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Title	Knowledge Centre - Audits
Subject	Chapter 03 Performing a Branch Audit
Version Control	7.3
Purpose	Outline responsibilities and process to perform an audit in all branches.
Audience	Network Operations Field Team
Next Review Date	May 2019

Stakeholders

Stakeholders Name	Responsibility
Pam Heap Lesley McNally Lee Heil	Head of Network Operations Head of Risk Governance Network Support Admin Team Manager

Responsibilities in change

Role	Job Title(s)	Date
Author	Training & Audit Advisor - Tim Gordon-Pounder	11/10/2018
Assurance	Training & Audit Advisor - Keith Scott	16/10/2018
Authorized	Lesley McNally National Training & Audit Manager	18/10/2018
Communication	Training & Audit Advisor - Tim Gordon-Pounder	13/12/2018

Version control

No	Reason for issue	Section No.	Date
3.0	Annual Review	ALL	08/03/13
3.1	Additional paragraph inserted regarding the closing meeting. Also regarding contact from the Branch Standards Team.	12.1	22/05/13
3.1	Sentence deleted, also new sentence added regarding checking all Main Stock. New heading added regarding Crown Losses/Notify Security regardless of amount.	Appendix A	22/05/13
3.1	Name change from Paul Kellet to Louise Wilkins. Also instruction removed regarding sending cash to Chesterfield and advised to send to local cash centre instead.	Appendix E	22/05/13

POST OFFICE INTERNAL			
3.2	Name Change MVL contact Stakeholder name change and title Appendix I added P&BA and Product and Branch Accounting replaced with Finance Service Centre Security Operations Manual updated to July 2013 9.2 Additional contacts added in the event of irregularity All page numbers corrected on Index page	Appendix H Appendix I ALL Page 3 Page 16 Page 2	02/09/13 02/09/13 02/09/13 02/09/13 02/09/13 02/09/13
3.3	List of things to carry DG Laminate added Inland & International	Page 5	31/01/14
4.0	Annual Review	ALL	19/06/14
5.0	Annual Review	ALL	06/03/15
5.1	Retailer Self-Funded/ Name change for Chesterfield Contact	Appendix E	18/05/15
5.1	Appendix I added (Audit Tips)	Appendix I	18/05/15
5.2	6.8 & 13.2 - Information added regarding Timescales for FAT & CAT to be submitted. 6.7 removed as the FAT & CAT no longer need to be named (as sent automatically) and the Guide to Sending Reports has been made obsolete.	Page 8 & 18 Page 8	08/07/15
5.3	Additional Information added regarding stock keys at Crown Office Audits	Appendix A	13/07/15
5.4	Information regarding the CAT and correct audit code use when completing PTV	Section 11	28/09/15
5.5	Information regarding discrepancy in Travellers Cheques at Crown Branches	Appendix A	24/10/15
	Name Changes for Crown Managers	Appendix A	24/10/15
	Instruction added if branch has rolled to a new TP and Cash in Pouches unable to be reversed	Appendix D	24/10/15
5.6	Additional information added regarding keeping ATM in service while the PO is closed.	Appendix F	05/11/15
5.7	Additional Appendix added regarding Report Checking at Audits Also mentioned in section 8.2.3	Appendix J Section 8	13/11/15
6.0	Annual Review - See embedded file for changes  Record of Changes - Chapter 3 May 201	All	26/05/16
7.0	Full review carried out to update the process following the business changes over the past 2 years.  Record of changes v7.0 Aug 2018	All Reviewed	11/10/18
7.1	8.5.6 Paystaion notes added for FAA audit 9.2: Section added to explain the way to record a loss/gain following a Tier2 audit that didn't result in a suspension.		12/12/18
7.2	Replaced "have the option to" with "must" in 7.7 (NI branches)	Section 7.7	28/12/18

POST OFFICE
INTERNAL

7.3	<p>Corrected SAR form Number from P4477 to P4677 Added Safe Sealing Barcode Stickers for securing safes.</p> <p>Added 6.11 downloading current Security & FSC contact telephone numbers to your laptop.</p> <p>7.4 replace old name with "Training & Audit Team" in our introduction line.</p> <p>9.3.2 – added new security level of £5000 or more before informing security on the day of an audit</p>	<p>Page 6 Page 6 & Page 20 Page 9 Page 10 Page 19</p>	10/1/19
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Index

Section	Title	Page No.
1	Introduction	4
2	Types of Audit	4
3	Field Team role and responsibilities	5
4	Lead Field Team Members Role	7
5	Planning	8
6	ART (Audit Reporting Tool), CAT Reporting Tool	9
7	On Site Activity	10
8	Financial Assurance Audit (FAA)	11
9	Irregularities	17
10	Financial Audit (Tier 2)	21
11	Compliance Audit	22
12	Close of audit Meeting	23
13	Audit Reporting	23
App A	Crown Office	24
App B	Franchise and Multiple Branches	25
App C	Open Plan and Combination Formats	26
App D	WH Smith	27
App E	Post Office Local (Including Self-Funded)	29
App F	ATMs	32
App G	Access to Horizon System	33
App H	Process for Auditing Bidi Safes	34
App I	Tips to help get a Branch Open as early as possible on Audit	36
App J	Checking Reports obtained during Audit	38

Section 1 - INTRODUCTION

POST OFFICE
INTERNAL

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

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

- National Lottery
- Post Office Paystation
- Post Office Outreach Services excluding Home Service
- Horizon Online™ Equipment & Administration
- Security Manual
- Ordering Stores & Stocks

Section 2 - TYPES OF AUDIT

2.1 These are the types of audit:

- Financial: Financial Assurance Audit (FAA) and Financial Audit (Tier 2)
- Compliance

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

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

2.4 The current financial position of the branch is calculated and recorded by the completion of a Microsoft Excel Spreadsheet Template known as ART (Audit Reporting Tool) and comparing this to the Horizon Online (HOL) system derived "balance due to PO figure" using the latest declared branch trading statement, and reports obtained from HOL.

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

2.6 Details of all audit types are available on Knowledge Centre - Audits- Useful Guides & Checklists - Audits Codes List and the 'Key' tab of the Network Support Field Team schedule. The schedule entry is annotated to detail what type of audit is required.

2.7 While on site at ALL types of audit you must ensure that Mail Segregation is taking place. If the branch is not segregating their mail please inform them of the process.

POST OFFICE
INTERNAL**Section 3 - THE FIELD TEAM ROLE AND RESPONSIBILITIES**

3.1 The Field Team Member's role at audit is completely objective and the reports they produce after the visit must be detailed, accurate and factual. The Field Team's role is not to speculate on the cause of the outcome of the audit or the honesty of Agents/Postmasters or staff either overtly or by implication. Anything recorded which is deemed to be of a subjective nature would undermine any subsequent investigation and could impact on the ability of investigators to pursue the case.

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

3.3 If the audit should end in the precautionary suspension of the Agent/Postmaster then the Field Team Members must not apologize or enter into any discussion as to why a precautionary suspension has been affected. The Agent/Postmaster must be referred to their Contract Advisor.

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

3.5 The Lead Field Team Member must take a detailed note of all timings and the course of all events. (Knowledge Centre – Audits - Useful Guides & Checklists – Information needed at Audit.Doc). This can be used in conjunction with the Record of Significant Comments (Knowledge Centre – Audits – ROSC). The actions of those on site and conversations held may become relevant if there is to be an investigation of misconduct or dishonesty. The lead Field Team Member is responsible for reporting these details.

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

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

3.8 The Lead Field Team Member and one other Field Team Member (if attending) must take their laptops to an audit so the activity is not jeopardized by laptop failure. It is the Lead Field Team Members task to delegate this role to a second Field Team Member. General security rules apply.

POST OFFICE
INTERNAL

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

- Kendata – customer satisfaction feedback forms and envelopes (E-mail NSAT to request a supply)

Field Team Members must also carry a supply of the following items to leave at branches where they are found to be lacking:

- Suspicious Activity Reporting Form (SAR: P4677)
- Note, coin, rem bags, HOL bar code stickers for non CViT rem.
- *Mail Segregation Posters
- **Dangerous Goods Laminate/Parcel Hatch Poster
- ***onepostoffice.co.uk On Line Registration Information
- **** Vaulting Pack

* Can be printed from Knowledge Centre – Guides & Hand-outs – Mails Info

**Can be printed from Knowledge Centre – Guides & Hand-outs – Mails Info

*** Can be printed from Knowledge Centre – Guides/Hand-outs – Introduction to onepostoffice.co.uk.

To register online the Postmaster will require their E-Mail address, 6 Digit Branch Code and Pay No ID (8 Digits starting with a zero)

**** Can be printed from Knowledge Centre – Audits - Audit Process Manual - Chapter 05 Closures - Rems

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

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

- A Record of Significant Comments held (Knowledge Centre – Audits – ROSC)
- A Record of Significant Comments Cash Sheet (Knowledge Centre – Audits – ROSC)
- A without prejudice receipt (Knowledge Centre – Audits – Chapter 02 Working Papers)
- A workplace Risk Assessment. (Knowledge Centre – Admin – Health & Safety – Agency Premises Risk Assessment)
- An application form for Grapevine (Knowledge Centre – Audit – Chapter 04 Transfers)
- Paperwork necessary for performing a branch transfer (Knowledge Centre – Audits – Chapter 04 Transfers – Transfer Opening Closure Pack)
- A supply of “**Safe Sealing Barcodes**” for use if the Alarm Code can’t be changed for any reason or not all the available safe keys are present or for any reason where the TAA believes it is in the best interest of POL to have evidence that a safe has been sealed when they have left the branch.

Please ensure you have the current/updated documents.

3.12. The Field Team Member must carry notices informing the public of temporary closure or closure, to include the nearest MVL issuing branch if applicable (Knowledge Centre – Audits – Chapter 02 Working Papers – Closure Notices).

3.13. The Field Team Member must endeavor to have the branch open for 09:30am

POST OFFICE
INTERNAL

unless there are valid circumstances to prevent this. In practice the verification of the Main Stock Units, Compliance, etc. should be carried out whilst the branch is open. Please refer to Section 8.2 Horizon Reports.

Section 4 - THE LEAD FIELD TEAM MEMBER ROLE

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

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

4.3 Audit Reporting Tool is to be named as per **Standard Audit Naming** (Knowledge Centre – Audits – Chapter 08 ART).

4.4 The lead is responsible for the introductory discussions with the Agent/Postmaster, providing regular updates and performing the closing meeting.

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

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

4.7 The lead is responsible for contacting the other Field Team Members to discuss arrangements and organize travel in accordance with the current Business Travel Expenses (BTE) policy (available from - Knowledge Centre – Admin) to arrange a meeting point and consider contingency arrangements in the event of absence, sickness, travel or other problems.

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

4.9 The lead should ensure that when on site the use of mobile phones is kept to a minimum and phones put on silent/vibrate once the branch has re-opened. Any conversations that must be held on site should be done so out of earshot of the counter unless this is absolutely unavoidable. Clerks serving on the counter must be able to converse with customers without being hampered by conversations taking place behind the counter. PLEASE NOTE only the lead should have their mobile phone turned on, all other Field Team Member's should have their phone turned off for the duration of the audit. Exception to this would need to be agreed with the lead in cases of urgent/emergency calls being expected.

Section 5 - PLANNING POST OFFICE
INTERNAL

5.1 The Field Team Member designated "lead" at the audit is responsible for carrying out the pre visit preparation. The lead must check the audit type, branch name and code and other details supplied by the schedulers. Using the available NaSA database the lead can find all the information on the branch including branch opening times. Instructions to obtain the latest version of the NaSA database are available from the Knowledge Centre – Audits – Chapter 02 Working Papers

There is a separate Branch Trading Calendar available on Knowledge Centre with details of Branch Trading dates to establish when the branch was last due to be rolled into a new BT period. (Knowledge Centre – Audits – Useful Guides & Checklists - BT Calendar with an Interface (Dates up to 2024-25)).

5.2 The ART contains the NaSA Business Database and the Lead Field Team Member must take note of what type of branch this is, for example:

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

5.3 The type of branch will indicate any further preparation required. Exceptions that relate to specific types of branch are detailed in the appendices.

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

- Bureau de change (ref – Section 8.4)
- ATM (ref – Appendix F)
- Lottery (ref – Section 8.5 – 8.5.5)
- Paystation (ref – Section 8.3.1)
- Teller Cash Dispenser/Roller Cash Dispenser
- Retail Service Point (ref – Appendix C)
- Bidi & Bidi Magnum (ref – Appendix H)
- Self Service Kiosks (SSK) (Knowledge Centre – Guides & Handouts – Self Service Kiosk)

There are instructions for dealing with these nonstandard transactions in the relevant section of HOL HELP and some are held on the Knowledge Centre; Field Team members must familiarize themselves with these to be prepared to check cash and accounting practices at on site activities.

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

5.6 The lead is responsible for supplying all working papers for completion during the audit. This includes all financial working papers (Knowledge Centre – Audits – Chapter 02 Working Papers) and the CAT which is either completed directly on a Post Office Field

POST OFFICE

INTERNAL

Team Members Mobile Phone or using the printable CAT working papers (details of both are available from the Knowledge Centre – Audits – Chapter 08a CAT); the papers are then used to complete the internet based reporting tool (as per mobile phone/ Laptop within standard submission times).

Section 6 - ART, CAT Reporting Tool and SharePoint

6.1 An ART is a Microsoft Excel Template designed to support planning, verification and assurance of assets and generate the reports required by Financial Audit activity at all branches. The lead Field Team Member is responsible for ensuring all recipients that require the reports are included on the ART.

6.2 The Compliance Audit Test Reporting Tool (CAT Reporting Tool) is a Google Forms Template designed to support the planning and testing of regulatory compliance and business conformance and recording and reporting the results. The Field Team Member uses the tool to access the lists of Regulatory Compliance and Business Conformance tests required and record the answers.

The Lead Field Team Member is responsible for ensuring that the CAT is submitted. The latest version of the CAT Reporting Tool is available via the "app –link" (phone or laptop access uses the same link) or as a printable version from our database (Knowledge Centre – Audits – Chapter 08a CAT – CAT (Printable Version)) which would be entered on to the "app" once internet access is available.

6.3 The ART is reviewed regularly and a new version should be downloaded for each activity from the Knowledge Centre, meaning a new version is to be used for each activity.

6.4 The Lead Field Team Member must download the current copy of the ART and check that they have the latest link for the CAT Reporting Tool, directly from Knowledge Centre for every activity. Local copies can be saved, but to avoid use of out dated versions, checks must be made to ensure that any local copy is the correct version, before an activity takes place.

6.5 The current ART and Guide can be accessed from our database: Knowledge Centre – Audits – Chapter 08 ART.

6.6 Field Team Members must ensure that they have read and understood the current versions of the instructions.

6.8 All findings from the ART and CAT Reporting Tools must be submitted within the timescale as stated at **13.2** and while connected to the Intranet, follow the instructions on the Audit Tool to submit the form to the SharePoint site and for the CAT, as a submitted Google Form.

6.9 SharePoint is an online tool that enables results to be reported and accessed immediately by the relevant stakeholders. The responses to all SharePoint surveys can be collated automatically without the ART having to be manually analyzed.

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

6.11 Download the save to your laptop the current contact details for FSC and the Contract Advisors. Check these periodically to confirm you have the latest versions.

Section 7 - ON SITE ACTIVITY

POST OFFICE INTERNAL

7.1 Before approaching the branch the lead Field Team Member should take the opportunity to brief the team on the approach for the visit and clarify all roles and responsibilities. Please await the arrival of your colleagues before entering the branch.

7.2 The lead Field Team member must send a text message to the relevant Contract Advisor before entering the branch on the day of the audit. This is to inform the Contract Advisor that audit activity is taking place. If the contract advisor is planning to be involved in other activity that day, such as an interview, the contract advisor will arrange for an alternative contract advisor to deal with any calls later in the day. The text message must include the lead Field Team member's name, the branch name and branch code. If there is no mobile signal it will not be possible to send a text message, so the audit should commence as normal.

The text may be sent the previous day if it is known through local knowledge that no signal will be available. The text message should also state **that the audit is for the following day.**

7.3 The lead Field Team Member must call the NBSC to notify them that an audit is taking place and the branch will remain closed until its completion. This should also be completed before entering the branch where possible.

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

"Hello my name is From Post Office® Training & Audit Team, I'm here to carry out an audit of your branch today – introduce your colleagues and ascertain the role of the staff member....."

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

- The purpose of the audit is to verify cash and stock items.
- The reason behind the use of laptops and the ART (using tools independent of the Horizon system for verification)
- The course of events, what items will be checked and in what order – establish where they are held in branch
- The need for access to the HOL system.
- The estimated opening time of the branch is 9:30am.
- Obtain Lottery & paystation figures for the day so far and make a visual check that the cash is present - leave both terminals in service during the FAA
- Other aspects of the audit; for example reconciliation of non-value stock. e.g. POca cards/ Lottery Cheques
- The Compliance Audit which will require the input of the Agent/Postmaster/OIC and staff.
- The close of audit meeting and the opportunity for the Agent/Postmaster/OIC to comment on any findings.
- The opportunity for the Agent/Postmaster/OIC to fill out a customer satisfaction feedback form requesting their views on how the visit was conducted.

7.6 If they are not the Agent/Postmaster then **they must be advised to contact** the Agent/Postmaster to let them know their branch is being audited and invite them to attend. This also applies to all Multiple partners. Whether the Agent/Postmaster accepts or declines to attend the branch, the branch is audited as planned.

POST OFFICE
INTERNAL

7.7 WITH THE EXCEPTION OF BRANCHES IN NORTHERN IRELAND - The Agent/ Postmaster or staff may wish to contact the NBSC before allowing access; this will mean that Field Team Members may have to wait outside until their identity has been confirmed by the NBSC and they have completed their first access procedures. (**Contact with NBSC is not mandatory**; Field Team Members may be admitted on verification of security passes).

Branches in Northern Ireland only:

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

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

Special Audit Requests (NI branches)

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

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

7.8 The Agent/Postmaster or staff should be advised that he/she should not access cash, stock or the HOL system until the Field Team Members have gained access. In these circumstances, any irregularity should be documented and a transaction log obtained from the HOL system to ensure there has been no activity on the system before the Field Team Members were allowed access.

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

7.10 Having gained entry to the building the lead Field Team Member must arrange for the notices informing the public of the closure to be displayed in a prominent position. The details on the poster will include the names and postcodes of alternative branches, nearest MVL branch if applicable and an estimated opening time for the branch.

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

POST OFFICE
INTERNAL

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

7.13 Field Team Members should not have un-witnessed access to cash and stock.

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

7.14 The need to identify and produce all cash, stock and vouchers

It must be stressed at the outset that there will be a need to identify and produce all cash, stock and vouchers and to remind the Agent/OIC that this includes items kept at all Post Office serving positions; this will include both Paystation or Lottery cash which is due for sales and transaction since the last TA received. **Should the Agent/Postmaster/ OIC present cash after the audit has commenced, and after it has been confirmed that all cash has been produced, this cash MUST BE EXCLUDED FROM THE AUDIT. The audit result must only be based on the verification of the financial assets presented and confirmed as "on hand" at the outset of the audit. The cash must be accepted from the Agent/Postmaster "without prejudice to investigations or the current branch trading position", a receipt issued, and included in Post Office Ltd funds, but not the current branch trading position.**

Details of the amount should however be **included in section C of the audit report as "was made good by cash and a without prejudice receipt issued"**.

On completion of the audit all assets should be secured by the Field Team Member and witnessed by either another member of the team or the Agent/Postmaster/OIC.

7.15 Obsolete Stock

Obsolete stock is stock that can no longer be sold in the "Front Office". A check must be made to see if the stock has an icon which allows it to be returned to the Stock Centre using the Rems' – Out to ADC" function; if it has the right icon, the stock item can remain in the system but the branch should be advised to return the stock immediately. If no icon exists, the "Obsolete Stock Process" should be followed to remove the stock from HOL and the subsequent shortage will be covered: this should be noted in the audit report.

Processing Obsolete Stock is held on the Front Page of the ART.

POST OFFICE
INTERNAL**Section 8 - FINANCIAL ASSURANCE AUDIT (FAA)**
(Tier 2 requires additional procedures details below section 10)

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

- Cash (ref – Section 8.3.2)
- Cheques (ref – Section 8.3.3)
- ATM cash (ref – Appendix F)
- Currency (ref – Section 8.4)
- Spoiled Postage labels
- Lottery Instant scratch cards (ref Section 8.5.1 - 8.5.5)
- National Lottery Cheques
- Self-Adhesive stamps 100 x 1st
- Self-Adhesive stamps 100x 2nd
- Self-Adhesive stamps 50 x 1st Large
- Self-Adhesive stamps 50 x 2nd Large
- POca cards

All other stock items will be deemed to be assured.
Self Service Kiosks will be assured.

POca Cards – Any discrepancy on Horizon must be rectified before leaving the branch.

Camelot Lottery Cheques – discrepancies (to reduce holdings) must be notified to FSC to ensure a Transaction Correction is sent out to the branch.
To increase holdings, use the In From ADC in Rems.

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

8.2 Horizon Reports

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

8.2.2 Ask the Agent/Postmaster or a member of staff with manager's access to create a user ID for the lead Field Team Member to allow them access to the Horizon system. You may need to supply your SmartID if the branch has migrated to the SmartID system. See Appendix G for Instructions on Accessing the Horizon System if no one in the branch has manager access.

8.2.3 The following report printouts **must** be obtained from the HOL system, examined and filed with the working papers in line with the current retention process:

See Knowledge Centre – Audits - Chapter 02 Working Papers – HOL Report Printing for: Audit Report Paths, See Knowledge Centre – Audits - Chapter 09 Retention of Papers. This handout is also contained within the ART – Front Page.

The reports below should be printed by the lead to enable completion of the FAA and once these reports have been obtained the lead can then assist colleagues in counting cash/stock. (Please do not write on any of the reports as they may be required to be used as evidence)

POST OFFICE
INTERNAL

Please also see Appendix J which gives guidance on the reports obtained for checking purposes

- Un-reconciled/outstanding transfers report – for multi stock branches. Please ensure you accept all transfers before printing the Office Snapshot as failure to do so will distort your audit findings on the ART and make it impossible to produce an accurate audit result.
- Transaction log for the day of the audit.
- Office snapshot
- Balance snapshot for each stock unit – please ensure this includes the Self Service Kiosk/s as this is directly linked to Horizon, prior to reopening the branch.
- Most recent cash declaration holdings for each stock unit
- Foreign currency holdings
- Suspense account report
- Transaction corrections outstanding

8.2.4 Please see below for a list of further reports required, to be printed **after** completion of the FAA.

- User summary - obtain a list of all HOL users and take note of their full names. This can then be checked by accessing the 'modify user' screen and checking that all entries are current and in the correct format (non SmartID branches). (If any amendments are made to user names please reprint the user summary to reflect the changes).
- Forty-two day transaction log detailing all transactions over £5000.00 to illustrate transactions where identification data capture may have been required.
- Transaction corrections processed (this will also show instances whereby evidence has been requested – entries will be preceded with an 'E').
- Remittance summary (ins and outs) for the whole branch for the trading period
- Reversal reports for 42 days – RV and ER; Reversal transaction and existing reversal transaction when transaction code has been used
- Stock Adjustments (+ & -) (suspensions only)
- On completion of audit, prior to leaving the branch obtain a second transfer reconciliation report (this is to ensure no transfers have taken place during the audit)

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

8.2.6 If the audit takes place on a Thursday, following the end of a branch trading period, and the branch trading statement has not been fully completed, **the final branch trading statement must be completed prior to commencement of the audit.**

POST OFFICE
INTERNAL**8.3 Checking Cash, Stock and Vouchers on Hand**

8.3.1 Branches with a Paystation or Lottery terminal: ensure any overnight Transaction Acknowledgement's (TA) have been accepted or ensure this is the first action on log on. Ensure all monies accepted in respect of transactions carried out on the terminal have been introduced to the main cash before commencing the audit. The maximum amount of Post Office® cash that can be held on the retail side is £250.00.

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

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

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

8.4 Currency - Verify all the Euros, US Dollars & the next 2 highest value (£) currencies on hand to the correct amount on the balance snapshot. Totals from the currencies verified and those deemed assured should be documented for later inclusion in the ART.

8.5 Lottery - All online lottery transactions must be accounted for daily. Print the 2 daily terminal reports from the lottery terminal and calculate any outstanding monies owed to the Post Office; confirm such monies are present in the retail till to cover the sales so far today; allow the agent to continue trading lottery transactions. If the Agent/Postmaster doesn't have a monies to cover the outstanding sales for today confirm that the lottery is being accounted for correctly then see irregularities (Section 9).

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

8.5.2 The scratchcards on hand can be verified by reference to the lottery matrix held within the ART. The Agent/Postmaster must be advised that any value of obsolete scratchcards will be removed from the balance and the resultant shortage must be made good. This should be actioned at the time of the audit and detailed in the audit report.

8.5.3 Obtain the following reports from the lottery terminal and the Agent/Postmaster, depending on the type of branch Online Lottery Terminal (OLT).

- Summary Inventory
- Pack status reports for each game listed on the Summary Inventory
- Prizes for Online & Instants Report (current day and previous day).

POST OFFICE
INTERNAL

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

CONFIRMED - Pack is un-activated (pack may have been returned recently; check with branch if paperwork exists to confirm this).

ACTIVATED - Pack is activated

8.5.5 Additional Instructions for Tesco & WHSmith Lottery Branches:

(50 @ Tesco: 10 @ WHSmith – correct on 03/09/2018)

Some Tesco & WHSmith Post Offices complete their Lottery accounting a bit differently. They accept TA's as normal into a Lottery Stock Unit but there is no exchange of cash between the retail area and the Post Office. This will create an increased discrepancy in the Lottery Stock Unit which is then Settled Centrally when the branch completes their Branch Trading Statement. The Finance Service Centre (FSC) reconcile these figures with figures from Camelot and invoice Tesco & WHSmith which they then pay directly.

When completing an audit at a Tesco or WHSmith branch with Lottery, the Lead Field Team Member will need to call the Agent Debt Team in Chesterfield (contact details on Knowledge Centre – Audits - Contacts) to obtain the Agent/Postmaster Debt figure for Lottery. This can be done the day before the audit or as early as possible on the day of the audit.

The Lead Field Team Member also needs to request that the daily Lottery transaction spreadsheet for the branch is emailed to them. Any further discrepancies found at the branch will need to be reported on the ART as normal.

8.5.6 Paystation - All Paystation transactions must be accounted for using a BCS (Batch Control Summary). If a manual BCS is printed at the time of the audit and all the monies associated with that BCS handed to the Post Office (in preparation for the TA the following day); allow the agent to continue trading Paystation transactions.

If the Agent/Postmaster doesn't have a monies to cover the outstanding transactions for today, confirm that the Paystation is being accounted for correctly, then see irregularities (Section 9).

8.6 Network Support Admin Team

48 hours prior to all audit types the Admin Duty will notify the lead Field Team Member of the branches debt figure by email.

Whilst on site the lead Field Team Member may need to make a phone call to the Network Support Admin Team (depending on the type of audit) for the branch REM figures.

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

Tier 2 Audit – In addition to Agent/Postmaster Debt figure: the Lead Field Team Member will need to contact Network Support Admin Team to confirm both inward and outward remittance figures for the current trading period for verification purposes. This call will include confirmation of the specific amount of debt.

In the event of a Tier 2 Audit – request that the Postmaster and Staff refrain from using the paystation and Lottery terminals; terminal summaries should be taken and the cash secured for the days takings to be included in the Tier 2 audit.

POST OFFICE
INTERNAL

8.7 There is no need to hold back and open rem bags awaiting collection if they are due for dispatch the same day as the audit. The reference numbers from the bags must be recorded and verification sought the following day that the bags have arrived at the Cash Centre, by the Lead Field Team Member. Contact the Cash Management Team using the specific contact numbers issues to the Field Team; any failures should be reported by the Lead Field Team Member to the Contract Advisor and Security Manager for an Investigation audit to be arranged.

If rem bags have been made up in advance and are not due for dispatch on the day of audit, they should be opened and contents verified. In the event that any rem bags are made up and sealed by a Field Team Member, these must be witnessed by either a second Field Team Member or the Agent/Postmaster/OIC.

8.8 On completion of the audit, the Lead Field Team Member is to contact the Cash Management Team for an assessment of the branch performance using one of the specific contact numbers supplied to the Field Team. In the event of excess cash holdings, remit excess back to the cash center. Record amount returned on the ART (Post Audit Activity page (PAA)) and remind Agent/Postmaster/OIC of the correct cash management process.

Section 9 - IRREGULARITIES

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

9.2 Central Accounting by Financial Service Centre (FSC) in Chesterfield - Problems with irregularities involving errors in accounting, Transaction Corrections or entries in the suspense account may be progressed with the help of the appropriate contact. Please see (ref – Knowledge Centre – Audits – Contacts – FSC Team Telephone Numbers – INTERNAL USE ONLY – do not pass these numbers to Postmasters or their staff.)

In the event that a P242 needs to be completed the standard Settle Centrally threshold of £150 must be adhered to. If the branch indicates they are due a Transaction Correction or are unable to make good the deficit below this threshold, then Agents Accounting Team should be contacted using GRO (other numbers are available from the Knowledge Centre).

Differences after a Suspension that are identified at Defunding will be reported and written off to the Audit / Network Cost Centre.

Information regarding £150 to £1000 differences following a Tier 2

Following a Tier 2 Audit (**were no suspension takes place**) all Shortages and Surpluses should be Settled Centrally using the Global ID, with the amounts going to "late account" – these postings to Late Account will hit the Customer account as a **FA**, signifying a Financial Audit has taken place and puts a line in the sand.

If, after the losses is confirmed (via the Global ID) the postmaster wishes us to include cash that we deemed as being introduced cash (i.e. not counted as part of the audit as it was not present when we entered) or offers to repay cash; this should be declared as a surplus using Global ID (again this is settled to Late Account); this will ensure we have visibility of the declared loss and any cash payment made by the Postmaster.

If the Postmaster does offer to pay but does not intend to use cash, you must still declare

POST OFFICE
INTERNAL

the declared audit loss (if they wish to pay by credit/ debit card or by cheque a call has to be made to FSC to make a payment on their account – for cheques, ask if they can pay by card).

- Credit/Debit card payments can be accepted by calling Debt Recovery team on Tel: (If after 5:00pm this number reverts to an answer machine) - Tel: - Tel:

Debit/credit card payments can only be offered if before 5pm Monday to Friday.

We need to have assurance that any loss posted is correct and that we do not have to investigate as if the figures from our audit are incorrect, Post Office Limited would be unable to take this to a civil recovery.

e.g.

An FAA audit takes place and a result of -£1600 is revealed; this would escalate to a Tier2 audit and following the completion of this Tier 2 audit, the loss was clarified at -£925.34. Because we have completed a full branch audit, we must ask the Postmaster to settle this amount (make it good). The TAA is to login using their Global ID and settle the loss to Late Account. In the event of a cash settlement, the TAA would accept the value from the Postmaster then re-balance the branch adding the cash they have been given and posting the corresponding gain to the Late Account.

This will show FSC that the branch had a loss at audit and that the loss was made good. If the Postmaster chooses to settle the amount directly with FSC using a card payment, the TAA would post the loss to the Late Account and then a call would be made to FSC so the payment could be made. The TAA would do nothing further in the branch as it would be a direct action by FSC.

If the Postmaster is unable to make good in cash or card, the amount will be dealt with as per the standard actions surrounding the Late Account for branches.

FSC - Recovery process:

Monday after Branch Trading (day 1) – 1st letter sent requesting payment within 7 days

Following Tuesday (day 8) – 2nd letter sent requesting payment within 7 days

Following Wednesday (day 15) call to branch requesting payment

For amounts <£1k, 2 calls made

For amounts >£1k, 4 calls made

If at this point, the agent has not paid and no contact has been made, a deduction from remuneration is forced. We will take a maximum of 25% of monthly remuneration, this can be taken in instalments if debt is more than 25% of remuneration

We would not expect any disputes on an audit loss

FSC - Credit process:

Credit <£150 – repaid in next remuneration (i.e. - £149.99 or less)

Credit >£150 & <£499.99 – held on account for 6 months and then repaid in next remuneration

Credit >£500 & <£999.99 – held on account for 12 months and then repaid in next remuneration

Credit >£1000 – call to branch to discuss reason for surplus and whether a repayment is required

9.3 Support from Contract Advisor - As part of the preparation for the audit the lead Field Team Member must have available the contact details for the Contract Advisor and alternative Contract Advisor and the Security Manager to report findings,

POST OFFICE

errors, discrepancies or admissions.

INTERNAL

The CA contact details are listed on the Knowledge Centre (Audits – Contacts – Contract Advisors). **Note:** This file lists the CA contact details, the areas or multiple partners the CA covers and a BuddyList, which details who is the next in line to contact if you are unable to get hold of the first CA. This shows four alternative contacts for each CA.

If you have had problems contacting a Contract Advisor (CA) whilst conducting an audit please email the details to your Line Manager (TAM) (Date, time, branch details).

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

9.3.2 The Contract Advisor & Security should be contacted if anything happens during the visit that would suggest that the Agent/Postmaster may be in breach of their contract for example:

- There is an unexplained discrepancy of £1000 or more for the Contract Advisor & £5000 or more for Security(excluding outstanding debt)
- There are any irregular or suspicious circumstances
- There is an irregular personal cheque on hand
- Sales made on a "credit" basis i.e. payment outstanding
- There is an admission of misuse of Post Office® funds or fraudulent activity
- The Agent/Postmaster refuses to allow access to the premises or any cash or stock items
- Cash on hand has been inflated or an amount of cash is produced after the audit has commenced
- Lottery takings are not to hand and/or banked in personal account
- There are discrepancies found in on-site verifications (remittances, suspense accounts etc.)
- The Agent/Postmaster has declared that the previous periods discrepancy has been made good, however findings are to the contrary
- The Agent/Postmaster cannot make good an audit shortage and is unable, or unwilling, to put forward proposals
- If the lead Field Team Member has any other concerns about the branch

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

9.3.3 Should the Agent/Postmaster admit any fraudulent activity, he/she should be advised immediately that the branch will be kept closed and the Contract Advisor and Security Manager contacted.

The Contract Advisor will need to decide whether the contract should be precautionarily suspended and will need the following information:

- Branch name and code
- Contract type
- Operator's name
- If not the operator, then the name of the OIC or person in control on the day
- Does the operator have other branches? – If so are audit results from them known?
- Amount and breakdown of discrepancy
- Any reasons for the discrepancy that have been offered to the auditor
- Any admissions

- POST OFFICE
INTERNAL
- If any previous issues are known
 - Date of last branch trading statement
 - Has the security manager been contacted?
 - Any relevant information provided by the operator or staff.
 - Any relevant circumstances.
 - Any outstanding debt

The Contract Advisor will probably need to consult with the Agent Contract Deployment Manager so there will be some delay, but this will be kept to a minimum.

Should the Agent/Postmaster be suspended, there is a possibility that the branch will remain closed and the assets defunded (ref Knowledge Centre – Audits – Chapter 05 Closure Process - Closure Work aid) for details about branch defund, in this case, a special notice to this effect should be displayed and **NBSC should be contacted to advise them of the situation.** If the branch is to remain closed, the date stamps should be lodged in the safe. Arrangements for the door and safe keys/ safe codes, should be agreed with the Contract Advisor.

Please also ensure you Contact Cash Management **by phone and follow up by e-mail** to advise them of the closure and to cease all remittances to the branch.

9.3.4 In the event of a discrepancy, the Agent/Postmaster/OIC/Manager should be invited to complete an independent check of the cash. This can be obtained from the Knowledge Centre (Audits- ROSC – Record of Significant Comments Cash Sheet)

9.3.5 In cases involving suspension, the lead Field Team Member should obtain six periods worth of branch trading statements, **and if requested** they will send them, along with any other working papers and paperwork related to the audit for retention to the Security Team.

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

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

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

9.3.7

9.3.8 Transaction Acknowledgement (TA) Instructions on Suspension Audits:

The Lead Field Team Member needs to establish that all TA's have been received in branch by checking the TA print out and if any are missing, to make sure that funds are produced by the Agent/Postmaster to make good and then this amount should be placed in emergency suspense, or if the Agent/Postmaster does not make the amount good then this is included in the debt figure and reported on the final account so an attempt to recover any monies, due by the late account process can be made.

In the event of a Lottery branch the Lead Field Team Member needs to ensure that no instant pack activations are missed by checking the pack activation slips or if these are not on hand to verify the date of activation by ringing Camelot Retailer Hotline (GRO) and checking that all the TA's have been received.

9.4 Appointing a Temporary Agent/Postmaster - If the Contract Advisor decides that

POST OFFICE

INTERNAL

the Agent/Postmaster is to be ~~precautionary~~ suspended from the branch then it may be possible to appoint a temporary Agent/Postmaster in his place to ensure continuity of service.

The Contract Advisor will commence this process with the permission and agreement of the existing Agent/Postmaster. The Field Team Member must carry a set of paperwork to carry this out, under the direction of Phoebe Woodrow and Suzanne Thompson, Temporary Postmaster Advisors (or).

(Ref Knowledge Centre – Audits – Chapter 04 Transfers - Transfer Pack)

(Ref Knowledge Centre – Audits – Chapter 10 P250 Pack)

Branches in Scotland only – Audit Irregularities

One of the fundamental rules of Scottish Criminal Law is that the essential elements of the charge require to be corroborated before anyone can be convicted on that charge. It follows that an admission by the accused is not enough evidence to convict in Scotland because that evidence needs to be corroborated from another source. Therefore if one Field Team Member finds a shortage in excess of £1000, the cash and stock they have checked requires a second Field Team Member to **physically check** it, and also sign the working papers, initialing any alterations. Hence it has then been corroborated.

From a business point of view we should not construe as corroboration getting the Agent/Postmaster or Temporary Agent/Postmaster who is taking over to check the cash and stock. The Defense argument could be that the Agent/Postmaster was in shock, under duress etc. when checking the figures. The same argument could be made by the defense when it is an assistant who is taking over as a Temp, and they are asked to check the figures.

If the audit is a singleton activity contact your Training & Audit Manager (TAM) to arrange assistance. Please contact Security Team in addition to the Contract Advisor on the day of the audit to discuss.

NB: Corroboration can be completed by any Post Office employee, i.e. in remote locations a member of the wider Network Operations – Finance & Operations team etc. could be more accessible than another Field Team Member.

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

10.1 Print a copy of the Branch Trading Statement.

10.2 Check all cash, cheques, currency, postage, stock on hand as required for completion of ART (Tier 2). Refer to the latest Guide on the Knowledge Centre for completion of the ART.

- **For Currency Revaluations:**

From the final office snapshot get the currency revaluation figure down and the currency revaluation figure up and minus one from the other.

Example:

Currency revalue up +£70.24
Currency revalue down -£28.35 = +£41.89

Get the currency value in sterling from the 1st office snapshot and deduct the currency value in sterling from your final office snapshot.

Example:

Currency value on 1st office snapshot £13745.94
Currency value on final office snapshot: £13544.00 = £201.94
Then minus the net currency revaluation from the above figure
i.e. £201.94 - £41.89 = £160.05

POST OFFICE
INTERNAL

Then take the discrepancy figure for the currency of the ART and minus it from the above figure, which in this case was £162.13 - £160.05 = £2.08

This is your currency revaluation figure to be entered on the ART.

Please note that if the first office snapshot is printed after 9.30 am then you would need to get the currency revaluation up and down from there and net it out with the new currency revaluation figures from the final office snapshot.

10.3 Working papers specific to Tier 2 must be used from the Knowledge Centre.
(Ref – Knowledge Centre – Audits – Chapter 02 Working Papers)

10.4 If a Tier 2 audit has been scheduled then in addition to the agent debt the Lead Field Team Member will need to call NSAT to confirm remittances in & out for the current Trading Period on the day.
If the Full Financial Audit (Tier2) is by escalation from an FAA, then these figures must be requested by the Lead Field Team Member by calling NSAT.

Section 11 - COMPLIANCE AUDIT

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

11.2 The Field Team Members role in compliance auditing is to undertake sufficient testing (across at least 50% of all staff) to be able to confirm, with reasonable assurance that controls that should be present in a system are being deployed.
The areas tested are tests that can only be checked by being at the branch and the areas covered are:

- CORE CAT's (Compliance Audit Tests)
- Government Services (DVLA, IPS, AEI)
- Procedural Security Inspection
- POca or other tests requested by Branch Standards

11.3 For current tests and Guide see the Knowledge Centre.
Ref Knowledge Centre - Audits – Chapter 08a CAT

POST OFFICE
INTERNAL**Section 12 - CLOSE OF AUDIT MEETING**

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

- The closing meeting should already have been discussed and planned with the Agent/Postmaster as part of the opening meeting at the outset of the audit
- The meeting should be conducted in private whenever possible as some of the points for discussion may be sensitive
- The lead Field Team Member should be familiar with all the findings of all the tests completed (in conjunction with the person who has completed the Compliance testing if this is not the lead Field Team Member). The lead Field Team Member is solely responsible for discussing gaps identified during the closing meeting.
- During the closing meeting with the Agent/Postmaster the lead Field Team Member must highlight any issues identified from the financial audit in addition to the gaps discovered during the compliance tests.
- When talking through the findings it is important to discuss them in a balanced way and be able to qualify exactly what is meant. The reason for any actions should be made clear. Informing the Agent/Postmaster that any gaps may result in contact from the Branch Standards Team either by phone or letter. It is essential to highlight where the correct procedure is documented and the importance of adherence to it, by explaining the correct procedures and clarifying understanding. The lead Field Team Member must highlight the consequences and impact of failure to comply for the Agent/Postmaster/staff and for the business. Failure could lead to the loss of the Agents/Postmaster's contract to provide products and / or services, and / or financial penalties for Agent/Postmaster, his staff and the business
- Recognize good working practices in the branch but avoid phrases like this is: "a good performance" or "a well-managed branch".
- Following the closing meeting a customer satisfaction feedback form should be left with the Agent/Postmaster at the branch – The Agent/Postmaster should be encouraged to complete and return this form.

Section 13 - AUDIT REPORTING

13.1 All audit reports are embedded within the ART & for the CAT Reporting Tool it is completed automatically as the CAT is a Google Form.

13.2 The ART and CAT must be completed and submitted within 3 working days of the completion of the audit. For both actions an email address is essential for a branch, as without it, a copy of the audit report will not be sent through the post and the CAT can't be completed online.

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

POST OFFICE
INTERNAL

APPENDIX A

- Check and verify as a **minimum**, 50% of the counter stocks. If time and resource allow then additional counter stocks can be checked
- All dormant stocks have to be checked
- All stocks with cash in excess of £25k
- Any stocks that appear to be holding excessive amounts of postage or stock compared to the other stocks in the branch
- Any stock held by the Branch Manager this will include ALL items that are in the Main Stock such as postage stamps, special stamps, non-value stock etc.
- If Main Stock (Bulk Postage, Special Stamps or non-value stock) is not held by Branch Manager this will also need to be checked

- If any stock keys are not available as they should be we must:
 - Record this on the audit report comments
 - Discuss in the closing meeting
 - Call the Business Development Manager (BDM) on the day
 - Email a separate follow up to the BDM to summarise the call and this should be in addition to the emailed Audit Report.
 - The Business Development Manager & Crown Operations Advisor should also be included in the email and audit report (as they are currently)

Ensure the branch is open by 9am.

Crown Branch Losses

Losses & Gains identified should be e-mailed to Post Office Security in **all** instances regardless of value.

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

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

POST OFFICE
INTERNAL

FRANCHISE AND MULTIPLE BRANCHES

APPENDIX B

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

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

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

On arrival at the branch, the lead Field Team Member should make the visit known to the store manager and any local entry procedures must be adhered to. At the beginning of the audit the lead Field Team Member is to ask that the branch staff to telephone their area manager/ company contact, to advise that an audit is taking place and to invite them to the closing meeting at the branch.

The estimated time of the closing meeting should be advised and, if the company contact is unable to attend, it must be confirmed that they are happy for the audit findings to be discussed with the officer in charge on site.

Any irregularities, discrepancies, admissions etc. should be reported to the Contract Advisor.

POST OFFICE
INTERNAL

OPEN PLAN AND COMBINATION FORMATS **APPENDIX C**
(Also described in some instances as "RETAIL SERVICE POINTS")

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

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

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

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

For confirming Bidi Safes – **See Appendix H**

POST OFFICE
INTERNAL

WH Smith Branch

APPENDIX D

(Additional information to be used at WH Smith Branches)

- The **lead Field Team Member is to email WHSmith Security** using the email template and email addresses below as they prepare the ART for the audit. (agreed September 2018)
- On arrival at the branch, the Lead Field Team Member should make the visit known to the store manager and any local store entry procedures must be adhered to.
- There is no need to contact WH Smith (as we would with any other multiple) as senior WH Smith Security & Investigation managers are aware of the audit plan.
- WH Smith has an insurance waiver, but compliance questions relating to Procedural Security Inspection should be asked. This is at the request of the Head of Business Development (WH Smith).
- The closing meeting will take place with the Lead Field Team Member and the Branch Manager (or their representative at the branch) on the day of the audit, summarizing the outcome of the Audit and outlining the next steps the Branch Manager needs to take.

Process - Financial**Physical check of cash, cheques and currency**

- Bureau/Business Banking stock unit, this should be checked first in conjunction with the counter stocks to enable the branch to open.
- Counter stocks: 2 to 3 stocks, prioritizing in cash value the highest while still allowing the branch to open at the normal time
- SSK stock unit's cash holdings to be verified (if applicable to office)
- Main Safe stock unit (All items held as per the Crown Process)
- All dormant stocks must be checked
- Rollercash contents can be assured if store/branch is open
- Any other stocks holding excess Cash or Postage, not in use on the day of the Audit
- All other all-purpose working (APW) stocks should be assured
- Cash and currency REM Pouches – All cash rem pouches on hand to be verified, by matching with suspense account, then by reversing the rem bags and checking the contents. (All cash rems prepared for dispatch must be reversed out from HOL prior to opening and checking). Each pouch then needs to be checked **one at a time** (the contents of each pouch being pouched up again and remmed out prior to checking the next pouch). If the rem van arrives during the audit, the pouches that the Field Team have checked can be dispatched. Any pouches still to be checked will leave the branch on the next scheduled collection day. N.B. All pouches should have the barcode numbers noted and their delivery confirmed the next day, as per normal procedure. (Count and assure the numbers of full sealed bags is correct and that the sealed note bags are signed by 2 members of staff and are dated and date stamped also, physically count any odd amounts of loose notes).

POST OFFICE
INTERNAL

Physical check of stock

- Stock items in other stock units where holdings are considered to be high

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

Process - Compliance

- Questions will be directed towards the Branch Manager and Assistant Branch Manager in the branch and as many counter staff as practically possible. If the manager is unavailable then a representative of the manager should be chosen.
- Unlike some self-insured multiple partners, security questions should still be asked in every case.

Contact

If there is an issue onsite, i.e. discrepancies over £1000 then there is one main point of contact, Simon Davies (WH Smith).

Any intervention to suspend staff will be actioned by either Simon or passed onto an appropriate WH Smith manager to deal with.

One phone call from the lead Field Team Member will be sufficient.

If Simon is unavailable please contact Steve Hall.

Simon Davies -

Steve Hall -

WHSmith Security - emails

Email Title: Branch Audit Notification [branch code] [branch name]

LEAD FIELD TEAM MEMBER to Copy and paste below to the email filling in the details listed:

An Audit has been scheduled on dd/mm/yyyy,

Branch Name:

Branch Code:

Branch Postcode:

Estimated Team Attendance Time:

Audit Lead:

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

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

Normal audit procedures apply throughout the audit but if a discrepancy is found, further information will be required for branches where the Postmaster provides their own cash to run the Post Office.

NOTE: the majority of PO Local branches are PO funded (only 60 branches are self-funded – see: Self-Funded ACTIVE LIST held on the Knowledge Centre – Onsite Training -PO Local Info - Self-Funded Branches).

Discrepancy over £1000

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

If they are aware, the Lead Field Team Member should contact the relevant team in Finance Service Centre (Knowledge Centre – Audits – Contacts –FSC Team telephone numbers) to determine if a transaction correction can be expected.

If the branch are unaware, the lead Field Team Member is to contact **Neil Page** at FSC, Chesterfield (Client Settlement Team - Phone:) and check if FSC are aware of any discrepancy. If required, Neil will liaise with the Fraud & Conformance team to check if they are aware of any issues. Neil can also advise on outstanding settled centrally debt, if required

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

Should the Postmaster opt to make good an audit shortage by cheque;

Accept the cheque, issue a "without prejudice receipt" and post directly to:
Finance Service Centre, 1 Future Walk, West Bars, Chesterfield S49 1PF.

Endorse the reverse of the cheque with branch name, code and "audit shortage".

Defunds of a Post Office Local Branch

If, as a result of the call to Agent/Postmasters Debt, the money in the branch is due to the Post Office, the cash needs to be returned; it will need to be accounted for as follows:

- Back Office (F14)
- Adjustments (F7)
- Loan to PO wdrn (66)
- Enter the cash amount
- [ENTER]
- [SETTLE]

If unable to get a pick up from CVIT then send the Cash by Royal Mail Special Delivery (RMSD) to the local cash centre. If the pouch is to be posted offsite, advice must be obtained from your TAM.

Stock & Stamps: POST OFFICE
INTERNAL

These would also be returned using the RMSD REM process (detailed on the Knowledge Centre – Audits – Chapter 05 Closures – RMSD Branches).

Rem the stock out of the branch via Rem out to ADC – Pouch scanned as normal then Prep-Despatch (this action should clear the Suspense Account) and seal in an RMSD envelope and send back following the RMSD REM process.

In some cases a CViT pick up may have been organized but in most cases there will not be a pick up from CViT and it is normal to send Cash to local Cash Centre and stock to the Stock Centre by Royal Mail Special Delivery. If the pouch is to be posted offsite advice must be obtained from your TAM.

Closure of a Post Office Local Branch (Self-funded)

For a planned closure, contact should be made prior to the closure date with FSC to confirm that you are completing the closure and the date you will be attending.

On arrival at the branch you need to make sure that no cash is present in the HOL system (currently "loaned to the Post Office"). To do this by checking the Office Snapshot. If cash is present on the Office Snapshot, use the process below to remove it.

To remove cash follow the process below:

- Back Office (F14)
- Adjustments (F7)
- Loan to PO wdrn (66)
- Enter the cash amount
- [ENTER]
- [SETTLE]

Now print an Office Snapshot to confirm that the cash is no longer present.

Once you have finished this activity, email the confirmation to the 2 email addresses below, confirming that the branch has closed:

- Neil.page
- client.settlement

POST OFFICE
INTERNAL**Transfer from a Retailer Funded (Self-Funded) to Post Office Funded Branch**

Post Office Local - Retailer Cash Funded – Audit Process

Normal audit procedures apply throughout the audit but if a discrepancy is found further information will be required for branches where the Postmaster provides their own cash to run the Post Office. (N.B. PO Local branches can be PO funded or self-funded).

Discrepancy over £1000

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

If they are aware the Field Team Member should contact the relevant team in FSC (Knowledge Centre – Audits – Contacts – Finance Service Centre Team Contacts) to determine if a transaction correction can be expected.

If the branch are unaware, the Field Team Member is to contact Neil Page at the FSC (Current Agent/Postmasters Debt, Phone:) and check if they are aware of a discrepancy. If required, Neil will liaise with the Fraud & Conformance team to check if they are aware of any issues. Neil can also advise on outstanding settled centrally debt, if required.

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

Should the Postmaster opt to make good an audit shortage by cheque; Accept the cheque, issue a without prejudice receipt and post directly to:

Finance Service Centre,
1 Future Walk,
West Bars,
Chesterfield
49 1PF.

Endorse the **reverse of the cheque** with **branch name, branch code and "audit shortage"**.

Defund of a Post Office Local Branch

If, as a result of the call to Agent/Postmasters Debt, the money in the branch is due to the Post Office (and you have been instructed that the cash should be returned to POL), it will need to be accounted for by withdrawing the full amount of cash held in the branch so that the Snapshot show "zero" for cash on hand – instructions below:

Loan Withdrawn from PO – on Horizon (HOL)

- F7 Adjustments - 66 Loan to PO withdrawn

The cash is not handed back to the Operator, it is to be declared and included in the declared cash and stock and returned to the appropriate POL Cash Centre. **This may cause the HOL system to show a gain**, but this will offset any loss already posted or due to be posted under the settlement agreement at the Financial Service Centre. Note the details of the cash declaration on the ART.

If unable to get a pick up from CVIT send Cash by Special Delivery to local Cash Centre. If the pouch is to be posted offsite advice must be obtained from your TAM.

POST OFFICE
INTERNAL**Automated Teller Machines (ATMs)****APPENDIX F**

There are 4 different ATM types on site at branches.

The different types of machines in the network are:

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

There are consequently only 2 machine types that would need to be verified as part of the audit process.

If the branch (or the retail side) is already open for business when the audit commences then proceed with the audit as normal leaving the ATM in service until the branch is ready to be opened.

Once this is completed the branch should be closed for a short period whilst the ATM contents are removed and taken to the secure area for checking prior to allowing the branch to re-open. Once checked the branch will need to close for a short period to return the cassettes to the ATM and put it back in service.

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

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

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

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

POST OFFICE
INTERNAL

ACCESS TO THE HORIZON SYSTEM

APPENDIX G

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

At all Audits

You should request the AGENT/POSTMASTER to add you to the system, if this is not possible due to no one in the branch having managers access, then your Global User ID should be used to access the system. Once logged on with your Global User ID you can then create other users on the system in order to later assist with the production of transaction/event logs and you should add yourself as a user through the normal process to enable you to produce all reports required under that user log on.

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

Please note: - If users have been added to the system during the course of an audit remember to delete them from the system at the conclusion of the audit and ask the agent/Postmaster to obtain a reprint of the User Summary. This will ensure all staff on User Summary is accurate before leaving the branch.

Personal SmartID details must be carried and be available for all auditors, in case they are needed during an audit.

POST OFFICE
INTERNAL

Appendix H

Process for Auditing Bidi Safes

The following process is to be used when Field Team Members (FTM(s)) audit the Post Office position at the Retail Service Point for Locals and Mains.

Process:

1. The FTM(s) upon entry will identify themselves to the Postmaster and the Post Office Service Point must be isolated and all transactions ceased.
2. The FTM(s) will ask the Postmaster if they would like to close the premises whilst all value cash and stock is removed to the secure area. If the Postmaster wishes the premises to remain open then the following must be applied.
3. The FTM(s) will retrieve all paper work required from Horizon to establish that Post Office® funds are secure.
4. If there is a back room terminal this must also be isolated and the Postmaster instructed that this must not be used without their prior consent.
5. The keys to the main safe must be identified and the FTM(s) must take possession of the safe keys into their custody. In the case of a “keyless / coded safe” you are to specifically ask the Postmaster/ Operator / Agent / OIC, not to open the safe unless you are present; in these circumstances, there may be a key to the door to the secure area that you can take control of.
6. There are up to 20 cassettes within the Bidi, the FTM(s) will need to ensure that they either mark the first cassette using a permanent marker or by inserting a piece of paper into the cassette (an example might be that you use a postage label) this allows the FTM(s) to know when they have completed the check of all cassettes when the cassette with the postage label comes out again (remove the postage label before re-posting it in to the Bidi safe).
7. The FTM(s) will push the button for the first cassette to be released (which may take up to a minute to be released) and counted. Once counted the first cassette needs to be marked and then placed back into the Bidi and the button pushed to receive the next cassette. There is a known problem when only two or three cassettes are held within the Bidi in that when the cassettes are placed back into the Bidi they have a tendency to not fall back flat and the Bidi safe jams. If this happens then we will have no alternative but to close the retail premises so that the main Bidi door can be opened.
On opening, any unmarked cassettes below the marked cassette can be placed on the bottom of the compartment (if there is only one, this can be withdrawn and counted) and all the cassette(s) above marked cassette stay on top as these are already checked.
8. It should take a maximum of one minute between each cassette withdrawal. This will continue until all cassettes have been recycled and the FTM comes back to the first cassette which will be identified by the permanent marker or by a piece of paper inside the cassette.

POST OFFICE
INTERNAL

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INTERNAL

9. Each cassette should hold £500 so it is acceptable that the risk is minimal in counting this cash one cassette at a time at the Post Office position.
10. Once all the cassettes have been counted, then the cash till contents should also be counted.
11. All other Audit process and practices will apply.
12. The Post Office service position will NOT be put back into service until all cash and stock has been accounted and the Field Team Member has completed all their checks.
13. If the branch has a Bidi Magnum+ the following additional conditions will apply:-
14. The branch must be audited before 8 o'clock in the morning; this is to reduce the likelihood that the drop safe will have been used.
15. If there is money in the drop safe, any amounts reported to be in the drop safe should be verified using the transaction log to identify any large deposits made prior to the Field Team Member(s) arrival. As long as any amounts reported to be in the drop safe match the transaction log, the contents can be assured. If the amounts reported to be in the drop safe do not match the transaction log then the premises must be closed for only the time it takes to open the drop safe and remove the contents to a secure area for it to be counted. This should be noted on the audit report. There will be no need to contact the contracts advisor for authority to assure the contents.
16. If there is money in the drop safe, then following the audit the Lead Field Team Member should contact their Training & Audit Manager (TAM) and the TAM will then contact the Network Support Admin Team to request that another audit of the branch be scheduled within the next 20 working days.

Additional information:

For the majority of Locals, one FTM will be required to complete the audit. **Additional Field Team Member's will only be required if the branch operates 2 Horizon positions; has a Bidi Magnum+ safe, or requires 2 FTM's due to the size of the branch based on normal scheduling criteria.**

POST OFFICE
INTERNAL**Appendix I****Tips to help get a Branch Open as early as possible on Audit**

All Field Team Member(s) should attend the branch in good time to conduct the audit. The lead Field Team Member should be well prepared with all working papers ready and to hand.

The Lead Field Team Member should allocate tasks to include Bureau, ATM and Lottery etc. prior to entering the branch: that way each Field Team Member knows what they are expected to do and avoid delay. This may change once inside the branch due to findings (see below). The text message to the CA should be sent prior to arrival at the branch.

Only notify NBSC of a branch closure if there is one, if the branch scheduled opening time is 09.00am and you have the branch open at 09.00am there is no requirement to notify NBSC as there has been no loss of service. However if the branch has been open prior to arrival then NBSC should be notified when you briefly close the Post Office.

Consider all possibilities once inside the branch to get the branch open as soon as operationally possible:-

If the branch is open on arrival consider counting the main cash and any dormant stocks first then if applicable the Bidi safe (See Appendix H).

Total the cash counted thus far to give one figure. If applicable print the transfer report, THEN close the position, accept any transfers pending, print an Office Snapshot, Balance Snapshot, Cash Declaration and any transaction print outs required. Whilst the reports are being produced count the cash in the flip top or till and add to the figure already on cash sheet, compare to cash on hand as shown on OFFICE SNAPSHOT, if agrees then the position can open. Using this method, provided there is no large discrepancy; the branch should not be closed for more than 10 minutes.

If the branch has an ATM, consider leaving it operational (as this will provide customers with a limited service) whilst you audit the remaining cash and stock.

If the branch is open on arrival the retail area will have to be closed to remove cassettes from the ATM anyway, so this can be done at any stage of the audit. Remember the longer you leave it the less cash there will be to count.

NOTE: this is only possible when the ATM is a separate stock unit (it is a mandatory requirement that the ATM is a separate stock unit but always check).

If you do have to close the branch only leave it closed for as long as it takes to remove the cassettes to the secure area. Once verified the branch will have to be closed again to replace the cassettes back into the ATM.

If the branch is closed on arrival offer the Postmaster the choice of leaving the ATM in service until the rest of the branch is checked and then closing the shop briefly to remove cassettes and after checking replace the cassettes. (As described above) This way the counter stocks are available earlier and some Postmaster prefer this.

If a multi stock branch, once the time critical reports are printed, (see below) one or two units are checked and there are no reasons for suspicions then the branch can open, albeit possibly with a reduced service. Remember you only need **balance** snap shots for the stock units as you check them. Do not allow staff to wander off, once you have checked the cash the staff member should be on hand to prepare and open that stock unit.

POST OFFICE
INTERNAL

Ensure that only the reports required are printed prior to the branch opening as per HOL Report Printing at Audit Guide, once the branch has re-opened the remainder of the reports can be obtained.

Once the Lead Field Team Member has produced the reports on the first side of the **HOL Report Printing at Audit** they should check if the branch is ready to open - if the branch is not open, they should assist in checking cash and stock until the branch is open.

No figures should be input to the ART prior to the branch being open.

If the branch has a 40 minute internal cell and the Postmaster can tell you how much is inside then once the working cash is verified the branch can open. (Provided there are no serious grounds for suspicion)

The 40 minute cell should be observed until opened (to prevent any cash introduction) and the contents checked.

There should be no irrelevant conversation prior to the branch opening. It looks very poor to the Postmaster who for the most part only gets paid for the transactions completed if we are talking about last night's television programme whilst the branch is closed.

PLEASE NOTE only the Lead Field Team Member should have their mobile phone turned on and only answer calls relevant to the audit, all other FIELD TEAM MEMBER's should have their phone turned off for the duration of the audit.

Exception to this would need to be agreed with the lead in cases of urgent/emergency calls being expected.

Under no circumstances should the Compliance Audit (CAT) be completed before the branch is open.

Remember a successful audit is all about control, the Lead Field Team Member must be in control, not the Postmaster or staff. The Field Team Member(s) must be polite but firm. Branches should be open with the absolute minimum of delay whatever opposition the Postmaster makes. If all else fails and the Postmaster refuses to open the branch as instructed the Contracts Advisor should be notified.

POST OFFICE
INTERNAL**Appendix J****Checking Reports obtained during Audit****Suspense Account:**

Can be used to hide shortages, therefore during the audit it is necessary to identify any figures recorded here and obtain proof that they are proper to be held. If they should be in the Suspense Account then they are deemed as AUTHORISED if not then they are UNAUTHORISED on the ART.

RV report:

This reversal report must be checked especially on an FAA to see if there are any patterns suggesting reversal of postage or stock to cover up a loss. Reversing large amounts or high values of postage stamps will reduce the cash expected figure by HOL and increase the postage on hand figure expected by HOL. If this is indicated then it is necessary to check at least the bulk postage figures while conducting an FAA to ensure that postage has not been over inflated to cover up a loss.

ER report:

This report must be checked to ensure that payments have not been reversed to cover up a loss. Reversing a customer's bill payments or bank deposits may be an indication that losses are being covered up; originally known internally as "Giro suppression", it is an old trick and although harder to do on HOL, it may still be possible. This is where a customer pays a large bill or makes a cash deposit, they are issued a receipt, however the transaction is reversed to cover up a loss and processed later when the same can be done to another transaction. Customers are not necessarily aware of this happening as their accounts are funded but later than they should be.

Over £5k report:

This report needs to be checked to ensure no transactions over £5k are being manipulated or processed when they should not be.

Transfer Reconciliation:

Each transfer transaction has a mode of "TO" (Transfer Out) and should have a corresponding mode of either "TI" (Transfer In) or "ER" (Existing Reversal), these will indicate that the transfer has either been accepted by the relevant stock unit or cancelled by the issuing stock unit. If the transfer only has a mode of "TO" (no corresponding "TI" or "ER") then it has not been accepted by the relevant stock unit. All transfers whether value or non-value must be accepted before the Office Snapshot is produced as any items not accepted will not show on the Snapshot and affect the audit result. If any transfers have not been accepted on a full audit (Tier2, Transfer, and Robbery etc.) it will create a misbalance on the ART and the final result will be wrong and unusable as evidence. If they have not been accepted for an FAA, then losses can be hidden and the final result will be inaccurate.

Outstanding Transaction Correction Report:

This report is obtained to ensure that there are no outstanding TC's which need to be included as part of the audit.

Processed Transaction Correction Report:

The rationale behind checking this report is to see if the staff are making regular common errors which they may need help or extra training on while you are on site.

NB: When conducting an FAA, if the postage figure on the Office Snapshot seems excessive for the branch of that size then at least the bulk postage must be checked to ensure that it has not been over inflated to cover up a loss.