Internal Audit Report
IDG Assurance – Phase 2

POST OFFICE

Context

This second phase of the IDG Assurance concentrated on the improvements identified by the Deloitte Postmaster Journeys work carried out in early 2021. This work identified 11 Oxblood Red, 24 Red and 12 Orange rated improvements. These were all due to have been completed by 31st May 2021. The remaining 50 Orange rated improvements, completed since phase 1 of the IA work were also in scope for this phase.

Audit objective

To review the effectiveness of those improvements identified as complete by the business. Internal Audit provided assurance, where possible, on operational improvements deemed complete (by either improvement owners or the IDG) in the IDG Master Tracker. Phase 2 concentrated on the improvements identified through the Postmaster Journeys work and the Orange rated improvements completed to date.

This second phase was performed between mid-April and end May 2021.

Assessment

To arrive at our assessment, Internal Audit has worked in partnership with the IDG team and all related areas of the business to understand the effectiveness of the outputs declared as complete by their owners. At the conclusion of Phase 2 of our work, we highlight the continuing good progress and areas where additional work is required to fully deliver the stated improvements. Challenges in obtaining supporting evidence in a timely manner has impacted the delivery of this phase.

Conclusion

The IDG has continued to provide effective senior management oversight and coordination of the improvement activities being undertaken across the business, to ensure the outputs from the GLO judgments are being actioned and sustainably implemented.

At the end of Phase 2, we conclude that 90 of the 97 improvements assessed are effective, with the remainder being put back in remediation or deferred.

Next Steps

Phase 3 will prioritise the Oxblood Red, Red and Orange improvements that have been marked as complete since Phases 1 and 2.

Donut chart: center value **97**; segments **4**, **3**, **90**.
■ Validated ■ In progress ■ Deferred
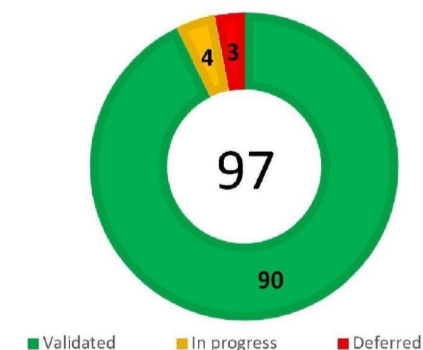
Executive Summary

Background

Following the Internal Audit of Phase 1, this second phase was requested to provide an assessment of the effectiveness of completed improvements following the Deloitte Postmaster Journeys work. Along with Phases 1 and 3, this was also in preparation for the statutory inquiry.

Scope & Approach

Internal Audit were tasked to provide an assessment of the effectiveness of the Postmaster Journeys identified operational improvements declared as complete (by either improvement owners or the IDG) in the IDG Master Tracker. Prioritisation of improvements for review was again based on the impact status.

NRF, supported by Deloitte were separately engaged to provide an opinion over the adequacy of completed improvements to address the judgments handed down by the CIJ and HIJ.

Phase 2 – Postmaster Journeys Priority Improvements and any additional Priority Improvements completed since phase 1

- Oxblood Red (11) and Red (24)improvements from the Postmaster Journeys work.
- All Orange (12 Journeys and 50 from IDG Tracker) improvements marked as complete at 12/4/21.
- Phase 2 work was completed by 31/5/21.

Phase 3 (to commence 12/07/21) – All improvements (Oxblood Red, Red and Orange) completed by end June 2021.

Conclusion

As with Phase 1, this report is not rated due to the progressive nature of the completion of improvements to be tested. IDG are currently tracking 396 Improvements, with 303 (76%) being marked as closed/complete and 93 (24%) are marked as active/incomplete. This rate of closure continues to demonstrate good progress, with delivery at pace. Ongoing oversight by IDG has driven this high rate of closure.
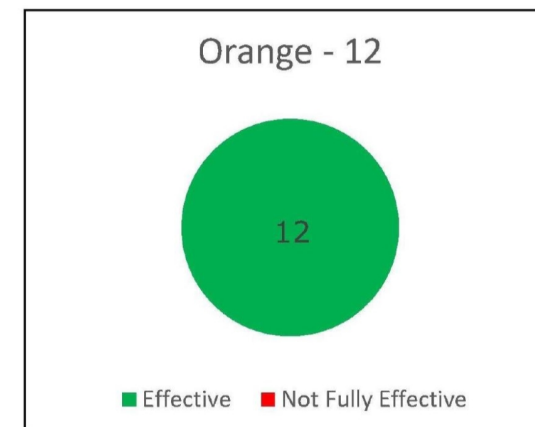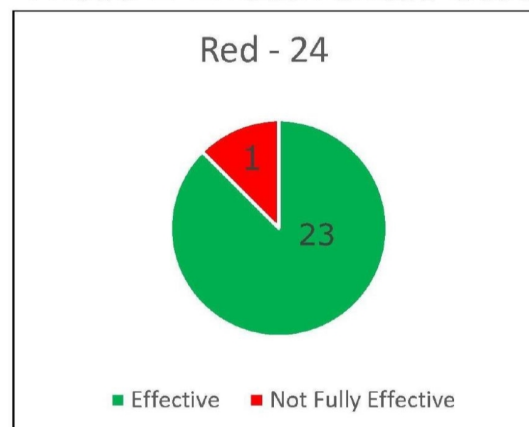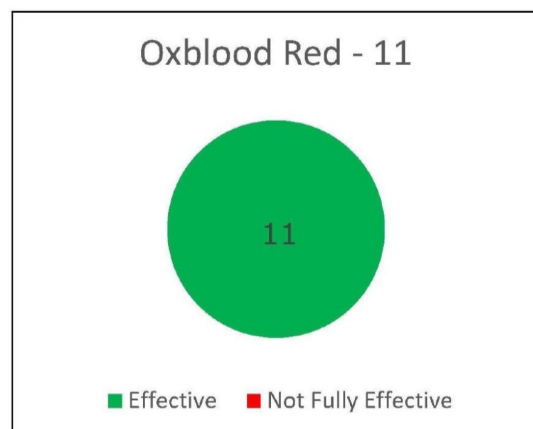
For this phase, IA have tested all of the 11 Oxblood red rated improvements marked as complete at 12/4/21 and have found all 11 to be effective. Of the 24 Red rated improvements all have been tested and 23 found to be effective. One was not yet fully effective, required more work and has been put back in remediation. Of the 12 Orange 'Journeys' improvements all have been tested and all were found to be effective. Of the additional 50 original Orange improvements, all were tested and 44 found to be effective. Details of those improvements not yet fully effective can be found in the body of the report.

Management Comment

"I agree with the findings from the IA team and appreciate the work completed. The operational teams have been working hard to complete a significant number of improvements in a very short space of time. It is inevitable that a few may be delayed. We will continue to work towards putting postmasters at the heart of the service and support we provide. I hope that the remaining actions will be completed and verified soon and look forward to Phase 3. Thank you again for all of your hard work to verify that these actions have been completed successfully".

Dan Zinner – Group Chief Operating Officer

Postmaster Journeys Improvements – Phase 2 Effectiveness Status

Oxblood Red - 11

11

■ Effective ■ Not Fully Effective

Red - 24

1

23

■ Effective ■ Not Fully Effective

Orange - 12

12

■ Effective ■ Not Fully Effective

Remaining medium (Orange) Improvements from Phase 1– Phase 2 Effectiveness Status

Orange - 50

3

3

44

■ Effective ■ Not Fully Effective ■ Deferred
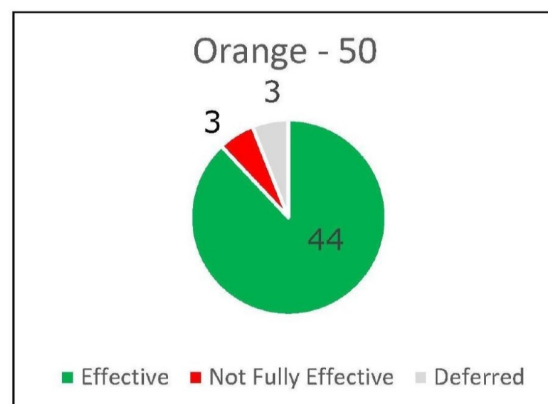
3 of the Red and 5 of the Orange improvements validated in Phase 2 were assessed as not yet fully effective. These are detailed in the body of the report.

Summary of Findings

		Action Owner	Date
Red improvements marked as complete – assessed as not yet fully effective.			
1.	(BC30) Stock knowledge articles were written in December 2020 and are available on Branch Hub to provide PMs with key information around the ordering process and stock returns. These have been communicated to PMs to support increased awareness in this area.	Cheryl Wingfield	31/7/21
Orange improvements marked as complete – assessed as not yet fully effective.			
2.	(M90) Postmaster Account Support Policy - 1. Agree & Finalise Policy; 2. Communicate internally to relevant staff, particularly those interacting directly with Postmasters; 3. Communicate with Postmaster to ensure they are fully aware of policy.	Tracy Marshall	31/8/21
3.	(M91) Network Monitoring and Audit Support Policy - 1. Agree & Finalise Policy; 2. Communicate internally to relevant staff, particularly those interacting directly with Postmasters; 3. Communicate with Postmaster to ensure they are fully aware of policy.	Tracy Marshall	31/8/21
4.	(M210) BSM Handbook developed.	Rhyannid Thomas	31/7/21

Detailed Findings and Agreed Actions

1. Stock Returns guidance not available to PMs via Branch Hub (BC30)

This improvement was deemed not effective as returns guidance is not easy for Postmasters to locate.

IA searched for stock returns guidance on Branch Hub but found limited evidence to confirm this has been rolled out onto Branch Hub. The only result identified was a National Lottery scratch card which related to 'Rem out and Returns'. The documentation provided a step by step guide on how to process the return through Horizon.

Further enquiry with Cheryl Wingfield (Senior Stock Account Advisor) on 10 May 2021 confirmed that there is limited stock returns guidance on Branch Hub (apart from Lottery scratch card - Rem out and Returns, captured above). IA also confirmed that stock returns cannot be processed on Branch Hub, and must be managed separately.

Actions:

Returns guidance is being produced and will be made available to Postmasters via the Branch Hub.

Action Owner: Cheryl Wingfield
Date: 31/7/21

2. Postmaster Account Support Policy (M90)

This improvement was broken down into 3 sub-actions as follows:

1. Agree & Finalise Policy;

2. Communicate internally to relevant staff, particularly those interacting directly with Postmasters;

3. Communicate with Postmaster to ensure they are fully aware of policy.

Step 3 has not yet been completed.

Actions:
The comms to Postmasters is now folded in to the launch of the Branch Process Guides, which is part of PSIP. The Branch Process Guides will contain the 'Guide to Postmaster Policies' which will communicate all 12 Postmaster Support Policies to Postmasters including the Postmaster Account Support Policy and the Network Monitoring and Audit Support Policy.

Action Owner: Tracy Marshall
Date: 31/8/21

3. Network Monitoring and Audit Support Policy (M91)

This improvement was broken down into 3 sub-actions as follows:

1. Agree & Finalise Policy;

2. Communicate internally to relevant staff, particularly those interacting directly with Postmasters;

3. Communicate with Postmaster to ensure they are fully aware of policy.

Step 3 has not yet been completed.

Actions:

The comms to Postmasters is now folded in to the launch of the Branch Process Guides, which is part of PSIP. The Branch Process Guides will contain the 'Guide to Postmaster Policies' which will communicate all 12 Postmaster Support Policies to Postmasters including the Postmaster Account Support Policy and the Network Monitoring and Audit Support Policy.

Action Owner: Tracy Marshall
Date: 31/8/21

4. BSM Handbook developed (M210).

Enquiry with a Business Support Manager (BSM) identified that the BSM handbook was not available or actively used by BSMs. The colleagues initially involved in the development and maintenance of the BSM handbook have left the business.

Enquiry with Rhianydd Thomas (Franchise Partnering Field Team Development Manager) noted that she has only very recently been made responsible for the BSM handbook and she was in the process of refreshing it. The improvement is therefore not yet complete.

Actions:

This work is underway and once updated the new BSM Handbook will be issued to the field team with training provided as necessary

Action Owner: Rhianydd Thomas
Date: 31/7/21

Distribution List

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Key Dates:	ToR Fieldwork Draft Report Final Report RCC ARC	March 2021 April 2021 – May 2021 12 June 2021 30 June 2021 13 July 2021 27 July 2021