | Review balance outstanding on client ledger to obtain settlement value (actual or estimated) and if necessary, enter values into client ledger to deduct commission or make other adjustments. |
| 446020 | Create system (on-line) payment proposal(s) for the payment(s) due. The creation is controlled by client standing data (see below for the types of information for inclusion in the standing data which will enable this to be controlled) |
| 446025 | <p>This is an on-going process and one which includes making changes to client standing data. The client standing data contains the following types of information for each client:</p> <ul style="list-style-type: none"> • Client name • Client Product • Client Bank Details • Payment Method (currently, this is I for CHAPS, E for BACS and C for Cheques, Swift, Direct Debit (receipts)) • Settlement Terms – (e.g. Next Day; Week in arrears etc) • Source of Settlement (e.g. POL Data, Client Estimate, Client Actual) <p>The Client standing data then is a control for the raising of the payment proposal(s) (see 446020 above) and the detailed contract checks (see 446030 below)</p> |

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| 446030 | Payment proposal to be checked on line – this check is to ensure, for example, that the payment is in line with the contract, settlement is due, that the payment proposal contains the correct standing data, etc. Refer to business rules being determined |
| 446050 | Payment proposal to be verified on-line – this check is to ensure that the settlement amount is reasonable and any deviation from the normal amounts is acceptable and explainable. Refer to business rules being determined. |
| 446060 446070 | Amounts due to be paid are discussed between the Team Leader and Manager where necessary and fully verified. This may be because the amounts vary drastically from the “normal” trend / range. |
| 446080 | Where the team Leader deems the amount to be unreasonable or “beyond the norm”, then the payment proposal will need to be adjusted as agreed during the discussions above |
| 446090 | Approval of payment allows the payment to be made |
| 446095 | Information is received by the Cashiers section on the funding required for the approved payments. This is provided by payment method <i>(There is a break-out here into the “Funding Process” (which is out-of-scope). This process is where the cashiers ensure that the funding to make the approved payments is in place)</i> |
| 446096 | The Payment Authorisers authorise the payment. This allows the payment to be sent electronically via BACS or CHAPS, Swift. Receipts may be by Direct Debit. For Cheque payments (which should be the exception), the cheques are printed (via a Cheque Printer) Current authorisation procedure is as follows: <ul style="list-style-type: none"> • Where the payment amount is less than £50,000, there is a one-step authorisation • Where the payment amount is £50,000 or greater, there is a two-step authorisation It is assumed that this will procedure will remain in POL-FS |
| 446097 | The printed cheques are then checked for correctness and accuracy and signed and sent to the client |
| 446098 | Remittance advices, showing volume and value by product, are printed and sent to the client – where the payment is by cheque, the remittance advice is sent with the cheque. |

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Ref:**8.4 A45 Client Settlement from Clients**

Settlement from clients has historically always relied on the pre-funding based on estimated data. This is shown by the high level process map A45. The process of calculating estimated amounts due from clients is the same process map A443.

The new Personal Banking process provides some differences, as this is based on actual data, and so has been mapped individually.

8.4.1 A453 Personal Banking process

| Activity | Description |
|------------------|--|
| 453010 | Collection of monies falls due based on payment terms of client |
| 453020 | Cashiers are informed of amount to be received – based on daily data from Branch fed into POL FS |
| 453030 | Client pays amount based on electronic information received from banking system (or based on information supplied by POL to support request). |
| 453040 | Amount paid should agree to expectations |
| 453050 | Discrepancy reported |
| 453060 453070 | Investigations of discrepancy may conclude same day as original payment |
| 453080 | Adjust payment if required as soon as possible |
| 453090 | Actual payment amount entered into POL-FS. |
| 453100 | The Client Ledger is checked and where the amount expected and the amounts paid agree, then these are matched and cleared. Where there are differences, then there is a link out to A444 (Discrepancy Process) to ascertain whether tolerances / thresholds have been exceeded. |

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8.5 A46 Verification

Verification was identified as a specific process stream at the high level design phase. It was established during a detailed design scoping period that verification is individual activities that are part of all the other process streams, such as settlement, and product POL Ledger.

The process illustrated as process A466 was covered as part of the debt recovery process.

8.5.1 Exceptions Identified by Client or Customer

| Activity | Description |
|------------------|---|
| 466001 466002 | This is the start point of the process. The exception is identified by either the client or the customer. |
| 466003 466004 | Evidence is submitted by the client or the customer – for the customer, this may be, for example, a till receipt or a utility bill stamped and initialled by the branch |
| 466010 | Exceptions handling review and check the evidence |
| 466015 | There is also a check made on the customer – for past history and incident history |

8.6 A47 Debt Recovery

8.6.1.1 Deduction From Remuneration

| Activity | Description |
|----------|--|
| 470000 | This is the start point of the process. A Transaction Correction has been actioned in a Branch and the amount due will be collected centrally. |
| 470010 | The debt is not considered in isolation. Previous debts and debt history is taken into account to determine the total amount owing at this time. Additionally, consideration is also given to the following: <ul style="list-style-type: none">• The level of difficulty experienced in the past to recover money;• Previous hardship cases;• Problems with making payments or payments made |
| 470030 | Debt Recovery section issue a statement of account of outstanding debt. This is not a one-off activity at the start of the debt recovery process. The statement of debt will be issued on a regular basis/frequency to notify the Postmaster or the Nominee of the current outstanding debt amount (level of itemisation is to be determined – current thinking is that it is a summary of each debt total). <i>N.B. For the Nominee, the statement is a Multiples Statement (see swimlane process A455 – Resolve Exceptions plus the associated swimlane support document)</i> |
| 470040 | The Postmaster or Nominee receives the statement of debt, via the Post service. Acknowledgement of receipt is required. |
| 470045 | Retail Line will receive statements from SAP. |

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| 470050 470060 | Acknowledging the statement of debt, a series of dialogues takes place between the Postmaster /Nominee and the Debt Recovery Team to determine how the debt is going to be cleared (in full, by instalments, via remuneration, via credit or debit card, etc.) If amount to be deducted is more than 25% of pay then DR will automatically arrange deductions using 25% as max per month and advise postmaster. |
| 470090 | Retail Line review Branch positions to ensure they remain viable. (This activity will feed into other processes that are out of scope of IMPACT). |
| 470100 | Debt Recovery arranges for the amount (whether agreed or not) to be deducted for remuneration. |
| 470110 | Once deductions have been made from postmaster or nominee remuneration, then Payroll Section notify Debt Recovery of the deduction made |
| 470120 | The amount owing on the Agent Ledger is adjusted by the amount paid. |

8.6.1.2 Collection via Debit/Credit Card or BACS

| Activity | Description |
|------------------|---|
| 470040 | The Postmaster or Nominee receives the statement of debt, via the Post service. Acknowledgement of receipt is required. |
| 470130 470160 | The Postmaster or Nominee elects to pay off the amount due via credit or debit card. This is via a telephone call to Debt Recovery who take the details and process the payment via Streamline |
| 470131 470132 | The Nominee may elect to make the payment via BACS The Nominee notifies POL of payment made via BACS |
| 470120 | The amount owing on the Agent Ledger is adjusted by the amount paid. This journal will also update either the Streamline awaiting clearing account or the BACS receipts clearing account as appropriate. |
| 470163 470165 | Once payment has been banked, as confirmed by Cashiers, Debt Recovery may report on the amounts cleared. RLM may receive notification of payment made/or not made as appropriate. |
| 470170 470175 | Debt Recovery confirm the repayment to the Postmaster or Nominee |

8.6.1.3 Deferment of Payment

| Activity | Description |
|----------------------------|--|
| 470040 | The Postmaster or Nominee receives the statement of debt, via the Post service. Acknowledgement of receipt is required. |
| 470041 470180 470190 | If there is no response to the Statement of debt, then after a time-lapse (proposal is that this should be set to 2 weeks – i.e. 10 working days). Debt Recovery contact the Postmaster or Nominee and initiate discussions on repayment |
| 470200 | The Postmaster or Nominee pleads hardship and maintains that he cannot pay off the debt either in whole or buy instalments and indicates that there will be an adverse effect on the business |

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| 470210 | Debt Recovery note the hardship plea and categorise the debt as deferred |
| 470060 | Debt Recovery Team to determine how the debt is going to be cleared (in full, by instalments, via remuneration, via credit or debit card, etc.) If amount to be deducted is more than 25% of pay then DR will automatically arrange deductions using 25% as max per month and advise postmaster. |
| 470220 | The deferment is notified to the RLM for further investigation and action |
| 470230 | The evidence of the debt is sent to the RLM for further investigation and action |
| 470090 470091 | The RLM assesses branch / multiple viability and also whether the contract should be allowed to continue |
| 470092 470093 | The debt is reviewed by the Head of Area who may decide to authorise write-off the unrecoverable debt amount |
| 470095 | Unrecoverable debt written off will update the Agent's account and be shown against appropriate Profit and Loss account. |

8.7 A48 Produce POL Ledger

The majority of Processes are covered in detail design by other processes:

| | | |
|------|---|---|
| A481 | Produce POL Ledger | Covered by Settlement Processes |
| A482 | Produce Branch ledger | Covered by Summarise Data from Branches – Data Flow |
| A483 | Produce Agent Ledger | Covered by Debt recovery Process |
| A485 | Produce Cash & Bank ledger | Release 1 |
| A486 | Produce Business Trading Ledger | Covered by summarise data – Data Flow |
| A487 | Produce Borrowings & Investments Ledger | Release 1 |
| A488 | Produce Stock Ledger | Covered by summarise data – Data Flow |

8.7.1 A484 Branch Liability Management

The process of managing Branch Liability as part of POL FS is largely a reporting and monitoring process.

All financial information that relates to a branch will be recorded such that the branch is identified as a parameter in the financial ledgers. A full balance sheet by branch will be available.

This will allow the Retail Line Managers to report on Branch Liability with information that is only a day old. Where this coincides with the end of a Branch Trading Period then there will be close correlation between the Branch Trading Statement created on Horizon and any information reported from POL FS.

The information that is recorded in POL FS is based on a particular end of day cut off and, since, this is not necessarily the same as the cut off point as for the Branch Trading Statement the two reports will also have some timing differences. It is therefore recommended that no reconciliation is attempted between the Horizon and POL FS versions of the Liability Statement.

8.8 A489 General Ledger Processing

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| Step | Who | When |
|--|---------------|----------------------|
| 1. Clear all GL accounts set up as open item managed | Automatic Job | Daily |
| 2. Exception reporting for open items | Automatic Job | Daily |
| 3. Investigate open items | POL | Daily |
| 4. Inform branches/cash centre/EDS/Streamline of exceptions where necessary so they can make adjustments | POL | Daily |
| 5. Journal any central adjustments into POL Ledger as required. This will include postings to give visibility of the contingent liability of cash in bond. | POL | Daily |
| 6. Reporting for DTI Securitisation Report | POL | Weekly Period end |
| 7. POL FS interface to ESFS | POL | Monthly Period end |

8.9 Management & Accounting Information

8.9.1 Standard Within POL FS

All Management/ Accounting information in POL FS is limited based on the granularity of data recorded in POL FS.

Although POL FS will capture summary level information of Branch and Cash Centre client transactions, it is not the key role of POL FS to provide Management Information relating to client activity. This is the role of MIS. POL FS will provide reports suitable to an auditable standard but this is not Management Information.

POL FS key role relating to the recording of client data is for settlement.

POL FS will provide a variety of reports that are standard within the SAP system. There will also be some specific reports that will be built based on POL requirements. The standard reports are listed below are anticipated as being useful to the business. Also listed are other reports that will have to be developed specifically to business requirements.

Client Related:

| | |
|--|----------------------------|
| • Value of indebtedness to clients both individually and in total | Standard |
| • Value of client indebtedness to POL both individually and in total | Standard |
| • Age of indebtedness both individually and in total | Standard |
| • Payment History | Standard |
| • Overall difference between settlements on client or estimated data and actual value of transactions recorded in Branches | Standard |
| • NAO requirements | Requirements to be defined |

Agent Related:

| | |
|---|----------|
| • Value of agent indebtedness to POL both individually and in total | Standard |
| • Age of indebtedness both individually and in total | Standard |
| • Outstanding Transaction Corrections by Agent and in total | Standard |
| • Value and age of "suspense" items by agent (or branch) and in total | Standard |

•

Branch Related:

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| | |
|---|----------|
| • Full Balance Sheet by branch | Standard |
| • Full Balance Sheet by branches in RLM / Retail Area Heads hierarchy | Standard |
| • Value of items expensed or written off by branch | Standard |
| • Value of P&L Revenue transacted by branch | Standard |

Cash Centre Related:

| | |
|--|----------|
| • Full Balance Sheet by Cash Centre | Standard |
| • Full Balance Sheet for all Cash Centres, reconcilable to SAP ADS | Standard |
| • Value of items expensed or written off by Cash Centre | Standard |
| • Value of P&L Revenue transacted by Cash Centre | Standard |

Post Office Network:

| | |
|---|----------|
| • Full Balance Sheet | Standard |
| • Full P&L based on items recorded in Branch/Cash centres | Standard |
| • Exception reporting of unmatched items – e.g. remittances, cheques, payments to and from POL bank accounts etc. | Standard |
| • DTI Securitisation Report (defined in Release 1) | Standard |

Stock Reporting

| | |
|--|----------------|
| • Volumes for non balance sheet stock | Standard |
| • Volume and value for balance sheet stocks | Standard |
| • Sales versus Holdings branch/hierarchy/business for various time periods | Bespoke Report |
| • Stock holdings by client, by product and denomination | Bespoke Report |

Foreign Exchange Reporting

| | |
|---|----------------|
| • Foreign exchange quantities by branch with sterling equivalent | Standard |
| • Sales versus Holdings by branch/hierarchy/business for various time periods | Bespoke Report |

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8.9.2 Reporting Requirements From POL FS

The following requirements were identified in the Programme CD relating to data available in POL FS

These requirements were based on extracting the current information requirements from the reports that are currently run on CBDB/OPTIP.

Further work needs to be done to establish how these requirements translate into requirements against new processes and data. It is therefore probable that not all details of these information requirements will be delivered in the way described below.

Client Reporting (Contractual Agreements)

| Ref | Requirements Description | Business Area | Category | Report/Functionality | Proposed Application Area |
|--------|---|-------------------------------------|----------|----------------------|---------------------------|
| MI 100 | Information required by Audit for issued error details, errors BTA and errors not Network Reinvention offices | Data Exceptions | Client | Report | POL FS |
| MI 101 | Information to Multiples Partners regarding outstanding, issued and BTA errors. | Data Exceptions | Client | Report | POL FS |
| MI 104 | Ability to produce data files or reports for clients as defined within contractual agreements. For example volume and value of transactions, customer details if applicable, product breakdown by volume and value, details of adjustments made, data mismatches between client supporting document stream and transaction stream, method of payment details. Example clients are Local Schemes, Department of Work and Pensions, Girobank, NSB, UKPS, AON, First rate, DVLA, Department of Health, Inland Revenue. | Data Preparation/ Data Exception | Client | Report | TMS/POL FS |

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Management Reporting

| Ref | Requirements Description | Business Area | Category | Report/ Functionality | Proposed Application Area |
|------------|---|-----------------------------------|-----------------|------------------------------|----------------------------------|
| MI 114 | Volume and value of outstanding exceptions by branch, by age, by value | Data Exceptions | Management | Report | POL FS |
| MI 115 | Volume and value of issued errors by product or branch | Data Exceptions | Management | Report | POL FS |
| MI 117 | Number and value of maintained errors and write offs by product | Data Exceptions | Management | Report | POL FS |
| MI 118 | Ability to pull off statistics regarding team performance (exceptions created, exceptions issued, exceptions cleared, exceptions outstanding etc). Ability to remove from one teams statistics and add to another team as the exception passes through the process. | Data Exceptions/ Debt Recovery | Management | Report | POL FS |
| MI 122 | Debtor days by client and product and trend analysis monitoring | Debt Recovery | Management | Report | POL FS |
| MI 123 | Creditor days by organisation and product and trend analysis monitoring | Debt Recovery | Management | Report | POL FS |
| MI 124 | Errors produced for creditors and debtors – issued or resolved, number and value, by client and product. | Debt Recovery | Management | Report | POL FS |
| MI 125 | Progress of exception handling measured against target (failures to issue or clear in x number of days) | Debt Recovery | Management | Report | POL FS |
| MI 126 | Aged debt profile by number and value | Debt Recovery | Management | Report | POL FS |
| MI | Debt as a percentage of | Debt Recovery | Management | Report | POL FS |

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|--------|---|------------------------|------------|--------|--------|
| 127 | sales/transactions by product | | | | |
| MI 128 | Monitoring of percentage of debt recovered and outstanding | Debt Recovery | Management | Report | POL FS |
| MI 129 | Bad debt provision monitoring | Debt Recovery | Management | Report | POL FS |
| MI 173 | <p>Ability to track KPIs for the Cash Accounting and Cash Management teams, against (3 levels of summarisation)</p> <ul style="list-style-type: none"> • individual target, • team target and • group target. <p>Broken down by</p> <ul style="list-style-type: none"> • Exception type. • By product, • Resolution reason <p>In addition it must be possible to determine the</p> <ul style="list-style-type: none"> • Error clearance rate (per person per week) • Average time spent at each stage of the process by product by the individual. <p>The targets must be parameter driven and it must be possible to group products together and report as above against targets</p> | Performance Management | Management | Report | POL FS |

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Ref:**Operational Reporting (What we need to do our day jobs)**

| Ref | Requirements Description | Business Area | Category | Report/ Functionality | Proposed Application Area |
|--------|--|-----------------|-------------|-----------------------|---------------------------|
| MI 130 | Ability to pull off ad hoc reports selecting required data fields from available list and defining format as required. | All | Operational | Functionality | Data Warehouse POL FS |
| MI 131 | Ability to run batch reports to defined timescales and formats as required. | All | Operational | Functionality | Data Warehouse POL FS |
| MI 132 | Volume and value of transactions and sup doc information to be reported in a variety of ways (e.g. by transaction, by product, by product breakdown (e.g. postal order bands) by branch, by client, by group of branches, by method of payment). Require the ability to identify negative sales (volume and value, by branch, by product). | Data Exceptions | Operational | Report | Data Warehouse |
| MI 133 | All created exceptions to be reported by transaction, by product, by branch. All outstanding exceptions to be reported by transaction, by product, by branch. | Data Exceptions | Operational | Report | Data Warehouse |
| MI 134 | Details of cleared exceptions to be archived but still accessible to provide a rolling 12 month view. | Data Exceptions | Operational | Report | POL FS/ Data Warehouse |
| MI 136 | Ability to flag branches on exception reports that require priority attention or specific action (e.g. A = Network Reinvention Office). Ability to increase the number of flags applied at any one time (max 10) and redefine criteria as necessary to enable prioritisation of exception handling. | Data Exceptions | Operational | Functionality | POL FS |
| MI 139 | Ability to report Debt Recovery | Debt Recovery | Operational | Report | POL FS |

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|--------|--|---------------|-------------|---------------|--------------------------|
| | Management By branch, by branch type, by Agent name, by product (by client), by age of debt. | | | | |
| MI 140 | Report on high value debt (e.g. all outstanding debt which exceeds a defined limit, by branch) | Debt Recovery | Operational | Report | POL FS |
| MI 141 | Report on Debt Recovery repeat offenders (problem offices) | Debt Recovery | Operational | Report | POL FS |
| MI 142 | Value of debt or credit by number, by branch, by branch type (to meet current organisational structure), by product, by method of payment, by age of debt | Debt Recovery | Operational | Report | POL FS |
| MI 143 | Former Subpostmasters accounts held including Branch, Agent name, Age of debt, Dispute details, Losses (write off). Ability to search on a particular field (i.e. Agent name) and be able to track status, audit log entries | Debt Recovery | Operational | Functionality | POL FS |
| MI 144 | Ability to identify specific types of debt e.g. Invoices debt – Licence fee, ISIS, Shortages, by agent, by branch, by age of debt | Debt Recovery | Operational | Report | POL FS |
| MI 145 | Disputed debt by branch, by client (e.g. Giro) | Debt Recovery | Operational | Report | POL FS |
| MI 146 | Non-recoverable debt – e.g. as a result of fraud or client negotiations, details to be held until written off. By network (national total of all branches), by branch, by product, by client | Debt Recovery | Operational | Report | POL FS |
| MI 147 | Data archiving ability | Support | System | Functionality | POL FS Data Warehouse |
| MI 148 | Ability to access archived data easily and run reports by transaction, by branch, by product, by client as | Support | System | Functionality | POL FS Data Warehouse |

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|--------|--|-----------------|-------------|------------------------|-----------------------|
| | required | | | | |
| MI 151 | Ability to schedule regular report production. Ability to monitor production of scheduled reports. | Support | System | Functionality | POL FS Data Warehouse |
| MI 152 | Report showing transaction, supporting document or client level adjustments. By branch, by product, by value, by number. To include date of adjustment, user details and reason code for adjustment. | Data Exceptions | Operational | Functionality & Report | TMS/POL FS |
| MI 174 | Ability to carry out Rota Checking. The rota checks must be data driven and the outlets selected will vary over time. This is in support of Rota Checking Process. | Exceptions | | Report | POL FS |

Cash Management Requirements

| Ref | Requirements Description | Business Area | Category | Report/ Functionality | Proposed Application Area |
|--------|--|-----------------|-------------|------------------------|---------------------------|
| MI 153 | Ability to undertake trend analysis in order to aid forecasting of the future value of transactions (e.g. DNS, Girobank, DVLA) | Cash Management | Operational | Functionality & Report | POL FS |
| MI 154 | Ability to undertake trend analysis in order to aid prediction of client for ESFS | Cash Management | Operational | Functionality & Report | POL FS |
| MI 155 | Ability to identify and report the current outstanding balance within each ledger. | Cash Management | Operational | Functionality & Report | POL FS |
| MI 157 | Ability to identify and report stock holdings by client, by product, by denomination (e.g. Vodaphone phonecards, £5, £10 etc.) | Cash Management | Operational | Report | POL FS |

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|--------|---|-----------------|-------------|------------------------|-------------------------|
| MI 159 | Ability to produce reports to aid reconciliation of ledgers and substantiate ledger balances | Cash Management | Operational | Functionality & Report | POL FS |
| MI 161 | Ability to provide verification of accounts – Ernst & Young Audit requirement | Cash Management | Operational | Functionality | POL FS |
| MI 164 | Ability to identify cash and stock holdings by product, by branch | Cash Management | Operational | Functionality/ Report | POL FS |
| MI 165 | Ability to produce statement of accounts for each client including brought forward figures, sales, settlements made and a closing balance. | Cash Management | Operational | Functionality/ Report | POL FS |
| MI 167 | Ability to identify cash remittance in transit values by product. | Cash Management | Operational | Functionality & Report | POL FS |
| MI 168 | Summary report of data posted to ledgers and interfaced to ESFS by value of debits/credits against each ledger code. | Cash Management | Operational | Report | POL FS |
| MI 171 | Daily, National summary of transactions, by client, by product, by method of payment. Split by deposits and withdrawals (rather than net position). | Cash Management | Operational | Report/ Functionality | POL FS |
| MI 172 | Updated transaction data received from Non polled offices to have indicator flag applied. | Cash Management | Operational | Functionality & Report | POL FS & Data Warehouse |

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Ref:**8.9.3 Data Warehouse reporting****8.9.3.1 Requirements from the Programme CD**

| No. | Revised Description |
|---------|--|
| MI 1001 | Ability to produce reports of volume and value <ul style="list-style-type: none"> • by organisation, • By product, • by client, • by time • By branch • By group of branches • By cash centre area • Method of payment The reports should be capable of delivery at the transactional data level |
| MI 1002 | Ability to identify top sellers, worst sellers write-off, wastage for particular products by time and organisation. |
| MI 1003 | Ability to pull off adhoc reports by selecting required data fields and defining required format |
| MI 1004 | Provision of information regarding office opening hours, closures and relocations to various internal parties and clients, replacing report 'TP 129' |
| MI 1006 | Ability to produce value and volume of exceptions (transaction corrections) for historic reporting and trend analysis. <ul style="list-style-type: none"> • By transaction type • By product, • By organisational unit, • By exception status (e.g. created, cleared, outstanding), • Period Against total |
| MI 1009 | Ability to run batch reports to defined timescales and formats. |
| MI 1010 | Ability to identify and report on multiple transactions (e.g. multiple AP transactions carried out against the same customer reference). Based on an OPTIP report that provides information of this nature (1958 - Multiple Transactions Report). |
| MI 1011 | The ability to archive detailed transaction data after 3 months and summary data after 5 years. Archived data should be held for up to 4 financial years. |
| MI 1012 | The ability to retrieve both transaction and summary level archived data in-line with the current data retrieval SLA for OPTIP. |
| MI 1013 | The ability to hold transaction data for up to 3 months on line. |
| MI 1015 | Ability to browse details of all products and all clients including mapping of products to clients. |
| MI 1016 | Ability to carry out Rota Checking. The rota checks must be data |

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| | driven and the outlets selected will vary over time. This is in support of Rota Checking Process. |
| MI 1017 | Ability to carry out Range Checking of aggregate total. This is in support of the Range Checking process. |
| MI 1018 | <p>Interface to allow investigation of transaction data by the Cash Accounting and Cash Management teams in support of the following processes:</p> <ul style="list-style-type: none"> • A44 Client Settlement to Client • A45 Client Settlement from Client <p>It must be possible to load client transaction level data for investigation and compare to the POL transaction data stream for that client.</p> |

8.9.3.2 Intellect Standard Report

Working assumption: None of the standard intellect reports will be migrated to work against the new MI system.

(Note: A review will be carried out by the Business Change team to identify which, if any, of the standard reports will be migrated, in either their current form or a new form to run against the POL Data Warehouse. This work is still outstanding.)

8.9.3.3 Deferred S70 reporting requirements

| No. | Original Description |
|---------|---|
| MI 1101 | To report on Product P&L where all income (volume and Value – Horizon), and cost (ESFS, SAP HR), can be apportioned across the product range to defined drivers. |
| MI 1102 | To report on Branch P&L where all income (volume and Value – Horizon), and cost (ESFS, SAP HR), can be apportioned to defined drivers across the organisation hierarchy |
| MI 1103 | Data feed required to produce the Recall report. This is based on an existing AIS. |
| MI 1104 | Data feed required to produce the NRM report. This is based on an existing AIS. |
| MI 1111 | Data feed required to existing Horizon MIS |
| MI 1112 | To be able to perform an analysis across both Outlet and Product P&L |
| MI 1113 | Data feed required to Martins (Would also require interface from Camelot) |
| MI 1114 | Data feed required to DPI |
| MI 1115 | Ability to pull cash holding data and transaction data from a single source. |

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Doc: POL/IMPACT/DES/***
Ref:**8.9.3.4 Branch trading workshop requirements**

| No. | Original Description |
|---------|--|
| MI 1106 | Data feed required to support Risk Model |
| MI 1107 | <p>Ability to monitor and take action on the completion of Branch Trading Statements</p> <p>There is a requirement to produce summary reports based on the existence and data contained within the following events flowing from the Horizon system; "Trading Statement Created", "Trading Statement Period Rolled", "Trading Statement Period Roll Abandoned". The reports will also use Trading Statement Calendar information from NRDS to summarise those branches which have not completed their Trading Statement within the correct timescales.</p> <p>There is a further requirement to enquire on existence and data contained within these events, to allow further investigation of Branch Trading Statement production activity.</p> |
| MI 1108 | <p>Ability to monitor and take action on amounts made good and/or amounts removed with associated values</p> <p>There is a requirement to produce summary reports based on the existence and data contained within the following events flowing from the Horizon system; "Excess Cash Removed", "Cash Shortage Made Good". The reports will summarise the activity by branch and by volume of events and value of amounts made good, over defined time periods.</p> <p>There is a further requirement to enquire on existence of and data contained within these events, to allow further investigation of Cash Make Good activity.</p> |
| MI 1109 | <p>Ability to monitor the usage of Cash Variance reports</p> <p>There is a requirement to produce summary reports based on the existence and data contained within the following events flowing from the Horizon system; "Cash Variance Report Previewed", "Cash Variance Report Printed". The report will summarise the existence of such events over defined time periods.</p> <p>There is a further requirement to enquire on existence of and data contained within these events, to allow further investigation of Cash Variance Reporting activity.</p> |
| MI 1110 | <p>Ability to monitor and take action the number of outstanding Transaction Corrections at a branch</p> <p>There is a requirement to produce summary reports based on data from POL-FS and on the existence and data contained within the "Outstanding Transaction Correction Reminder Displayed" event flowing from the Horizon system. The report will summarise and highlight, transaction corrections by branch, by age outstanding and</p> |

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| | |
|--|--|
| | <p>by volume and value. There is also a requirement to enquire on existence of and data contained within the “Outstanding Transaction Correction Reminder Displayed” events, to allow further investigation of Transaction Correction activity</p> |
|--|--|

8.10 New Reference Data System

The NRDS has jurisdiction over the following systems:
Horizon; POL FS; SAP HR.

It is not in the scope of the NRDS to control reference data on SAP ADS, WCS, or ESFS

The interfaces between these systems and POL FS will be controlled by use of mapping tables.

8.10.1 Shared Data

POL and NRDS have common data that requires interfacing from R3/S80.
The common data entities are:

| Master System | Data Entities |
|---------------|---|
| NRDS | Branches Clients Products Agents Branch Hierarchy |
| POL FS | Chart of Accounts |

The maintenance process on NRDS may need some additional changes for S80 subject to a full understanding of the components of the data that will be maintained on NRDS.

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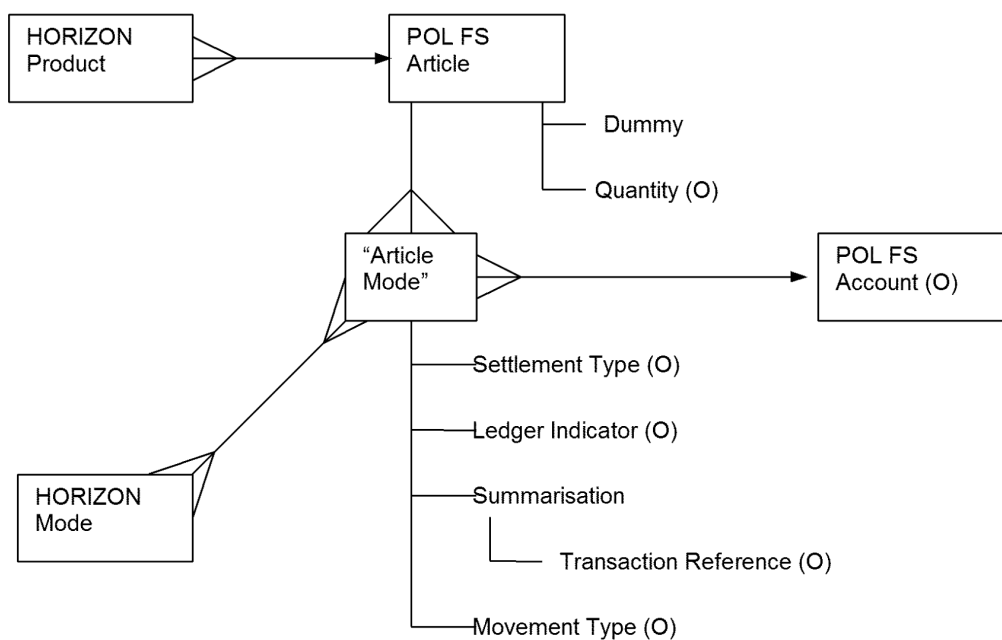
Doc: POL/IMPACT/DES/***
Ref:**8.10.2 Interface Control**

NRDS needs to provide the Reference Data control and mapping for the interfaces between Horizon and POL FS.

There are two components to this:

- 1) A logical database linking the various components of the data entities.
- 2) An Interface to pass this logical database to Horizon where the mapping will take place.

There is a requirement for the logical database to be updated directly in NRDS.

Logical Data Map

Map of Data Entities in Logical Data Map to POL Data Model

| Logical Data Map | POL Data Model |
|------------------|--|
| Horizon Product | Product |
| Horizon Mode | Movement Type |
| Article | Product |
| Ledger Indicator | No exact equivalent but indicates difference between Client Ledger; Personal Agent Ledger; other ledgers |
| Account | Ledger Account |
| Movement Type | Movement Type |

9 Information Flows.

9.1 Branch Data from Horizon

| Attribute | Description |
|----------------------|---|
| Description | The files will contain all branch activity that has an impact on the financial ledgers or the stock quantities. |
| Logical data items | <ul style="list-style-type: none">▪ Movements in Cash/near cash in hand▪ Sales of stock items quantity and value▪ Client transactions number and value▪ REM in and out of cash/near cash and stock▪ Adjustment/suspense item values▪ Foreign currency revaluations |
| Special requirements | The link between the Horizon definitions of client products and the POL FS definitions of materials, clients will be controlled using Type A reference data. |
| Time constraint | File will be received & processed by 07:30 on day B where day A = Trading day |
| Type of Object | Electronic Data File |
| AIS | Issued |
| Source | Horizon |
| Destination | POL FS |
| POL Data Model | All logical data items above equate to either: Ledger Posting: For all value transactions Inventory Item: For all stock transactions |

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COMMERCIAL IN CONFIDENCEProject: Automated Ledgers
Doc: POL/IMPACT/DES/***
Ref:

9.2 Cash Centre Data From SAP ADS

| Attribute | Description |
|---------------------------|---|
| Description | The file will contain all activity in cash centres that have a financial effect on PO Ltd. |
| Logical data items | <ul style="list-style-type: none">▪ Cash & Bank balances▪ Client Transactions initiated in cash centres & completed in liquidity team managed bank accounts▪ Cash/Foreign exchange Rem in/out data.▪ NI Cheques remittances▪ Write offs and adjustments.▪ Foreign currency revaluations▪ Wholesale foreign currency movements |
| Special requirements | The link between the SAP ADS and POL FS definition of GL accounts will be controlled using Type A reference data |
| Time constraint | File will be received & processed by 07:30 on day B where day A = Trading day |
| Type of Object | Electronic Data File |
| Outstanding Items for AIS | It is unclear if information relating client related transactions will be recorded such that TMS can pass this data to MI. The design of this interface will assume that a base level of information relating to client transactions will be required such that MI can pick up this information if required. |
| AIS | Issued V0.1 |
| Source | SAP ADS |
| Destination | POL FS |
| POL Data Model | All logical data items above equate to either: Ledger Posting: For all value transactions Inventory Item: For all stock transactions |

Additional details relating to this information flow is in section 8.2.2.

9.3 Financial Results to ESFS

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Doc: POL/IMPACT/DES/***

Ref:

| Attribute | Description |
|----------------------|--|
| Description | The file will contain the summarised financial results of PO Ltd Network as required by ESFS |
| Logical data items | <ul style="list-style-type: none"> ▪ Movements on GL accounts, possibly split by branch and cash centre if required. |
| Special requirements | None |
| Time constraint | File will be created on Day 1 of each period end |
| Type of Object | Electronic Data file |
| Outstanding for AIS | The current feed to ESFS is constrained by the level of detail held on the current ledgers. The design of POL FS will provide greater flexibility to record information in a way that fits ESFS better. The precise requirements are still being investigated. |
| Source | POL FS |
| Destination | ESFS |
| POL Data Model | <p>All logical data items above equate to either:</p> <p>Ledger Posting: For all value transactions</p> <p>Inventory Item: For all stock transactions</p> |

9.4 Transaction Corrections to Horizon

| Attribute | Description |
|----------------------|--|
| Description | The file will contain transaction corrections from the agents ledger. |
| Logical data items | <ul style="list-style-type: none"> ▪ Individual transaction corrections incorporating Branch, client/material, and instructions |
| Special requirements | The link between the Horizon definitions of client products and the POL FS definitions of materials, clients will be controlled using Type A reference data. |
| Time constraint | The file will be processed Daily and will be sent to Horizon for processing each evening by 24:00 |
| Type of Object | Electronic Data file |
| AIS | Issued |
| Source | POL FS |
| Destination | TMS/Horizon |
| POL Data Model | <p>All logical data items above equate to either:</p> <p>Ledger Posting: For all value transactions</p> <p>Inventory Item: For all stock transactions</p> |

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Project: Automated Ledgers
Doc POL/IMPACT/DES/***
Ref:

9.5 Reference Data From NRDS

| Attribute | Description |
|----------------------|---|
| Description | Reference data controlled by NRDS |
| Logical data items | <ul style="list-style-type: none"> Branches Clients Products Agents Branch Hierarchies |
| Special requirements | It is probable that the flow from NRDS for each of these data items will only provide part of the data required by POL FS. POL FS will then use internal rules or manual process to add the rest of the data. |
| Time constraint | Daily |
| Type of Object | Electronic Data file |
| Outstanding for AIS | The logical data items have been identified but the components of each data item still needs to be defined. |
| AIS | Issued – one for each logical data item |
| Source | NRDS |
| Destination | POL FS |
| POL Data Model | All Logical items map to POL Data Model entities of the same name, except for Branch Hierarchies where there is no apparent entity. |

9.6 Reference Data To NRDS

| Attribute | Description |
|----------------------|--|
| Description | Reference data controlled by POL FS |
| Logical data items | <ul style="list-style-type: none"> Chart of Accounts |
| Special requirements | |
| Time constraint | Daily |
| Type of Object | Electronic Data file |
| Outstanding for AIS | The logical data items have been identified but the components of each data item still needs to be defined. |
| AIS | Issued |
| Source | POL FS |
| Destination | NRDS |
| POL Data Model | <p>Chart of accounts map to Ledger Account entities</p> <p>Different accounts will map to either: P&L Item account; Branch Ledger Account; Cash & Bank account; Borrowing Investment Account; Other accounts not specified in POL Data Model</p> |

Conceptual Design
COMMERCIAL IN CONFIDENCEProject: Automated Ledgers
Doc: POL/IMPACT/DES/***
Ref:**9.7 Reference Data NRDS to Horizon**

| Attribute | Description |
|----------------------|--|
| Description | Interface Mapping tables to control interfaces between Horizon and POL FS. |
| Logical data items | Mapping database See logical data map section 8.10.2 |
| Special requirements | The control over the mapping table must be within NRDS. |
| Time constraint | Daily |
| Type of Object | Electronic Data file |
| Outstanding for AIS | The definition of the interface is still to be agreed and understood by all parties. |
| AIS | Unknown |
| Source | NRDS |
| Destination | Horizon |
| POL Data Model | See 8.10.2 |

9.8 NSSC Stock movements from WCS

| Attribute | Description |
|----------------------|---|
| Description | The file will contain stock movements from the NSSC |
| Logical data items | <ul style="list-style-type: none">▪ Goods receipts and returns of stocks from/to vendors/clients▪ Goods issues and returns of stocks to/from branches▪ Write off/adjustments of stock in NSSC |
| Special requirements | The link between the WCS and the POL FS definitions of materials will be controlled using Type A reference data. |
| Time constraint | Daily file to be processed by 7.30am on Day B where Day A is trading day |
| Type of Object | The above time constraint assumes Electronic Data file |
| Outstanding for AIS | The component parts of the logical data items need to be defined. |
| AIS | Issued |
| Source | WCS |
| Destination | POL FS |
| POL Data Model | Logical data items will all be Inventory Item Movements |

9.9 Summary Transaction Information to Girobank

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Doc: POL/IMPACT/DES/***

Ref:

| Attribute | Description |
|----------------------|---|
| Description | The file will contain the summary of transaction information relating to Girobank. |
| Logical data items | <ul style="list-style-type: none"> Summarised transactions quantities and values by branch, day and product as required. |
| Special requirements | Currently Girobank have their specific file layouts. |
| Time constraint | Currently weekly |
| Type of Object | Electronic Data File |
| Outstanding for AIS | The current feed of data to Girobank is based on Cash Account concepts and relevant reference data. This information is going to change and discussions are required with Girobank to establish requirements. |
| AIS | Outstanding |
| Source | POL FS |
| Destination | Girobank systems |
| POL Data Model | Ledger postings |

9.10 Summary Transaction Information to NS&I

| Attribute | Description |
|----------------------|---|
| Description | The file will contain the summary of transaction information relating to NS&I |
| Logical data items | <ul style="list-style-type: none"> Summarised transactions quantities and values by branch, day and product as required. |
| Special requirements | Currently NS&I have their specific file layouts. |
| Time constraint | Currently weekly |
| Type of Object | Electronic Data File |
| Outstanding for AIS | The current feed of data to NS&I is based on Cash Account concepts and relevant reference data. This information is going to change and discussions are required with NS&I to establish requirements. |
| AIS | Outstanding |
| Source | POL FS |
| Destination | NS&I systems |
| POL Data Model | Ledger postings |

Conceptual Design
COMMERCIAL IN CONFIDENCEProject: Automated Ledgers
Doc: POL/IMPACT/DES/***
Ref:**9.11 Remittance Advices to Clients**

AIS not being produced – not an electronic data flow

| Attribute | Description |
|----------------------|---|
| Description | The file will contain the detail of collections from or payments to clients |
| Logical data items | <ul style="list-style-type: none">Summarised transactions quantities and values by branch, day and product as required. |
| Special requirements | The remittance advice will be of the same layout for all clients |
| Time constraint | Based on settlement terms |
| Type of Object | Likely to be mainly paper, but can be sent electronically or by fax. |

9.12 Statements to Clients

AIS not being produced – not an electronic data flow

| Attribute | Description |
|----------------------|---|
| Description | The file will contain the details of outstanding items owed to or owing from clients |
| Logical data items | <ul style="list-style-type: none">Summarised outstanding transactions quantities and values by branch, day and product as required. |
| Special requirements | The aim is to standardise statements to be the same layout for all clients |
| Time constraint | As required – may be weekly or monthly or adhoc |
| Type of Object | Likely to be mainly paper, but can be sent electronically or by fax. |

9.13 Stock Statements to Clients

AIS not being produced – not an electronic data flow

| Attribute | Description |
|----------------------|---|
| Description | The file will contain the details of stock movements |
| Logical data items | <ul style="list-style-type: none">Summarised transactions quantities by product |
| Special requirements | The aim is to standardise statements to be the same layout for all clients |
| Time constraint | As required – may be weekly or monthly or adhoc |
| Type of Object | Likely to be mainly paper, but can be sent electronically or by fax. |

9.14 Statements to Agents

AIS not being produced – not an electronic data flow

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Ref:

| Attribute | Description |
|----------------------|---|
| Description | The file will contain the details of outstanding items owing from agents |
| Logical data items | <ul style="list-style-type: none">▪ Transaction Corrections▪ Other amounts |
| Special requirements | The statements will be of the same layout for all agents |
| Time constraint | As required – may be weekly or monthly or adhoc |
| Type of Object | Likely to be mainly paper, but can be sent electronically or by fax. |

Conceptual Design
COMMERCIAL IN CONFIDENCE**Project:** Automated Ledgers
Doc POL/IMPACT/DES/***
Ref:**9.15 Payments file to BACS**

| Attribute | Description |
|----------------------|---|
| Description | The file will contain payment information |
| Logical data items | <ul style="list-style-type: none">Third party bank informationPost office bank informationPayment references and values |
| Special requirements | None at this time |
| Time constraint | None |
| Type of Object | Electronic file |
| AIS | Outstanding |
| Source | POL FS |
| Destination | BACS via Prism BACS gateway |
| POL Data Model | Ledger Postings |

9.16 Enhancement to ESFS to NRDS Interface

| Attribute | Description |
|----------------------|---|
| Description | Reference data controlled by ESFS |
| Logical data items | <ul style="list-style-type: none">Cost CentresInternal Orders |
| Special requirements | |
| Time constraint | Daily |
| Type of Object | Electronic Data file |
| Outstanding for AIS | Definition of requirements from MI and POL FS for their requirements from Cost Centres and Internal Orders. |
| AIS | Outstanding |
| Source | ESFS |
| Destination | NRDS |
| POL Data Model | Cost Centres & Internal order – Represent Organisation Units – in particular Branches |

10 Non-Functional Requirements

10.1 Volumetrics

10.1.1 Peak Day figures

| Source | Contracted Volume Documents | Contracted Volume line items |
|------------------------|-----------------------------|------------------------------|
| Horizon | 54,000 | 3,600,000 |
| SAP ADS | 27 | 24,000 |
| WCS | 4300 | 365,000 |
| Bank Statements | 15 | 1200 |
| Clearing Transactions* | 200,000 | |
| Other Manual | 1000 | 3000 |

* Clearing transactions in SAP GL do not create new line items but do create a header document.

10.1.1.1 Audit and archive

The audit requirement for business data is to keep monthly summary records for 7 years

It is not desirable from a sizing perspective to keep all this data online within the SAP database and data archiving of the following objects will be required.

| | | Documents | Lines per doc | Line Items | Retention period months | Comments |
|-----------|--------------------------|------------|---------------|---------------|-------------------------|-------------------------------|
| CCA | Cost Centre Accounting | 10,000 | 15 | 150,000 | 13 | Needs to be held for 1 yr |
| PCA | Profit Centre Accounting | 10,000,000 | 10 | 100,000,000 | 3 | Needs to be held for 1 yr |
| FI (fb01) | Finance Documents | 8,320,000 | 139 | 1,156,480,000 | 13 | |
| MM (mb01) | Material Movements | 7,346,000 | 137 | 1,006,402,000 | 3 | |
| SD (va01) | Sales invoices | 5,320,000 | 160 | 851,200,000 | | 1 ST 3 MONTHS ONLY |

Storage of the archived data must be on a media that is reliable over a 7-year period.

Data that has been archived should be retrievable:

- by the end user within 5 minutes for documents that are less than 2 years old
- upon request for documents that are more than 2 years old.

The audit requirements from a technical perspective are:

- to keep a copy of all bulk data files exchanged between the POL FS domain and other domains. The data should be the raw (unprocessed) data and be kept for 18 months.
- audit records of user activity within the SAP application should be created by standard SAP functions and then stored within the SAP system

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Ref:

- audit records of support activity on the POL FS host platforms should be created by standard Horizon functions and then stored in line with current Horizon practices

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Doc: POL/IMPACT/DES/***
Ref:**10.1.2 Numbers of Users**

For release 3 there will be 350 named users with a concurrency of 20%, where concurrency is defined as users logged onto the system and have been active within the last 30 minutes. Users that have been inactive for more than 30 minutes will be automatically logged off.

The end-to-end POL FS system should be designed to cater for this population of users, including presentation, wide area network and hosting.

10.2 Sizing Assumptions

17000- 18000 documents will be received nightly, in approximately 60 files, from Horizon.

Approximately 20 documents will be received nightly in a single file from SAP ADS.

Both these must be processed by 0730 on day B; where day A = Trading day

10.3 Service Levels

Reviews of this service will be held at agreed intervals, typically monthly. The reviews with each of Prism Alliance and Fujitsu Services, will be attended by the service managers from POL, together with appropriate operational and technical managers. The reviews will consider the service performance against the OLA and SLA; the impact of any forecast service changes; open problems and any service improvements.

Availability and Reliability

The availability of the online SAP service is to be measured between 07:30-19:30 on Monday-Friday (excl. Bank Holidays).

The service will be measured in 2 parts:

- the host service
- the presentation service

Host Service

- The host service is defined as being available if the SAP host system is available to be logged into and there are no overnight data load jobs still processing.
- The target availability is to be 98.5% (this equates to an average of 4 hours outage per month)
- The maximum downtime permitted during a single outage is 4 hours.
- This service level target is to be measured over a period of 1 quarter
- Although the service is not measured at the weekends or bank holidays, it is expected that the service should be available 7 days per week (07:30-19:30), except by agreement. The windows between 19:30 to 07:30 is available for batch processing
- Support for the Service should be available during the hours of service measurement i.e. 07:30-19:30 Mon-Fri (excl. Bank Holidays)
- It is expected that the host service should be monitored using standard SAP functionality and that the reporting should fit in within the reporting framework for Horizon.

Client/Network Service

¹ The service boundary will be defined during contractual discussions

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Ref:

The client/network service is defined as the SAP client and the associated local area networking to reach access to the service boundary¹ at Huthwaite. This is covered with another agreement.

Data Delivery Times

It is envisaged that the data delivery times will align with current LFS delivery times, although this needs to be confirmed. Reference the SLA and associated liquidated damages where relevant are stated in Schedule 15.

In particular, the feed from Horizon of daily cash on hand details may require some strengthening to the current data delivery times which exist for transaction data to TIP. It may be necessary to strengthen this (for example, utilising the current cash on hand delivery SLA with Fujitsu supplemented by a further SLA with PRISM to ensure the end to end processing time is met to match the standards of delivery to SAP ADS) in order to deliver the benefits of increased control over cash movements on a daily basis. This needs to be confirmed.

The end to end delivery time to the ledgers must also be reviewed to ensure that both the delivery of data by Fujitsu and any subsequent processing necessary within the POL FS ledger is completed by the time reliable ledger information is required.

The resulting reliability of the ledger entries must be maintained, i.e. the completeness of the daily cash figures arising from the percentage delivery of transactions must be consistent with existing levels of completeness of the current weekly cash figures.

The working assumption is that file deliveries will be in line with current deliveries:

- SAPADS file to be available to POL-FS to enable process completion by 07:30
- Horizon file to be available on the SAP host at 03:00
- All other data to be loaded into POL FS to be made available by 03:00
 - New reference data to POL FS
 - Stock movements from WCS to POL FS

It is a requirement to have all the data loaded by 07:30.

The service level target is that no more than 3 failures to meet this criteria should be allowed in any quarter.

This measurement will exclude failures caused by:

- SAPADS files being made available after 04:00
- Failures caused by incorrect functioning of Prism application code or incorrect configuration of the POL FS application (e.g. missing FAD)

The service level will be reviewed during the service level discussions on network banking, where service targets may be moving to annually rather than quarterly

The following files should be produced on POL FS by midnight to enable data to be sent to the target systems and loaded by 07:30:

- From POL FS to ESFS
- Transaction information from POL FS to clients
- Transaction information from POL FS to NS&I
- From POL FS to new ref data
- Transaction correction files to TMS

The BACS interface will be scheduled to run during the on-line day.

¹ The service boundary will be defined during contractual discussions

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Doc POL/IMPACT/DES/***
Ref:**Help desks**

Helpdesk support for POL FS will need to be agreed, and where necessary links between all three systems for Helpdesk support should be established.

Service level reports

Service Level reports should be produced in line with current service level and operational level reporting, and will be discussed at a relevant forum.

NB The resulting solution (end to end across all boundaries and suppliers, from initial data capture to final data delivery) should not significantly impact the run times of the current batch process, and Current operational achievements should still be met.

Service Fault Diagnosis

Key components of the system should be monitored and alerts raised if there are problems. Diagnostic tools should be created, so that in the event of a failure, it will be possible to identify where problems are occurring in the end-to-end service.

The boundary between Fujitsu managed systems and Prism managed systems needs to be monitored to enable the cause of problems to be swiftly diagnosed

10.3.1 Post Office™

No Additional requirements

10.3.2 Fujitsu Services

| | |
|--|--|
| | See service levels for the Host Service under section 10.3 |
|--|--|

10.3.3 Prism Alliance

| | |
|--|------------------------------------|
| | Same as current LFS service levels |
|--|------------------------------------|

10.4 Problem Management & Tracking**10.4.1 Incident Management**

Whilst the details of incident management need to be worked through, the principle is that PRISM will remain first port of call for end-user SAP problems, passing any calls onto Fujitsu where appropriate.

Help desk scripts should be updated to reflect any new components introduced in Release 3.

10.4.2 Failure Recovery

Covered in section 10.5

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Doc: POL/IMPACT/DES/***
Ref:**10.4.3 Backup & Recovery**

All business data must be backed up daily. Backups should be kept for 4 days before being overwritten.

10.4.4 Problem Management

| | |
|--------|---|
| PM 001 | Any known problems will be explained prior to go live and subsequently formally handed over to POL's Problem Management Team. |
| PM 002 | Problem Management requirements will be worked up and documented within Prism OLA's/SLA's, with related procedures documented |

10.5 Business Continuity**Host Service**

There must be contingency arrangements in place for the POL FS service.

The maximum outage during failover is 48 hours

At the end of failover the data must be fully restored, but the system can run with a reduced service in terms of:

- the number of supported users
- end-user response times
- the time by which data loads have to be complete

Presentation Service

A disaster affecting the Huthwaite site will require failover of the presentation service (ITS and workplace servers). During failover the presentation service should be capable of supporting 30 users, and printing may be required.

10.6 Training

Additional training is required for all POL Central finance and Transaction processing staff who are identified as users on the POL Ledgers.

In addition to technical training it is important that these staff are given process awareness training so they understand how their roles fit into the end to end process and what the dependencies are.

Training will be carried out by POL, but there is a requirement on Prism to provide Knowledge Transfer of the new system and processes.

11 Technical Requirements

The following generic architectural principals apply:

- The applications should be data driven

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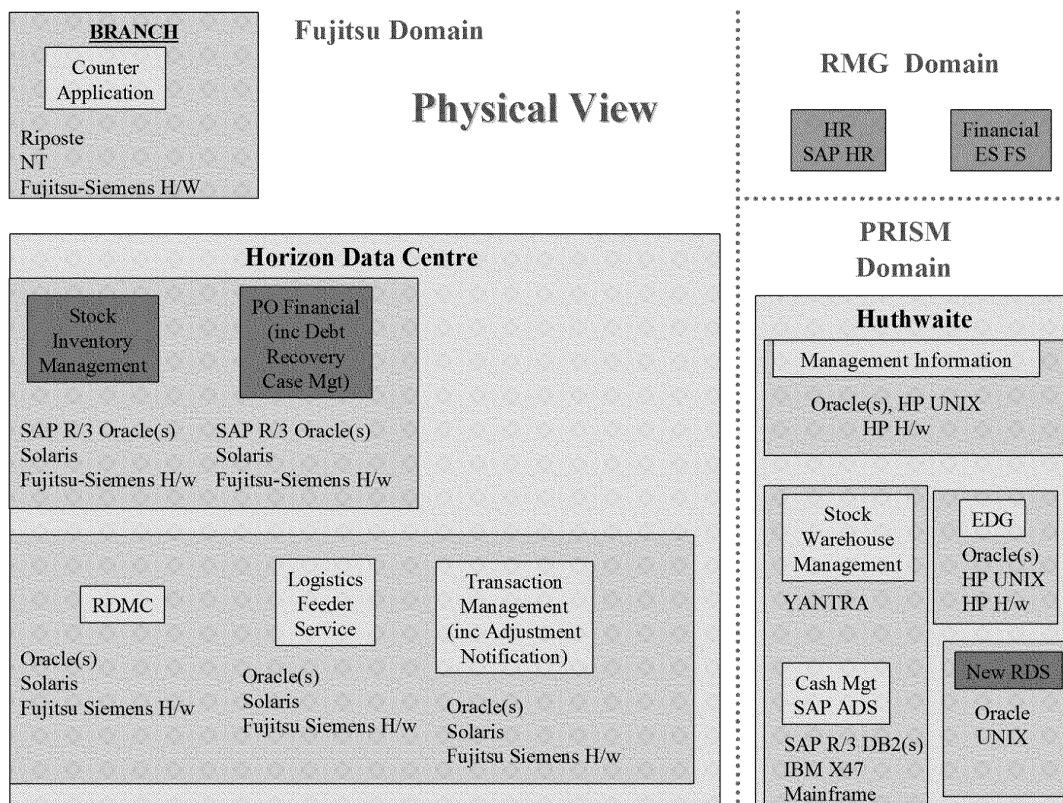
Doc: POL/IMPACT/DES/***
Ref:

- The applications should be module wherever possible thereby allowing components, such as the presentation layer, to be easily swapped out as more suitable modules become available.
- Minimisation of duplicate functions
- Consolidation of related processes, to minimise movements of data, reduce audit and reconciliation points
- Adoption of commodity platform products to minimise hardware and associated support costs and to maximise availability of skilled resources
- Usage of packages, where business requirements can be mapped onto generic product capabilities
- Clear separations of functional boundaries to retain flexibility in the future

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Ref:

11.1 End-to-End Architecture Diagram (Example shown below)



11.2 Architecture Principles

11.2.1 Application

POL FS is to be built using SAP R3 V4.7 Enterprise with a based of the Retail Industry Solution.

11.2.2 Resilience

The solution should be resilient to a single point of failure.

11.2.3 Performance

The requirement is for the ability to monitor the response times of a limited number of OLTP transactions at the back end. When combined with monitoring of network response times this will provide Post Office with a view of the overall response times. It is expected that standard SAP functionality should meet the SAP back-end monitoring requirements.

There are 2 specific performance requirements:

- The service level target is for the average response time of the agreed transactions to be completed within:
"1.5 - <WAN latency>" seconds.
where this measure is taken within the hosting environment (excluding WAN and presentation layers).
 - loading of data files as defined in the data delivery section of 10.3
- Capacity management of the platform should be brought into the standard Horizon capacity management regime.

11.2.4 Communications

Connectivity of the end-user presentation layer to the POL FS hosting service is to be channelled through Post Office's Northern Data Centre

11.2.5 Scalability

The solution must be scalable to cope with release 3, specifically in the following areas:

- Audit - For release 3 it is expected that there will 90 days worth of online details, with records being archived periodically
- Volumes - See section 10.1
- Numbers of users - 350 users at release 3 with 20% concurrency

The design proposal should explain how the solution will cope with an increase in the following:

- number of end users
- number of concurrent end users
- input data volumes
- online data volumes

whilst maintaining the contracted service levels. These will constitute the design limits in accordance with the approach defined in PA/PER/033.

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Any ceiling in the solution design should be identified in the design proposal

11.2.6 Systems Management

POL FS infrastructure is expected to be part of Horizon domain and managed as such, including initiation and control of batch jobs.

Bespoke processes such as the jobs that process the files fed from Horizon should be monitored.

It is not expected that test systems will need to set date/time to be something different from the current date/time.

The following service level monitoring is required

- the ability to monitor the response times of a limited number of OLTP transactions at the back end. When combined with monitoring of network response times this will provide Post Office with a view of the overall response times. It is expected that standard SAP functionality should meet the SAP back-end monitoring requirements.
- the availability of the service
- successful loading of the inbound interface files
- successful production and delivery of the outbound interface files

11.3 Integration & Interface

Horizon to POL/FS interfaces
SAP/ADS to POL/FS interface
POL/FS to Horizon interface
NRDS to POL FS interface
POL FS to NRDS interface
POL FS to ESFS interface
Summary Transactions to Clients (Girobank & NS&I) interface
Payments Data to BACS interface
WCS to POL FS interface
NRDS to Horizon interface Enhance existing interface.

The types of interfaces will be defined in the associated AIS's for each interface

11.4 Other Technical Requirements

SAP Help should be made available to development and test users from within the SAP client domain²

The SAP host must be able to communicate with the network printers in use within the SAP client domain

All production and test end-user access will be via ITS and workplace.
Development access will be via SAP GUI (on citrix servers)
File transfer access to development and test is required for developers.

12 Security Requirements

The principle is that Horizon data centre and Huthwaite are both trusted domains and should be operating to ISO 17799. The SAP host should be integrated into the Horizon domain as per the principle defined in Section 5.

The requirements for security then focus on the changes brought about by the introduction of the new SAP service and the interfaces between the 2 secure data centres. For each of these areas consideration should be given to Identification and Authentication, Access Controls, Audit and Alarms.

- SAP Application
 - All persons requiring access to the POL ledgers will have individual user ID with specific access suitable for their requirements.
 - User roles will be set up and administered in line with Consignia's "Security Operating Standards"
 - There is no requirement for secondary authentication; standard SAP passwords will be adequate.
 - Auditing of who has done what within the application will be provided by standard SAP functionality

² By SAP client domain this means the end user components of the SAP solution that are managed by Prism.

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- Support access to POL FS hosting systems should be controlled as per current Horizon support access standards
- Support access to presentation layer systems should be controlled as per current Prism standards
- Network
 - Access to data centres systems will be protected through Firewalls
 - Firewall logs should be monitored to detect attempts to gain unauthorised access
 - IPSEC encryption to be provided by the routers between Horizon data centres and Post Offices Northern Data Centre

12.1 Security Testing

User ID profiles will be tested as part of system and User Acceptance testing.

13 Deliverables / Work Packages

13.1 Post Office™

- The conceptual design document.
- Associated work packages.
- AIS for Horizon to POL/FS Interface
- AIS for SAP ADS to POL/FS Interface
- AIS for POL FS to Horizon
- AIS for NRDS to POL FS
- AIS for POL FS to NRDS
- AIS for POL FS to ESFS
- AIS for WCS to POL FS
- AIS for NRDS to Horizon – enhancement to existing interface
- AIS for Summary Transactions to Clients (Girobank & NS&I) interface

13.2 Prism Alliance

13.2.1 POL FS Development

Prism Alliance should develop a design proposal to meet the requirements set out in this document and provide the post office with a commercial proposal which will specify the costs, time-scales and resource implications for progressing to the solution build and test stage, and the implementation and rollout stage.

13.2.2 SAPADS Development

There was an initial assumption that there would be no changes required for SAP ADS. Since several processes start on SAP ADS and finish outside SAP ADS it is necessary to pick up these transactions individually. It is not easy to do this and keep the financial integrity of an interface without making some changes to SAP ADS.

Prism Alliance will investigate and recommend changes to SAP ADS that do not effect the key operation of the Cash Centres but will ensure financial integrity of SAP ADS and the interface to POL FS.

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Prism Alliance should develop an interface from SAPADS to POL FS for cash centre related data

13.2.3 End to End Integration, Testing and Approach

Post office will determine how this task is carried out.

See Section 17

13.2.4 Managed Service

Prism Alliance shall provide service support for the SAP elements of the POL FS application

13.2.5 Documentation

Prism Alliance shall update relevant current and produce any new contract controlled documents in support of the SAP/ SAP elements of the POL FS application

13.2.6 Internal Processes & Procedures

Prism Alliance shall update where necessary, any internal processes & procedures, in order to support the SAP elements of the POL FS application.

13.3 Fujitsu Services**13.1.1 Financial Ledgers Development**

Fujitsu Services will develop the extract file for the daily feed from Horizon to POL FS

Fujitsu Services will develop a solution on TMS and Horizon to receive and present the transaction correction files to the branches in line with AIS and Branch Trading Processes.

13.1.2 End to End Integration, Testing and Acceptance

Post office will determine how this task is carried out.

See Section 17

13.1.3 Managed Service

Fujitsu Services shall provide service support for hosting the POL FS application.

13.1.4 Documentation

Fujitsu Services shall update relevant current and produce any new contract controlled documents in support of the Horizon elements of the POL FS application.

13.1.5 Internal Processes & Procedures

Fujitsu Services shall update where necessary, any internal processes & procedures, in order to support the Horizon elements of the project.

14 Planning

14.1 Timescales

Refer to Release 3 and S80 project plans

14.2 Dependencies

The Financial ledgers are dependent on the completion of the Branch Trading Development in order to provide accurate data and enable effective operation of the Transaction Correction process.

There is a dependency on SAPADS to ensure that there is a feed of cash centre related data

There is a dependency on the New Reference Data System to provide an interface mapping tool to control the interfaces between Horizon and POL FS. The majority of mapping relating to this interface will take place in Horizon.

15 Acceptance

Acceptance takes place upon determining that the Automated Cash & Bank ledgers solution is fit for purpose. Acceptance for each Requirement will be conducted by one or more of the following methods: -

1. Document review

This method will comprise a document review by Post Office Ltd. of the relevant section of a document or documents. The classification and contractual status of any documents used for this purpose will remain unchanged.

2. Post Office Test

This method will comprise tests that run and managed by Post Office Ltd. The actual method of testing, which may utilise the Post Office Ltd. End-to-End test environment, will typically be used for those aspects of the solution that can only be verified as part of an overall Post Office End-to-End environment. The Post Office Test could also include document review.

3. Statement of fact or obligation

This classification will be used for those Requirements that represent an existing Prism obligation, or where the solution to a Requirement is self-evident and does not lend itself to formal proving.

16 Testing

NB: E2E references within this section refer to E2E testing and not the E2E Programme.

16.1.1 Testing Statement

The testing plan will be based around the following PO Ltd testing statement

Testing will be able to confirm the acceptance criteria for some requirements have been met during the various test phases. The criteria and the targeted test phase should be identified during the requirements analysis phase. The testing team should assess the testability of the acceptance criteria during the Requirements reviews.

An appropriate Test Strategy will be developed to reflect the release contents.

This will include some or all of the following testing phases.

16.1.2 Internal Functional Testing

Gaining assurance of main suppliers internal functional testing via: -

- Review suppliers internal test plans/ scripts for completeness
- Review suppliers internal test results / progress reports
- Review suppliers internal testing fault logs for impact

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Ref:**16.1.3 Non Functional Testing**

Due to the nature of this type of testing the aim would be to achieve this via engagement with the supplier in: -

- Supplier document reviews
- Review of supplier test plans / scripts for completeness
- Witness specific key tests during a supplier testing cycle
- Review supplier test results
- Review supplier test fault logs for impact

16.1.4 Interface Testing

Lead or Support Suppliers through the execution of Direct Interface testing between two suppliers e.g. Lead - Horizon to SAP/ADS

- Review or develop and agree Interface scripts between two supplier domains
- Support or coordinate set – up of test environments
- Support or coordinate the provision of Required Ref Data
- Support or execute where appropriate the tests
- Review the test results including any faults

16.1.5 E2E Integration Testing

This phase is where POL would lead, supported by suppliers, in demonstrating the successful connection of all the appropriate systems (test versions) in the releases E2E solution including carrying out some E2E test transactions to confirm the readiness to enter the POL E2E functional testing cycles.

16.1.6 E2E Functional Testing

This phase is where POL would lead, supported by suppliers, in demonstrating through short “days in the life of the POL business” cycles that the revised systems interact correctly in an E2E manner and with the revised business process and procedures.

This is also to assure POL that the changes to current systems and the introduction of new systems has not impacted upon the businesses operation including E2E financial aspects (accounting, reconciliation, settlement, remuneration) have been and can maintained during live operation. E2E Management Information is maintained or new information reflects the requirements and business needs.

Successful completion of this phase would lead to the introduction into the live environment via one or more of the following: -

- a pre-pilot (transactions carried out in the passive Post Office)
- pilot (small number of outlets)
- go-live.(rolled out to the full estate)

16.1.7 Pre-Pilot

This final testing phase is whereby a “live” Post Office is used to test that the connectivity of the live E2E systems has been achieved and that a small number of transactions representing the changes can be carried out and report correctly in accounting and management information terms. Completion of this final phase should be the point of handover to the Implementation team / phase.

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Ref:**16.1.8 Counter & Interface Testing**

- E2E non-functional tests for performance, availability, reliability, volumes etc
- Counter sales tests that affect the transactions, to ensure that appropriate data is transferred to back office systems.

16.1.9 Design / Process Walkthroughs

- E2E Design and Process walkthroughs may be used.

An approved test strategy covering all test stages from component testing to direct interface testing must be agreed between all parties.

Up to date results from the various testing phases must be shared promptly with the Post Office, in order to confirm in the phases leading up to the completion and implementation, that the solution is fit for the live environment, and that any risks are known and can be assessed.

Fujitsu Services and Prism Alliance must support the various test phases before the POL FS solution is implemented.

17 Implementation & Migration

17.1 Co-ordination of the feeds into POL FS

| | |
|--|---|
| | General The migration of the financial ledgers from CBDB to POL FS must occur as at the end of a financial period. The start of all feeds into POL FS must be consistent with this chosen date. |
| | Horizon The roll out approach of S80 Horizon will govern the cutover strategy required to ensure that reconciling items are not investigated unnecessarily. |
| | SAP ADS The feed from SAP ADS will be turned on as a single event rather than cash centre by cash centre. It is important to co-ordinate this financial period end. |

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18 Appendix A – Requirements Catalogue

Details of the acceptance method can be found in section 16.

| Program Req ID | Req ID | Supplier | X Ref to This CD | Description |
|----------------|---------|----------|------------------|---|
| FIH-001 | FIH 001 | Prism | 4.1 | Introduction of a new financial system (POL FS) to produce the financial ledgers for Post Office Ltd (POL) to report to Royal Mail Group using simplified business processes and reduced duplication and requirement for reconciliation |
| FIH-002 | FIH 002 | Prism | 4.1 | . Introduction of a Client Ledger, Agent Ledger, Stock Ledger to enable standard procedures for Debt Recovery and monitoring. To enable the capture, validation, verification and correction of client transaction data. |
| FIH-003 | FIH 003 | Prism | 4.1 | Produce POL Ledgers to report P&L and BS for POL in so far as the transactions are handled within the POL environment with a stream of data from branches and cash centres |
| | FIH 004 | Prism | 4.1 | The Cash and Bank account values, from ledger implemented in S60, will not be overwritten with CLASS values at S80 implementation. A reconciliation will be undertaken between POL FS and CLASS as part of cutover activities |
| | ASS 001 | POL | 4.2 | Supplementary document matching will not take place in POL FS and will largely be stopped. |
| | ASS 002 | POL | 4.2 | Matching of client transaction data to POL FS data will not take place on POL FS. This will take place in MI where necessary. |
| | ASS 003 | POL | 4.2 | Matching of client summary data to POL FS data will be done on a risk based approach. |
| | ASS 004 | POL | 4.2 | Reporting of transaction data to clients will not take place on POL FS. This information will either be fed to clients directly (e.g. AP/Banking), or is available from MI. |
| | ASS 005 | Prism | 4.2 | Depending upon where it resides at the time of S80 implementation, Foreign Exchange movements to/from cash centres will be received by POL FS either by an automated feed from SAP ADS or by the manual input of output from STAMPS. |
| | ASS 006 | Prism | 4.2 | Client managers will be involved in establishing revised product propositions in response to changes being introduced by Impact. Legacy systems may need to be retained if they provide non POL FS related services to clients that cannot be managed away. |
| | ASS 007 | Prism | 4.2 | It is assumed that an electronic feed of stock movements to/from the branch network will be provided by the WCS System that should have replaced the STAMPS System before S80 implementation. |
| | ASS 008 | Prism | 4.2 | Reporting of data to clients from POL FS will be at the maximum level of Branch, Trading Day & Product. |

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|------------|----------|-------------------|-------|--|
| | POFS 001 | Prism | 4.3 | POL FS will be the auditable financial ledgers for Post Office Ltd Network. |
| | POFS 002 | Prism/ Fujitsu | 4.4 | It shall be possible to audit movements within POL FS by branch back to Horizon |
| | POFS 003 | Prism | 4.4 | It shall be possible to reconcile movements within POL FS by cash centre back to SAP ADS |
| | POFS 004 | Prism/ Fujitsu | 4.4 | Technical requirement: to keep a copy of all bulk data files exchanged between Horizon domain and Prism domain. The data should be the raw (unprocessed) data. |
| | POFS 005 | Prism | 4.4 | Technical requirement: audit records of user activity within the SAP application should be created by standard SAP functions and then stored in line with current Horizon practices |
| | POFS 006 | Prism/ Fujitsu | 4.4 | Technical requirement: audit records of support activity on the POL FS host platforms should be created by standard Horizon functions and then stored in line with current Horizon practices |
| | POFS 007 | Prism | 4.6.1 | The POL ledgers will be built in addition to and independent of other SAP systems |
| | | | | |
| | | | | |
| | | | | |
| TEC - 001 | TEC 001 | All | 4.5.2 | The applications should be data driven |
| TEC - 002 | TEC 002 | All | 4.5.2 | The applications should be modular were ever possible thereby allowing components, such as the presentation layer, to be easily swapped out as more suitable modules become available. |
| TEC - 003 | TEC 003 | Prism | 4.5.2 | Minimisation of duplicate functions |
| TEC - 004 | TEC 004 | Prism | 4.5.2 | Consolidation of related processes, to minimise movements of data, reduce audit and reconciliation points |
| TEC - 005 | TEC 005 | Prism | 4.5.2 | Adoption of commodity platform products to minimise hardware and associated support costs and to maximise availability of skilled resources |
| TEC - 006 | TEC 006 | Prism | 4.5.2 | Usage of packages, where business requirements can be mapped onto generic product capabilities |
| TEC - 007 | TEC 007 | Prism | 4.5.2 | Clear separations of functional boundaries to retain flexibility in the future |
| TEC - 023 | TEC 023 | Prism | 4.5 | Integration with SAP ADS |
| | | | | |
| TEC -025 | TEC 025 | Prism | 4.5 | Integration with ES-FS |
| TEC - 025a | TEC 025a | Prism Fujitsu | 4.5 | Integration with Horizon |
| | TEC-026 | Prism | 4.5 | Integration with NRDS |
| | TEC 027 | | | Integration with WCS |
| | TEC 028 | | | Interface with Girobank |
| | TEC 029 | | | Interface with DNS |

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| | TEC 030 | | | Interface with NS&I |
| | TEC031 | Prism | 4.5 | Integration with BACS |
| ACM-001 | ACM 001 | Prism | 5.1 | Any individual component of the programme must conform to the POL Strategic Data Model |
| CSH-001 | CSH 001 | Prism | 6.3 | To implement a client ledger that accurately identifies PO Ltd's liability to and from clients and enables accurate, auditable, and timely settlement in accordance with contractual requirements. |
| CSH-002 | CSH 002 | Prism | 6.3 | To receive a daily interface of summarised transaction data, from Horizon, by client or product. |
| CSH-003 | CSH 003 | Prism | 6.3 | To refer to information about transactions from clients in order to resolve any disputed items and determine true liability. Summary available from POL/FS detail from Data Warehouse |
| CSH-004 | CSH 004 | Prism | 6.3 | To receive a daily interface of summarised transaction data, from SAP/ADS, by client or product. |
| | CSH 005 | Prism | 6.3 | To calculate, pay / receive and account for Client settlements based on the contractual data stream, being any combination of: <ul style="list-style-type: none"> • Horizon • SAP ADS (eg Corporate deposits) • Client data (eg Camelot) • Other existing contractual stream (e.g. BBC non bar coded licences) • Stock adjustments from NSSC |
| | CSH 006 | Prism | 6.3 | To pay / receive settlements based on estimates and / or including standing deposits |
| | CSH 007 | Prism | 6.3 | Settlement facility to be available by 7:30 am in support of client settlement terms |
| CS 001 | CS 001 | Prism | 6.3 | . A daily view of summarised balance (value and volume) by client, by product, by branch or cash centre, and by day. |
| CS 002 | CS 002 | Prism | 6.3 | Ability to split client balances, when a client has several products or contracts with different terms of payment, in order to map into different sub accounts in the ledger |
| CS 003 | CS 003 | Prism | 6.3 | The ability for each trading day to have a unique document entry |

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| CS 004 | CS 004 | Prism | 6.3 | The ability for non-polled offices transaction data, once received, to be: <ul style="list-style-type: none">• Accounted for in the current accounting period based on posting date• Recorded against the appropriate trading dates Settled to clients based on trading date |
| CS 005 | CS 005 | Prism | 6.3 | The ability for differentiation between trading date and posting date. |
| CS 006 | CS 006 | Prism | 6.3 | The ability to receive client summary reports, by volume and value, for Automated Payment clients. These will not be held in POL FS. |
| CS 007 | CS 007 | Prism | 6.3 | A mechanism to be able to trace disputed totals back to transaction level, on MIS, in order to resolve and correct information at the appropriate point to amend ledgers, and reporting or management information. |
| | | | | |
| | CS 009 | Prism | 6.3 | Ability to compare the values of settlement made based on client against actual data from Horizon for the equivalent period. POL FS will enable comparison at a daily branch and product level for all such clients. There will be the ability to perform detailed transaction comparison but this will not be on POL FS. |
| | CS 010 | Prism | 6.3 | The ability to provide a generic solution for the main proportion of clients and only build exception processes when necessary |
| | CS 011 | Prism | 6.3 | . To be able to settle (pay and receive) by contractually required methods of payment: <ul style="list-style-type: none">• BACS• CHAPS• Swift• Cheque Direct Debit (payment receipt only) |
| | CS 012 | Prism | 6.3 | The ability to track payments made on estimates to compare actual to estimates, via a holding account or similar solution for client related data. |
| | CS 013 | Prism | 6.3 | The ability to provide client reports based on summary volume and value for each defined product. |
| | CS 014 | Prism | 6.3 | The ability to provide contractual client reporting. This may be achieved by a mixture of POL/FS and Data Warehouse reporting. |

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| | CS 015 | Prism | 6.3 | The ability to adjust settlement and account for discrepancies identified from: <ul style="list-style-type: none">• Client invoices or data mismatches with Horizon transactions• Transaction Corrections (covering customer, supplier and branch queries)• Banks (unpaid cheques & Data Reconciliation Service adjustments)• Estimating differences |
| | CS 017 | Prism | 6.3 | Settlement process, to include adequate control procedures, and to pay amounts due in accordance with client's individual settlement terms. |
| | CS 018 | Prism | 6.3 | The ability to amend settlement for non core charges such as commission and interest charges and account for these accordingly. |
| DRH- 001 | DRH- 001 | Prism | 6.4 | To implement a debtor's ledger (accounts receivable), which accurately identifies amounts owed to PO Ltd liability from agents, former sub postmasters, customers and clients in relation to transaction balances. If client balances are on an accounts payable ledger then to be able to identify and manage debit items within the overall creditor. |
| DRH - 002 | DRH 002 | Prism | 6.4 | To receive, as part of the Horizon daily interface, details of debt recovery items and results of debt recovery action e.g. cash receipts by debtor from the POL ledger entries. |
| DRH - 003 | DRH 003 | Prism | 6.4 | To be able to record debt recovery plan decisions, and action taken so as to manage debt recovery and document stages of escalation taken. |

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| DRH- 004 | DRH 004 | Prism | 6.4 | <p>To be able to refer to information about transactions both in MIS and directly entered trading transactions with debtors, in order to resolve any disputed items and determine true amount recoverable</p> <p>NB If amounts owed to the PO but still under investigation are recorded outside of the debtors ledger but within the Transaction Correction area of POL FS, to be able to manage these as if they were on the debtors ledger i.e.</p> <ul style="list-style-type: none"> • to accurately identify to branch, • to know which date they relate to and therefore which agent and the time outstanding ie age, • to refer to information for investigation purposes and • to record action taken by individual operator. |
| DRH - 005 | DRH 005 | Prism | 6.4 | To be able to generate identified transaction errors, to be fed back electronically to Horizon, if, as a result of investigation, debts need to be transferred and corrected within a branch liability statement. |
| DRH- 006 | DRH 006 | Prism | 6.4 | To be able to view debtor credit history in order to assess credit worthiness. |
| DRH - 007 | DRH 007 | Prism | 6.4 | To be able to assign appropriate credit terms to different debt items e.g. 30 days for counter transaction errors, 45 days for loans to SPMs |
| DRH - 008 | DRH 008 | Prism | 6.4 | To be able to assign different agents/branches to a central "head office" payment point in the instance of multiples who require a central authorisation for settlement to POL. |
| | | | | |
| DR 001 | DR 001 | Prism | 6.4 | A daily view of outstanding debtor balances (or suspense items) and the history of management for live items |
| DR 002 | DR 002 | Prism | 6.4 | Ability to age debt (or suspense items) so as to manage over due items. |
| DR 003 | DR 003 | Prism | 6.4 | A mechanism to be able to trace disputed totals back to transaction level in order to resolve and correct information at the appropriate point to amend ledgers, and reporting or management information. |
| DR-004 | DR 004 | Prism | 6.4 | A flag needs to be set when it is known that an office is to be closed, and may this may be reported on. The information will come from NRDS. |

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| DR-005 | DR 005 | Prism | 6.4 | A flag needs to be set when a branch (or in the case of multiples the total of branches) has a debt of more than £5,000 this includes all debt, and may this may be reported on. |
| DR006 | DR 006 | Prism | 6.4 | To be able to produce debt recovery reporting such as – Debt Recovery Case Management By branch, by branch type, by Agent name, by product (by client), by age of debt High value debt (e.g. all outstanding debt which exceeds a defined limit, by branch) Debt Recovery repeat offenders (problem offices) Value of debt or credit by number, by branch, by branch type (to meet current organisational structure), by product, by method of payment, by age of debt Former Subpostmasters accounts held including Branch, Agent name, Age of debt, Dispute details, Losses (write off) Disputed debt by branch, by client (e.g. Giro) Non-recoverable debt – e.g. as a result of fraud or client negotiations, details to be held until written off. By network (national total of all branches), by branch, by product, by client |
| DR007 | DR 007 | Prism | 6.4 | Ability to search on a particular field (i.e. Agent name) and be able to track status, audit log entries |
| DR008 | DR 008 | Prism | 6.4 | Ability to produce invoices for transaction corrections to be sent to central “head office” for multiples in order for central settlement |
| DR009 | DR 009 | Prism | 6.4 | Ability to record details against individual exception (Debt Recovery Case Management) to track progress through investigation and towards resolution. Freeform text field plus CACM operator details, time and date stamp for audit requirements. Measurement against agreed timescales. |
| | DR 010 | Prism | 6.4 | Ability to record Agent’s debt from: <ul style="list-style-type: none"> Actioned Transaction Corrections – automated from Horizon interface Other debts as identified – manually entered |
| | DR 011 | Prism | 6.4 | Ability to record reductions in debt on agent’s account based on: <ul style="list-style-type: none"> Payment by Credit Card Deductions from payroll |
| CHH-001 | CHH 001 | Prism | 6.5 | SAP/ADS to make available, by cash centre, to the POL Financial System the daily end of day cash position for entry into the cash ledger (Release 1) |

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| CHH-002 | CHH 002 | Prism | 6.5 | SAP/ADS to make available, by cash centre, to the POL Financial System the detailed cash pouch data, for remittances into the cash centre, for entry into the cash ledger to enable Cash In Transit matching within the ledgers (Release 1) |
| CHH-003 | CHH 003 | Prism | 6.5 | SAP/ADS to make available, by cash centre, to the POL Financial System the summarised daily client related transactions, (value and volume), by client for entry into the client ledger |
| CHH-004 | CHH 004 | Prism | 6.5 | SAP/ADS to undertake the summarisation of required data, to an agreed level, prior to entry into the cash and client ledgers. |
| CHH-005 | CHH 005 | Prism | 6.5 | The interface will provide all transactions which affect cash and near cash values of the cash centre. For example: - <ul style="list-style-type: none"> Inward and Outward to POL Inward and Outward to FI's Inward and Outward to Customers/Clients Inward and Outward to 3rd Party Cash centre adjustments Cash centre discrepancies Cheque remittances Cheques on hand |
| CHH-006 | CHH 006 | Prism | 6.5 | The interface will provide a snapshot of all transactions at approx midnight and must be available within the POL FS by 07:30 the following day |
| CH001 | CH 001 | Prism | 6.5 | <p>The Cash Centre Trading Statement will replace the current cash account process. The statement is an internal document for the cash centre only and will not be forwarded to an independent area unless security and audit determine that that is essential. The actual data within the trading statement will have already populated the ledgers by the daily interface outlined above and therefore no data from the statement will populate the interface.</p> <p>The trading statement will encompass a snapshot of cash and stock and also any current discrepancies or suspense items. It will also enable the cash centre to view what business has been transacted over the last period. The cash centre manager will be required to "sign off" the trading statement as a true and accurate position at specified points in time.</p> <p>It is possible that the SAP/ADS system can produce the level of information required which would satisfy both control issues and security and audit requirements.</p> <p>The Trading Statement is being developed independently of POL FS by CL&S.</p> |

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| SRH-001 | SRH 001 | Prism | 6.6 | To provide end to end visibility of the stock movements from point of entry (whether direct to branch or via the National Secure Stock Centre) until sale, loss or return. |
| SRH-002 | SRH 002 | Prism | 6.6 | POL FS MM module to accept a daily interface of stock sales in order to maintain accurate link between stock movements and stock sales. |
| SRH-003 | SRH 003 | Prism | 6.6 | POL FS MM module to accept a daily interface of stock adjustments at the branches, from stock declaration process |
| SRH-004 | SRH 004 | Prism | 6.6 | To provide an interface of stock at National Secure Stock Centre, identifying stock discrepancies, for despatch to POL FS MM module. |
| SRH-005 | SRH 005 | Prism | 6.6 | To provide auditable balances of stock throughout the network for probity and audit purposes |
| | SRH 006 | Prism | 6.6 | Provide a means of controlling holdings and movements of stocks that have an intrinsic value (both POL and client owned) without adding additional complexity to operational procedures. |
| | SRH 007 | Prism | 6.7 | POL FS will provide a way of reporting stock remittance discrepancies (i.e. volumes rem'd out to volumes notified as received), that supports their easy identification for resolution purposes |
| SR 001 | SR 001 | Prism | 6.6 | The Horizon system to make available to the POL FS MM module details of identified stock discrepancies by volume, and value, (where relevant). |
| SR 002 | SR 002 | Prism | 6.6 | The Horizon system to make available to the POL FS MM module the daily movements of stock into and out of branches by volume. These must include both internal and external remittances. |
| SR 003 | SR 003 | Prism | 6.6 | . The Horizon system to maintain link between stock movement and stock sales and make available to the POL FS MM module the daily sales of stock. |
| SR 004 | SR 004 | Prism | 6.6 | The National Secure Stock Centre to interface identified stock discrepancies by volume, and value (where relevant) in order to identify stock adjustments in the POL FS MM module. |
| SR 005 | SR 005 | Prism | 6.6 | The National Secure Stock Centre to make available to the POL FS MM module the daily movements of stock into and out of the central stock unit by volume, and value, (where relevant). These must include both internal and external movements. |

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| SR 006 | SR 006 | Prism | 6.6 | The POL FS MM module to hold information by stock type in order to inform POL FS of all balance sheet impacts. |
| SR 007 | SR 007 | Prism | 6.6 | POL FS MM module to hold value of all stock, which has a balance sheet impact, by stock item. |
| SR 008 | Not included in S80 CD | | | To identify instances of obsolete stock which should have been returned to National Secure Stock Centre |
| | BDC 001 | Prism | 6.7 | Individual calculated stock values to be held on POL FS by Branch, on Day B: <ul style="list-style-type: none"> Day A's individual currency value (quantity, e.g. \$500) – these can be up to 14 characters long; and Day A's Sterling equivalent value (e.g. £250) at Day A Spot Rate. POL Finance and Audit will approve the solution for achieving this. The daily movement in foreign currency held by individual currency will be received as part of the daily interface from Horizon. |
| | BDC 002 | Prism | 6.7 | Stock quantities (e.g. \$300) of Travellers cheques, by currency and branch to be held within POL FS in MM module (not valued) |
| | BDC 003 | Prism | 6.7 | Margins and Commissions on transactions (Sell and Buy) are to be posted to an appropriate settlement account for the Bureau Joint Venture. |
| | BDC 004 | Prism | 6.7 | Stock revaluations to be recorded separately in POL FS. balance. |
| | BDC 005 | Prism | 6.7 | Currency transfers between the Cash Centre Network and the Client are to be included within the POL FS Balance Sheet, with postings to a Client Settlement Account where appropriate. |
| | BDC 006 | Prism | 6.7 | Management information in support of individual inventory management capability will be available within POL FS (e.g. stock : sales ratios by Branch; stock holdings by branch or branch hierarchy) |
| | BDC 007 | Prism | 6.7 | POL FS reporting capability to be accessible within the Cash Centre Network. |
| | BDC 008 | Prism | 6.7 | Stock adjustments to be recorded separately in POL FS. |

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| | BDC 009 | Prism | 6.7 | Currency return movements from the NSSC to First Rate will be used to adjust settlement to this Client. |
| | BDC 010 | Prism | 6.7 | To support the future inventory management of foreign currency, individual branch holdings of individual foreign currencies will be able to be provided to SAPADS on a daily interface. If constraints, this could be for selected currencies (e.g. Dollar and Euro) and/or branches. |
| | NRDS 001 | Prism | 6.8 | NRDS to provide reference data shared by multiple systems to POL FS |
| | NRDS 002 | Prism | 6.8 | NRDS to accept reference data mastered in POL FS that is required for interface data mapping |
| | NRDS 003 | Prism | 6.8 | NRDS to provide a data mapping facility to enable interfaces between significant systems to be controlled using reference data rather than hard coding |
| | NRDS 004 | Prism | 6.8 | NRDS interface to Horizon to be enhanced with various data objects including interface data mapping logic. |
| | NRDS 005 | Prism | 6.8 | A process will be developed to ensure that WCS and POL FS reference data are consistent or comprehensively mapped in support of the complete interface of stock movements. |
| FI-001 | Covered by CS001 | Prism | 6.3 | A daily view of summarised balance by client, by branch or cash centre, and by day. |
| FI-002 | Covered by CS002 | Prism | 6.3 | Ability to split values, when a client has several products with different terms of payment, in order to map into different accounts in the ledger. |
| FI-003 | Covered by CS003 | Prism | 6.3 | The ability for each trading day to have a unique line. |
| FI-004 | Covered by CS004 | Prism | 6.3 | The ability for non-polled offices transaction data to be summarised into the relevant trading day when next polled. |
| FI-005 | Covered by CS005 | Prism | 6.3 | The ability for differentiation between trading date and posting date. |
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| FI-007 | Covered by CS 018 | Prism | 6.3 | To be able to determine the amount due to a client using payment terms agreed with client |
| FI-008 | Covered by DR 013 | Prism | 6.4 | To provide information of aged balances |
| FI-009 | Covered by CS19 | Prism | 6.3 | To enable payments to/from clients with functionality for matching and closing paid items to leave open items for management of debtors/creditors |
| FI-010 | Covered by DR 012 | Prism | 6.4 | To be able to produce correspondence to chase outstanding items e.g. statements, reminder letters |
| FI-011 | Covered by DR001 | Prism | 6.4 | To process agent debt items |

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| FI-012 | Covered by DR004 | Prism | 6.4 | Allow matching to enable management of open items |
| FI-013 | Covered by DR009 | Prism | 6.4 | To be able to produce correspondence to chase outstanding items e.g. statements, reminder letters |
| FI-014 | Covered by DR015 | Prism | 6.4 | To provide information of aged balances |
| FI-015 | FI 015 | Prism | 6.2 | To produce a set of auditable accounts within the framework of the Chart of Accounts specified |
| FI-016 | FI 016 | Prism | 6.2 | To enable matching of suspense items for debt recovery purposes and error handling |
| FI-017 | FI 017 | Prism | 6.2 | To enable the reporting of stock values in the relevant balance sheet accounts (this will cover the Stock Ledger) |
| FI-018 | FI 018 | Prism | 6.2 | To consolidate information from SAP ADS financials to report the POL accounts |
| FI-019 | FI 019 | Prism | 6.2 | To account for business transactions which will populate the trading ledger |
| FI-020 | FI 020 | Prism | 6.2 | To have visibility of branch transactions by day (this will cover the Branch Ledger) |
| | FI 021 | Prism | 6.1 | Monitoring of system rejections to ensure that data is resent and processed or accepted successfully |
| | FI 022 | Prism | 6.1 | System Management controls e.g. access levels, user ID's, passwords etc. |
| | FI 023 | Prism | 6.1 | Ability to monitor interfaces received and processed or rejected, and extracts produced including reconciliation of file interfaces across systems (i.e. data received by POL FS from TMS also received by Data Warehouse). Where rejections occur, error messages should be produced, indicating reason, to aid investigation. |
| | MI 100 | Prism | 8.9.2 | Information required by Audit for issued error details, errors BTA and errors not Network Reinvention offices |
| | MI 101 | Prism | 8.9.2 | Information to Multiples Partners regarding outstanding, issued and BTA errors. |
| | MI 104 | Prism | 8.9.2 | Ability to produce data files or reports for clients as defined within contractual agreements. For example volume and value of transactions, customer details if applicable, product breakdown by volume and value, details of adjustments made, data mismatches between client supporting document stream and transaction stream, method of payment details. Example clients are Local Schemes, Department of Work and Pensions, Girobank, NSB, UKPS, AON, First rate, DVLA, Department of Health, Inland Revenue. |

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| | MI 114 | Prism | 8.9.2 | Volume and value of outstanding exceptions by branch, by age, by value |
| | MI 115 | Prism | 8.9.2 | Volume and value of issued errors by product or branch |
| | MI 117 | Prism | 8.9.2 | Number and value of maintained errors and write offs by product |
| | MI 118 | Prism | 8.9.2 | Ability to pull off statistics regarding team performance (exceptions created, exceptions issued, exceptions cleared, exceptions outstanding etc). Ability to remove from one teams statistics and add to another team as the exception passes through the process. |
| | MI 122 | Prism | 8.9.2 | Debtor days by client and product and trend analysis monitoring |
| | MI 123 | Prism | 8.9.2 | Creditor days by organisation and product and trend analysis monitoring |
| | MI 124 | Prism | 8.9.2 | Errors produced for creditors and debtors – issued or resolved, number and value, by client and product. |
| | MI 125 | Prism | 8.9.2 | Progress of exception handling measured against target (failures to issue or clear in x number of days) |
| | MI 126 | Prism | 8.9.2 | Aged debt profile by number and value |
| | MI 127 | Prism | 8.9.2 | Debt as a percentage of sales/transactions by product |
| | MI 128 | Prism | 8.9.2 | Monitoring of percentage of debt recovered and outstanding |
| | MI 129 | Prism | 8.9.2 | Bad debt provision monitoring |
| | MI 130 | Prism | 8.9.2 | Ability to pull off ad hoc reports selecting required data fields from available list and defining format as required. |
| | MI 131 | Prism | 8.9.2 | Ability to run batch reports to defined timescales and formats as required. |

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| | MI 132 | Prism | 8.9.2 | Volume and value of transactions and sup doc information to be reported in a variety of ways (e.g. by transaction, by product, by product breakdown (e.g. postal order bands) by branch, by client, by group of branches, by method of payment). Require the ability to identify negative sales (volume and value, by branch, by product). |
| | MI 133 | Prism | 8.9.2 | All created exceptions to be reported by transaction, by product, by branch. All outstanding exceptions to be reported by transaction, by product, by branch. |
| | MI 134 | Prism | 8.9.2 | Details of cleared exceptions to be archived but still accessible to provide a rolling 12 month view. |
| | MI 136 | Prism | 8.9.2 | Ability to flag branches on exception reports that require priority attention or specific action (e.g. A = Network Reinvention Office). Ability to increase the number of flags applied at any one time (max 10) and redefine criteria as necessary to enable prioritisation of exception handling. |
| | MI 139 | Prism | 8.9.2 | Ability to report Debt Recovery Case Management By branch, by branch type, by Agent name, by product (by client), by age of debt. |
| | MI 140 | Prism | 8.9.2 | Report on high value debt (e.g. all outstanding debt which exceeds a defined limit, by branch) |
| | MI 141 | Prism | 8.9.2 | Report on Debt Recovery repeat offenders (problem offices) |
| | MI 142 | Prism | 8.9.2 | Value of debt or credit by number, by branch, by branch type (to meet current organisational structure), by product, by method of payment, by age of debt |
| | MI 143 | Prism | 8.9.2 | Former Subpostmasters accounts held including Branch, Agent name, Age of debt, Dispute details, Losses (write off). Ability to search on a particular field (i.e. Agent name) and be able to track status, audit log entries |
| | MI 144 | Prism | 8.9.2 | Ability to identify specific types of debt e.g. Invoices debt – Licence fee, ISIS, Shortages, by agent, by branch, by age of debt |
| | MI 145 | Prism | 8.9.2 | Disputed debt by branch, by client (e.g. Giro) |

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| | MI 146 | Prism | 8.9.2 | Non-recoverable debt – e.g. as a result of fraud or client negotiations, details to be held until written off. By network (national total of all branches), by branch, by product, by client |
| | MI 147 | Prism | 8.9.2 | Data archiving ability |
| | MI 148 | Prism | 8.9.2 | Ability to access archived data easily and run reports by transaction, by branch, by product, by client as required |
| | MI 151 | Prism | 8.9.2 | Ability to schedule regular report production. Ability to monitor production of scheduled reports. |
| | MI 152 | Prism | 8.9.2 | Supporting document or client level adjustments. By branch, by product, by value, by number. To include date of adjustment, user details and reason code for adjustment. |
| | MI 153 | Prism | 8.9.2 | Ability to undertake trend analysis in order to aid forecasting of the future value of transactions (e.g. DNS, Girobank, DVLA) |
| | MI 154 | Prism | 8.9.2 | Ability to undertake trend analysis in order to aid prediction of client for ESFS |
| | MI 155 | Prism | 8.9.2 | Ability to identify and report the current outstanding balance within each ledger. |
| | MI 157 | Prism | 8.9.2 | Ability to identify and report stock holdings by client, by product, by denomination (e.g. Vodafone phonecards, £5, £10 etc.) |
| | MI 159 | Prism | 8.9.2 | Ability to produce reports to aid reconciliation of ledgers and substantiate ledger balances |
| | MI 161 | Prism | 8.9.2 | Ability to provide verification of accounts – Erst & Young Audit requirement |
| | MI 164 | Prism | 8.9.2 | Ability to identify cash and stock holdings by product, by branch |
| | MI 165 | Prism | 8.9.2 | Ability to produce statement of accounts for each client including brought forward figures, sales, settlements made and a closing balance. |
| | MI 167 | Prism | 8.9.2 | Ability to identify cash remittance in transit values by product. |

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| | MI 168 | Prism | 8.9.2 | Summary report of data posted to ledgers and interfaced to ESFS by value of debits/credits against each ledger code. |
| | MI 171 | Prism | 8.9.2 | Daily, National summary of transactions, by client, by product, by method of payment. Split by deposits and withdrawals (rather than net position). |
| | MI 172 | Prism | 8.9.2 | Updated transaction data received from Non polled offices to have indicator flag applied. |
| | MI 173 | Prism | 8.9.2 | <p>Ability to track KPIs for the Cash Accounting and Cash Management teams, against (3 levels of summarisation)</p> <ul style="list-style-type: none">• individual target,• team target and• group target. <p>Broken down by</p> <ul style="list-style-type: none">• Exception type.• By product,• Resolution reason <p>In addition it must be possible to determine the</p> <ul style="list-style-type: none">• Error clearance rate (per person per week)• Average time spent at each stage of the process by product by the individual. <p>The targets must be parameter driven and it must be possible to group products together and report as above against targets</p> |
| | MI 174 | Prism | 8.9.2 | Ability to carry out Rota Checking. The rota checks must be data driven and the outlets selected will vary over time. This is in support of Rota Checking Process. |

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| | MI 1001 | Prism | 8.9.3 | <p>Ability to produce reports of volume and value</p> <ul style="list-style-type: none"> • by organisation, • By product, • by client, • by time • By branch • By group of branches • By cash centre area • Method of payment <p>The reports should be capable of delivery at the transactional data level</p> |
| | MI 1002 | Prism | 8.9.3 | Ability to identify top sellers, worst sellers write-off, wastage for particular products by time and organisation. |
| | MI 1003 | Prism | 8.9.3 | Ability to pull off adhoc reports by selecting required data fields and defining required format |
| | MI 1004 | Prism | 8.9.3 | Provision of information regarding office opening hours, closures and relocations to various internal parties and clients, replacing report 'TP 129' |
| | MI 1006 | Prism | 8.9.3 | <p>Ability to produce value and volume of exceptions (transaction corrections) for historic reporting and trend analysis</p> <ul style="list-style-type: none"> • By transaction type • By product, • By organisational unit, • By exception status (e.g. created, cleared, outstanding), • Period <p>Against total</p> |
| | MI 1009 | Prism | 8.9.3 | Ability to run batch reports to defined timescales and formats. |
| | MI 1010 | Prism | 8.9.3 | Ability to identify and report on multiple transactions (e.g. multiple AP transactions carried out against the same customer reference). Based on an OPTIP report that provides information of this nature (1958 - Multiple Transactions Report). |
| | MI 1011 | Prism | 8.9.3 | The ability to archive detailed transaction data after 3 months and summary data after 5 years. Archived data should be held for up to 4 financial years. |

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| | MI 1012 | Prism | 8.9.3 | The ability to retrieve both transaction and summary level archived data in-line with the current data retrieval SLA for OPTIP. |
| | MI 1013 | Prism | 8.9.3 | The ability to hold transaction data for up to 3 months on line. |
| | MI 1015 | Prism | 8.9.3 | Ability to browse details of all products and all clients including mapping of products to clients. |
| | MI 1017 | Prism | 8.9.3 | Ability to carry out Range Checking of aggregate total. This is in support of the Range Checking process. |
| | MI 1018 | Prism | 8.9.3 | Interface to allow investigation of transaction data by the Cash Accounting and Cash Management teams in support of the following processes: <ul style="list-style-type: none"> • A44 Client Settlement to Client • A45 Client Settlement from Client <p>It must be possible to load client transaction level data for investigation and compare to the POL transaction data stream for that client.</p> |
| | MI 1101 | Prism | 8.9.3 | Ability to work out a notional cost for recorded errors for each branch by applying ABC (Activity Based Costing). To support product P & L analysis |
| | MI 1102 | Prism | 8.9.3 | Daily reporting by value, volume and margin (all products) as provided by ABC, giving Product Profit & Loss. To support branch P & L analysis |
| | MI 1103 | Prism | 8.9.3 | Data feed required to produce the Recall report. This is based on an existing AIS. |
| | MI 1104 | Prism | 8.9.3 | Data feed required to produce the NRM report. This is based on an existing AIS. |
| | MI 1111 | Prism | 8.9.3 | Data feed required to existing Horizon MIS |
| | MI 1112 | Prism | 8.9.3 | To be able to perform an analysis across both Outlet and Product P&L |
| | MI 1113 | Prism | 8.9.3 | Data feed required to Martins (and therefore Camelot) |
| | MI 1114 | Prism | 8.9.3 | Data feed required to existing DPI |
| | MI 1115 | Prism | 8.9.3 | Ability to pull cash holding data and transaction data from a single source. |

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| | MI 1106 | Prism | 8.9.3 | Data feed required to support Risk Model |
| | MI 1107 | Prism | 8.9.3 | <p>Ability to monitor and take action on the completion of Branch Trading Statements</p> <p>There is a requirement to produce summary reports based on the existence and data contained within the following events flowing from the Horizon system; "Trading Statement Created", "Trading Statement Period Rolled", "Trading Statement Period Roll Abandoned". The reports will also use Trading Statement Calendar information from NRDS to summarise those branches which have not completed their Trading Statement within the correct timescales.</p> <p>There is a further requirement to enquire on existence and data contained within these events, to allow further investigation of Branch Trading Statement production activity.</p> |
| | MI 1108 | Prism | 8.9.3 | <p>Ability to monitor and take action on amounts made good and/or amounts removed with associated values</p> <p>There is a requirement to produce summary reports based on the existence and data contained within the following events flowing from the Horizon system; "Excess Cash Removed", "Cash Shortage Made Good". The reports will summarise the activity by branch and by volume of events and value of amounts made good, over defined time periods.</p> <p>There is a further requirement to enquire on existence of and data contained within these events, to allow further investigation of Cash Make Good activity.</p> |
| | MI 1109 | Prism | 8.9.3 | <p>Ability to monitor the usage of Cash Variance reports</p> <p>There is a requirement to produce summary reports based on the existence and data contained within the following events flowing from the Horizon system; "Cash Variance Report Previewed", "Cash Variance Report Printed". The report will summarise the existence of such events over defined time periods.</p> <p>There is a further requirement to enquire on existence of and data contained within these events, to allow further investigation of Cash Variance Reporting activity.</p> |

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| | MI 1110 | Prism | 8.9.3 | <p>Ability to monitor and take action the number of outstanding Transaction Corrections at a branch</p> <p>There is a requirement to produce summary reports based on data from POL-FS and on the existence and data contained within the “Outstanding Transaction Correction Reminder Displayed” event flowing from the Horizon system. The report will summarise and highlight, transaction corrections by branch, by age outstanding and by volume and value.</p> <p>There is also a requirement to enquire on existence of and data contained within the “Outstanding Transaction Correction Reminder Displayed” events, to allow further investigation of Transaction Correction activity.</p> |
| | PM 001 | | | Any known problems will be explained and formally handed over to POL’s Problem Management Team. |
| | PM 002 | | | Problem Management requirements will be worked up and documented within Prism OLA’s/SLA’s, with related procedures documented |

19 Appendix B – Impact Stakeholder Forum Design Principles

Principles/ Working Assumptions for discrepancies

- All discrepancies under £250 should be made good at point of identification. It should not be possible to key a value of less than £250 into the suspense account. Therefore the quantity of discrepancies flowing up to the ledger should be significantly reduced
- Transaction corrections required by the branch will be automatically sent to Horizon via a flat file from POL/FS. This will contain information regarding the correction to be made and how to carry out the correcting transaction
- The correction should be automatic or with minimal intervention (this needs to be confirmed with FJS and may not be possible)
- Transaction corrections which are not undertaken within stipulated timescales will create an exception report from POL/FS in order to aid any further investigation
- Transaction corrections supplied by client e.g. Girobank should be automatically communicated to branch irrespective of value if evidence is available
- Errors identified by client, such as gas bill not paid, should be automatically communicated to branch irrespective of value if evidence is available
- If the agent request for the value to be taken from salary the Horizon system should have an icon which would move into “recovery account” therefore clearing the agent suspense. This would flow into agent debt in the ledger and remove from suspense in the ledger
- For multiples it should be possible to “clear” the error in the same way as above in order for the debt recovery teams to invoice the “nominee” direct.
- For directly managed branches the transaction correction will always adjust from suspense to recovery account and then be written off in the ledger.
- The use of a recovery account within Horizon will reduce, or potentially remove, the need for write off vouchers and REM vouchers. This will lead to efficiencies.
- The differing scenarios for transaction corrections e.g. multiples, directly managed will be managed by reference data.
- Former subpostmaster debt will be held as agent debt in the ledger. At the point of resignation any value in suspense will be moved to agent debt.

Principles/ Working Assumptions for stock

- Horizon will record volumes/ quantities only for all transactions, except on sale, or loss, transactions when it will additionally record value.

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- For Balance Sheet Stock – SAP will record data at lower level product information (example Orange £ 5, £ 10...) whereas for Non-Balance Sheet Stock – Higher level product information should suffice. Hence, Horizon will need to provide this level of information. (Yet to investigate this for Hemel)
 - We have assumed rem-in and rem-out for all products and no products/ stock items will be excluded.
 - Line item (product level) details will be available (yet to investigate this for Hemel) to report on stock in transit (both -stock from Hemel and stock to branches) Tracking of stock in transit is out of scope for Impact programme.
 - Unit of Measure for all transactions on Horizon will be the retail sales unit of measure.

Principles/ Working Assumptions for settlements

- Vendor accounts should be set up using standard SAP functionality
- For clients paid on estimates the principle of a “holding” account will apply
- For client paid on their data, currently matched via OpTip, will only be matched if deemed high risk eg Lottery. Low risk clients will be paid on their data however the variances will be recorded at a high level and if variances reach tolerance limit further investigation will take place
- Any client data matching will take place outside of POL/FS

Principles/ Working Assumptions for verification

- Verification will take place at the branch and within MI not within POL/FS

20 Appendix C: Transaction examples

Branch Processes:

- Sale of a Service in Branch – e.g. Alliance & Leicester withdrawal
- Sale of Non Balance Sheet Stock Product – e.g. MVL
- Sale of Balance Sheet Stock Product – e.g. Orange Phone card

Transaction Corrections

- Agent “Discrepancies”
- Cheque Process Errors
- Unpaid Cheques
- Client/Customer Discovered Errors

Cash Centre Process:

- Sale of Service in Cash Centre - e.g. Giro Deposit

Other Processes:

- Delivery of Cash to Branch
- Delivery of Stock to Branch

20.1 Process: Sale of a Service in Branch

- **Joe Public withdraws £100 from A&L account**
- **Recorded on Horizon as A&L Withdrawal and reduction in Branch Cash value**
 - Information also sent to A&L electronically
- **Nightly interface summarises transactions – sent to POL FS**
- **Effective Accounting on POL FS - Withdrawal Service**
 - Debit A&L Client a/c; service Withdrawal £100
 - Credit Cash in Hand GL a/c £100 (Totalled by branch)

20.1.1 Settlement to/from Client

- **Settlement to/from A&L**
 - When settlement due Payment Process subtotals Withdrawals & Deposits and totals to a final settlement value – based on Horizon feed
- **Accounting from Settlement – Assume Net Receipt from A&L**
 - Credit A&L Client a/c
 - Debit Bank Receipts Clearing GL a/c
- **Accounting from Bank Statement – receipt from A&L**
 - Credit Bank Clearing GL a/c
 - Debit Bank GL a/c

20.2 Process: Sale of Non Balance Sheet Stock Product

- **Joe Public buys a M.V.L. with a cheque**
- **Recorded on Horizon against MVL product and cheque payment.**
 - In Branch the number of MVL's is reduced by 1
- **By end of day cheques sent to EDS for Processing**

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- Cheques “Remmed-out” of Branch
- **Nightly interface summarises data and sends to POL FS**
- **Effective Accounting on POL FS – MVL sale**
 - Cr DVLA Client a/c “Comparison a/c”
 - Dr Cheques to EDS GL a/c value per branch & day
- **Stock Recording**
 - Stock document reduces stock of MVLS in Branch
 - Stock document identifies movement as a sale
 - No finance impact

20.2.1 Cheque process

- **Accounting for Cheques – processed by EDS**
 - Cr Cheques to EDS GL a/c Value by branch and day
 - Dr Cheques in Clearing GL a/c Daily value
 - Clear Cheques to EDS GL a/c by branch, day and value – identify differences by branch.
- **Accounting for Cheques Banked**
 - Cr Cheques in Clearing GL a/c Daily value
 - Dr Bank Account GL a/c
 - Clear Cheques in Clearing GL a/c by day and value – identify differences by day

20.2.2 Settlement to Client

- **When settlement due**
 - Payment Process subtotals all DVLA products due and totals to a final settlement value – Based on Estimated data
- **Accounting from Settlement – Payment to DVLA**
 - Debit DVLA Client a/c
 - Credit Bank Payments Clearing GL a/c
- **Accounting from Bank Statement Processing**
 - Debit Bank Payments Clearing GL a/c
 - Credit Bank GL a/c
- **Comparison Estimate to Actual**
 - Adjust future estimates based on differences

20.3 Sale of Balance Sheet Stock Product

- **Joe Public buys Orange Phone card for cash**
- **Recorded on Horizon - sale of Orange Phone card**
 - In Branch the number of Orange phone cards is reduced by 1
- **Nightly interface summarises data and sends to POL FS**
- **Effective Accounting on POL FS – sale of phone card**
 - Credit Card Revenue GL a/c
 - Debit Cash
- **Recording and Accounting for Stock**
 - Stock document reduces stock of Orange Cards in Branch
 - Stock document identifies movement as sales and creates a finance document
 - Debit Cost of Sales; Orange Cards GL a/c
 - Credit Stock GL a/c

20.4 Transaction Corrections

- Replaces the Error Notice
- Electronic Message to Horizon
- “Intelligent” Interface on Horizon
- Processing control from Chesterfield
- Monitor status – actioned or not

20.4.1 Agent “Discrepancies”

- General Suspense no longer used for Cash Discrepancies
- Loan Applications
- Transaction Correction to move Cash Discrepancy to Agent Debtor
- Create Transaction Correction journal on POL FS against Agent account – references Cash
- Scenario: £1000 Cash shortage in Branch.
 - Dr Agent £1000 Agent owes PO difference
 - Cr Transaction Correction a/c ;Product Cash; Branch Code £1000
 - + Text Instructions
- Nightly interface extracts new Transaction Corrections and sends to Horizon.
- Horizon sends to identified branch.
- Agent “Accepts with Hardship”
- Horizon reduces cash in hand by £1000 and shows £1000 against a “Hardship” product
- Actioned Transaction Corrections flow up the nightly interface from Horizon to POL FS
- Correct Cash Position & set up debtor for collection
 - Dr Agent £1000
 - Cr Cash in Hand £1000
- Reverse Transaction Correction because actioned
 - Dr Transaction Correction a/c £1000
 - Cr Agent £1000

20.4.2 Errors From Cheque Process

- Difference between value of cheques processed by EDS and value remmed out of a Branch
- Identified by unmatched items in Cheques to EDS GL a/c
- Scenario:
 - Branch Remmed out £1000
 - EDS processed £1100
- Potential effect in Branch
 - Cheque Rem out value understated by £100
 - Agent/Manager transferred £100 too little out of cash to cover cheque rem out.
 - Cash in branch overstated by £100

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- **Create Transaction Correction on Agent/Branch**
 - Cr Agent £100 PO "owes" agent surplus
 - Dr Transaction Correction a/c ;Product Cheques to EDS; Branch Code £100
 - + Text Instructions
- **Nightly interface extracts new Transaction Corrections and sends to Horizon.**
- **Agent/Manager is given option to "Make Good"**
 - Action on Horizon will reduce Cash in Hand and move value to a "Product" represent Cheques to EDS
- **Actioned Transaction Corrections flow up the nightly interface from Horizon to POL FS**
- **Correct Cash Position & EDS Cheque a/c**
 - Dr Cheques to EDS GL a/c £100
 - Cr Cash in Hand GL a/c £100
- **Reverse Transaction Correction because actioned**
 - Dr Transaction Correction a/c £100
 - Cr Agent £100
- **Clear Open items for Branch in Cheques to EDS GL a/c**
 - Dr Branch Rem Out £1000
 - Cr EDS Processed £1100
 - Dr Branch TC £ 100

20.4.3 Unpaid Cheques

- **Unpaid Cheque in Bank Account**
 - Credit Unpaid Cheques Bank GL A/c £100
 - Debit Unpaid Cheques Recoverable GL A/c £100
- **Unpaid Cheques may be the liability of the Agent**
- **Agent owes Post Office for value of cheque**
- **Assumption that Agent will Make Good value of cheque**
- **Create Transaction Correction journal on POL FS against Agent account – references Cheque**
 - Dr Agent £100 Agent owes PO
 - Cr Transaction Correction a/c ;Product Unpaid Cheque; Branch Code £100
 - + Text Instructions
- **Horizon sends to identified branch.**
- **Agent has opportunity to Accept & Make Good; Accept & Plead Hardship; Request Evidence.**
- **Agent/Manager must action all Transaction Corrections before completing Trading Period**
- **Actioned Transaction Corrections flow up the nightly interface from Horizon to POL FS**
- **Scenario: Agent Accepts & Makes Good**
 - Correct original error
 - Cr Unpaid Cheques Recoverable GL A/c £100
 - Dr Cash in Hand £100
 - Reverse Transaction Correction debtor on Agent
 - Dr Transaction Correction a/c £100
 - Cr Agent £100 Agent no longer owes PO

20.4.4 Client/Customer Discovered Error

- **Error identified by Client/Customer/POL**
- **Verification of error from data on Management Information System and any other sources available**
- **Create Transaction Correction journal on POL FS against Agent account – references appropriate client Product/Service**
- **Scenario: Miss-keying of Gas bill payment on Horizon – typed £300 instead of £30. Appears as if there is a cash shortage in Branch.**
 - Dr Agent £270 Agent “owes” PO difference
 - Cr Transaction Correction a/c ;Product Gas Bill; Branch Code £270
 - + Text Instructions
- **Nightly interface extracts new Transaction Corrections and sends to Horizon.**
- **Horizon sends to identified branch.**
- **Agent/Manager has opportunity to Accept & Make Good; Accept & Plead Hardship; Request Evidence.**
- **Agent/Manager must action all Transaction Corrections before completing Trading Period**
- **Actioned Transaction Corrections flow up the nightly interface from Horizon to POL FS**
- **Scenario: Agent Accepts & Makes Good**
 - Correct original error
 - Dr Gas Client £270 corrects future settlement
 - Cr Cash in Hand £270
 - Reverse Transaction Correction debtor on Agent
 - Dr Transaction Correction a/c £270
 - Cr Agent £270 Agent does not owe PO

20.5 Sale of Service in Cash Centre

- **GIRO Bank Customer Deposits Cash in Cash Centre**
- **Deposit recorded in SAP ADS against Customer**
- **Nightly interface summarises data and passes to POL FS**
- **Accounting on POL FS**
 - Credit Girobank Client a/c (this may also identify customer)
 - Debit Cash in Hand GL a/c
- **Settlement to GIRO bank is based on Estimated Values**
 - Credit from SAP ADS interface is not to same part of Client a/c as Estimated Values for settlement
 - Compare estimated values to actual values
 - Adjust future estimates to correct for previous differences

20.6 Delivery of Cash to Branch – S60

Cash Centre makes up pouch of cash and sends to Branch

- Despatch of cash recorded on SAP ADS & pouch info sent to Horizon
- Nightly interface sends information to POL FS

Accounting on POL FS – Cash Centre Despatch

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- Credit Cash in Hand GL a/c by cash centre
- Debit Cash in Transit GL a/c by pouch

Branch receives pouch and scans in

- Auto remittance of cash (new at s60); Cash in branch increases
- Nightly interfaces sends information to POL FS

Accounting on POL FS – Branch Receipt

- Credit Cash in Transit GL a/c by pouch
- Debit Cash in Hand GL a/c by Branch

Clear Cash in Transit GL a/c

- Match by pouch and value to identify missing pouches

20.7 Delivery of Stock to Branch

- **Hemel NSSC creates a stock pouch and sends to Branch**
 - Stock pouch information recorded on WCS.
 - Nightly interface to POL FS
- **Recording and Accounting for Hemel Stock in POL FS**
 - Stock document reduces stock of products in Hemel
 - Stock document identifies movement as a despatch to Branch
 - If Product has an intrinsic value
 - Credit Credit Stock GL a/c by Hemel
 - Debit Stock in Transit GL a/c by pouch

Branch receives pouch

- Not Automatically remitted in; manually entered onto Horizon
- Nightly interface to POL FS

Recording and Accounting for Branch Stock in POL FS

- Stock document increases stock of products in Branch
- Stock document identifies movement as a receipt from Hemel
- If Product has an intrinsic value
 - Credit Stock in Transit GL a/c by pouch
 - Debit Stock GL a/c by Branch

20.8 Foreign Currency Remittance – Cash Centre to Branch

- **Hemel Cash Centre creates pouch/envelope of \$2000**
- **\$2000 in pouch valued at £1330**
- **Accounting on POL FS**
 - Stock Document indicating outward Remittance
 - Reduce volume of \$ in Hemel by 2000 and value of £1330
 - Debit Forex in Transit £1330
 - Credit \$ in hand £1330
- **Branch accepts Pouch and scans in. (No Auto Rem)**
- **Branch enters quantity and value of product received in pouch**
- **Accounting on POL FS**
 - Stock Document indicating inward Remittance
 - Increase volume of \$ in Branch by 2000 and value of £1330
 - Credit Forex in Transit £1330
 - Debit \$ in hand £1330

20.9 Sale of Foreign Currency in Branch

- Joe Public wishes to buy \$1000
- Rates in Branch on day of transaction are: Sell £1: \$1.60 ; Mid-market Rate: £1:\$1.55
- Record on Horizon as:
 - Sell 1000 product \$ value $1000/1.60 = £625$
 - Margin on sale £20.16
 - Joe Public pays £645.16 recorded as increase in Cash in hand
- **Effective Accounting on POL FS**
 - Credit Revenue on Bureau £625
 - Credit First Rate Client a/c (margin) £20.16
 - Debit Cash in hand £645.16
- **Recording and Accounting for Stock**
 - Stock document reduces stock of \$ in Branch
 - Stock document identifies movement as sales and creates a finance document
 - Debit Cost of Sales; \$ £625
 - Credit Stock GL a/c \$625