

**Pathway**

**Explanation of Local P.O. Reconciliation  
and Administration**

Ref:

Version: 1.0

Date: 05/04/96

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Administration

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reconciliation and administration functions with regard to  
the balancing of stock and the production of the Cash  
Account and summaries

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**0. CONTENT****0.1 DOCUMENT HISTORY**

Version	Date	Reason
1	19/12/95	Externally published

**0.2 ASSOCIATED DOCUMENTS**

Version	Date	Title	Source
3.0	11/03/96	EPOSS Functional Specification	

**0.3 ABBREVIATIONS**

ATM	Automated Teller Machine
BO	Branch Office
CAPTURE	Automated system used in some Sub Post Offices
CAW	Cash Account Week
COMMCA	Community Cash Account Office
COMMCSO	Community Credit Stock Office
CRU	Counters Remittance Unit
DNS	Department of National Savings
DSS	Department of Social Security
DVLA	Driver and Vehicle Licensing Authority
ECCO+	Automated system used in some Post Offices
EPOSS	Electronic Point of Sale System
FPO	Franchise Post Office
MoP	Method of Payment
MSPO	Modified Sub Post Office
N/A	Not Applicable
NHTO	Notes Held To Order
ONCH	Overnight Cash holdings
P.O.	Post Office
POCL	Post Office Counters Ltd
RESHRCA	Restricted Hours Cash Account
SPSOCA	Sub Post Services Office
SPSOCO	Sub Post Services Office (Credit Stock Office)
TMS	Transaction Management Service
VAT	Value Added Tax

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## **1. OVERVIEW**

This document gives an explanation of the scope of the local P.O. reconciliation and administration functions. This is not intended to be a functional specification, however it aims to give an understanding of the current business requirement with regard to the balancing processes and documentation completed on a regular basis at the local P.O. All the processes described require replication within an automated system. There is obvious scope to re-engineer some of the internal P.O. forms, which have been around for a number of years, but in doing this it is important to remember that the original business functionality must be preserved.

### **1.1 STRUCTURE**

Section 2 explains the 'Stock Unit'  
Section 3 explains the 'Cash Account'  
Section 4 explains the range of documentation currently completed by the local P.O.  
Section 5 contains a glossary of terms and abbreviations.

## **2. THE STOCK UNIT**

### **2.1 DESCRIPTION**

A stock unit is a single, self contained holding supply of value and non-value stock, including cash. In most PO's it is held within a drawer which is locked away, often in a location away from the desk, at the close of business.

Stock units may remain unused for a number of days - where the number of stock units in a P.O. exceeds the number of staff available for work on a given day.

Some Sub-postmaster's 'create' stock units for different types of stock which may be used at specific times of the year, for example, definitive postage stamps in use throughout the year may be held in a different stock unit to commemorative issues, which are sold only at certain times.

#### **2.1.1 CONTENTS**

A stock unit will generally contain:

- cash
- value stock
- non-value stock
- cheques accepted
- client documentation accepted - not controlled by the system

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**2.1.2 ALLOCATION**

Staff employed at the counter are allocated a stock unit for which they are personally responsible. All transactions completed throughout the day must be recorded and the cash and stock levels reconciled at the end of the day to the daily cash book and/or any automated system (ECCO+).

The clerk is also responsible for replenishment of stock and cash. Staff cannot be responsible for more than one stock unit at a given time.

**2.1.3 SHARING**

In smaller offices or where there is a change of staff at a counter position during the day (part time working), stock units may be shared.

The smaller office scenario will result in two counter clerks sharing one stock unit, with both clerks being held responsible for the reconciliation at the end of the day. With part time working, where a stock unit is handed over to another clerk during the course of the day, it should be reconciled before it is handed over, to preserve accountability.

**2.1.4 VALUE STOCK**

Value stock refers to any stock items which have an intrinsic value in themselves, for example:

- Cash
- Postage stamps
- Postal orders
- Savings stamps
- TV licence stamps
- DVLA licence disks

Value stock is recorded by either value, where a value is present, e.g., postage stamps, or by serial or reference number where no value is present, e.g., DVLA licence disks. Cash is recorded within the P.O. Cash Account in total only, although for cash management purposes there is a need for note and coin breakdown by denomination. All value stock is priced to include VAT where payable.

**2.1.5 REMITTANCES IN AND OUT**

Stock units are replenished in a number of ways:

- Transfers
  - stock is transferred between stock units within the same P.O.
- Remittances
  - stock is remitted in or out of neighbouring PO's
  - stock is ordered by a P.O. from the local CRU or returned to the local CRU

NB. Cash is treated in exactly the same way as standard value stock.

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Transfers and remittances are accountable transactions and have to be recorded on the P.O. Cash Account in the appropriate tables to effect an overall P.O. balance, see 3.1.2

**2.1.6 THE STOCK UNIT BALANCE FORM**

Currently, the stock unit balance is represented by the paper balance form. This balance form consists of four single A4 size pages of tables which provide a summary of the clerk's activities during the stock unit balance period. A copy of this form is also used as the office balance form and this is the amalgamation of all counter balance forms in a Cash Account week. The current balance form is represented by the following diagram:

The diagram illustrates the layout of the Stock Unit Balance Form, which consists of four pages (Page 1, Page 2, Page 3, and Page 4) containing various tables for recording transactions and balances.

**Page 1**

- Table 1: Received from cashier (transfers from main stock)
- Table 2: Paid to cashier (transfers to main stock)
- Table 1(a): Received from other duties (transfers in)
- Table 2(a): Paid to other duties (transfers out)

**Page 2**

- Table 3: Receipts (totals per day)
- Receipts (totals per day)
- Table 4: Receipts (totals per day)
- Receipts (totals per day)
- Receipts (totals per day)
- Table 5: Payments (totals per day)

**Page 3**

- Table 6: Stock in hand at close of duty
- Table 7: Cash in hand at close of duty
- Receipts
- Payments

**Page 4**

- Table 8: Stock from Main Stock (breakdown)
- Table 9: Cash Locked up (per day by denomination)
- Table 10: Batched Orders presented for payment
- Table 11: Number of Postal Orders sold
- Table 12: MVL Stock Reconciliation
- Number of Forms transferred

COMMERCIAL IN-CONFIDENCE



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**2.1.7 STOCK MANAGEMENT AT LOCAL P.O. LEVEL**

Being self contained and reconciled units of cash and stock, local stock management is a relatively straight forward function. Each office is required to break down the contents of its stock units on the Cash Account in some detail. The levels of stock are therefore declared to the Postmaster and to the central POCL systems. The current manual procedures require the clerks at stock unit level, or the Postmaster looking at the entire P.O., to keep a close watch on the levels of stock in hand. This is to ensure that any estimated peaks and troughs in work are accounted for and levels neither fall below, or exceed the agreed limits.

Any automated system provided should alert the clerks when excesses or shortfalls occur and provide an automatic re-ordering of stock, linked directly to the CRU when required.

**2.1.8 MIS-BALANCES**

Any mis-balance within the stock unit must be declared, at close of business by the clerk. Mis-balances are recorded as excesses or shortfalls on the Cash Account following a stock reconciliation. They are posted to either clerical records, in a completely manual P.O., or ECCO+ / CAPTURE produced balances in automated PO.'s.

**2.1.9 CASH RECONCILIATION**

As cash is considered to be a stock item in itself, where other stock items are purchased for cash, the overall stock unit balance needs to reflect this type of transaction, for example:-

Postage stamps purchased with cash would have the effect of increasing the cash, and reducing the postage stamp elements of the stock unit. The overall stock balance however, would remain the same.

**2.1.10 CASH MANAGEMENT**

In order to provide overnight cash holding (ONCH) information to allow POCL to obtain the maximum investment opportunity, all PO's must advise their daily cash in hand position to their respective CRU's.

Individual PO's are set limits for their ONCH, as cash held in the local P.O. environment is not considered for investment by the Bank of England. Therefore the accuracy of the stock unit balance in relation to the cash element cannot be understated.

Cash is ordered from, or returned to, the CRU in the same way as any other stock item. See 2.1.5

CRU's hold ONCH information for all their affiliated PO's. This information is then gathered regionally and nationally to give an overall ONCH picture. Only notes, (coin is not eligible for investment) held in the CRU, or in transit to the CRU, is invested with the Bank of

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England. POCL have been granted 'Notes Held To Order' status which enables them to invest a 'declared' cash figure, without the need to transport the actual note and coin to the Bank. Any automated system will therefore need to provide comprehensive and accurate cash management information, to enable POCL to maximise their investment opportunity.

### **3. THE CASH ACCOUNT**

#### **3.1 DESCRIPTION**

The P.O. Cash Account is the definitive summary of all of the business transacted in the post office during the Cash Account week (CAW) which runs from start of business on a Thursday to close of business the following Wednesday. The production of the office Cash Account can only take place after all activities in that Cash Account week have been completed. This means that all stock units must have been balanced and rolled over to the next Cash Account week. The Cash Account production process is therefore carried out on the data collected for one Cash Account week, whilst the stock units can be used to serve customers in the next Cash Account week.

An office Cash Account is required for each week, although the facility exists to leave the account open under certain circumstances, e.g., when a Subpostmaster goes on holiday, and subsequently completes a Cash Account for more than one weeks work.

Some offices are non Cash Account offices, where the Cash Account is completed by a neighbouring office or the CRU.

There are three types of Cash Account, London, Provincial and CRU. Each gives an overall balance at the office level, however certain products and schemes do not always overlap.

##### **3.1.1 OPENING / CLOSING BALANCES**

The Cash Account week is opened by bringing forward the 'Balance due to P.O.' from the previous week - this figure equates to the contents of all the office stock units, + or - any discrepancies which will have been previously declared. Business transacted will be reflected on the receipts and payments tables, with the stock unit(s) being adjusted as stock is sold or replaced and cash values increase or decrease. Following close of business on the last day of the Cash Account week, the value of the office stock units should equate to the difference between the total of the receipts and payments tables - the 'Balance due to P.O.'.

##### **3.1.2 CASH ACCOUNT TABLES**

The following table explains the content of the various Cash Account tables and their interaction with each other. This table is based upon a Provincial



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Cash Account. The London and CRU Cash Accounts have only minor variations, however the main product allocation is the same.

<b>Table</b>	<b>Contents</b>	<b>Transferred to</b>
<b>5(b)</b>	Value stock in hand breakdown - stamps, 'phone cards and postal order fees	Table 5
<b>10(g)</b>	Number of transactions for products where charging is based upon volume	N/A
<b>2</b>	Unclaimed Payments : - unpaid cheques returned and not yet forwarded to clients - cash shortages not adjusted - payments accepted after cut-off	Table 5
<b>3</b>	Uncharged Receipts: - cash surpluses not adjusted - receipts accepted after cut-off	Table 5
<b>5</b>	Cash and stock vouchers in hand	N/A but to agree with 'Balance due to P.O.' on Payments table
<b>Receipts</b>	Receipts for the day, including the opening balance, brought forward from the previous weeks Cash Account	N/A
<b>Payments</b>	Payments for the day, including the balance due to post office, carried forward to the next weeks Cash Account	N/A
<b>12</b>	Parcel traffic for Inland and International	N/A
<b>6</b>	Remittances in from other offices	Receipts
<b>9</b>	Remittances out to other offices	Payments
<b>10 (f)</b>	Girobank transaction breakdown for charging & fee purposes	N/A

Each product or service within the Cash Account has a unique line entry. Lines are available for both quantity and value information, although not all products require both sets of information to be included. Spare lines are available to allow for the introduction of new products and the inclusion of 'local schemes' which are not available in all post offices.

**3.1.3 TRIAL BALANCING**

Following the initial office Cash Account balance, there is scope for the postmaster to amend any figures based upon the physical stock and

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transaction reconciliation in the office. Certain transactions can be reversed and declared totals on the Cash Account can be amended. However this does not apply to all transactions. Automated payments which have been collected by POCL and passed to the clients prior to the production of the weeks Cash Account cannot be reversed, as the information has already been processed. Any resulting discrepancy for this type of transaction will have to be carried forward and resolved in the final POCL / Client settlement process.

It should be noted that the facility to reverse automated BA transaction in the future will not exist and any other reversals will have to follow a precise audit trail as the information regarding the transaction will already have been passed to TMS.

**3.1.4 ERROR NOTICES**

Error notices are used to bring to account any discrepancies between the P.O. and the client. For example, a Girobank inpayment may have been input for the incorrect value on the client summary and passed to Girobank for processing with a subsequent error in settlement. When this error is discovered, (in this case by Girobank's internal reconciliation processes), an accountable adjustment, an 'error notice', is passed between the bank and POCL. This error notice is then brought to account on the Cash Account at the office where the error occurred, on either the receipts or payments table, depending upon the error type. The reconciliation picture is completed when the error notice is offset against an excess or shortfall declared by the postmaster, from the week of the original error, in the unclaimed payments or uncharged receipts tables.

**3.1.5 NON COUNTER TRANSACTIONS**

Transactions completed away from the counter, e.g., metered mail receipts, National Lottery sales, ATM withdrawals are entered on the Cash Account. Therefore any automated system provided must allow the entry of non-counter transactions to enable the production of the Cash Account.

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## **4. SUMMARIES**

### **4.1 CLIENT SUMMARIES**

Client transaction documentation is listed on client summaries which are despatched to the individual clients and used for reconciliation and administration purposes. Clients require a variety of information to be quoted dependent upon the type of transaction, e.g., some require only value and volume information whilst others require a significant amount of personal detail. Each stock unit produces its own set of client summaries at a frequency agreed with the client. The following set of summaries is representative of the output currently produced.

<b>Daily Summaries</b>	<b>Weekly Summaries</b>	<b>Other Summaries</b>
<ul style="list-style-type: none"><li>• DNS Deposits</li><li>• DNS Withdrawals</li><li>• DNS Daily Summary (DNS 56)</li><li>• Girobank Deposits</li><li>• Girobank Withdrawals</li><li>• Telephone Accounts Paid</li><li>• Pensions and Allowances Add List</li><li>• Local Schemes</li></ul>	<ul style="list-style-type: none"><li>• DNS Weekly Summary (DNS 54)</li><li>• MVLs - V10</li><li>• MVLs - V11</li><li>• MVLs - V570 Summary</li><li>• Pensions and Allowances</li><li>• DSS Girocheques Paid</li></ul>	<ul style="list-style-type: none"><li>• Milk Tokens Reconciliation</li><li>• MVLs Reconciliation</li></ul>

All summaries, with the exception of those for Girobank and DNS in ECCO+ / CAPTURE offices, are completed clerically.

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**4.2 INTERNAL P.O. FORMS**

Transaction documentation requiring processing by POCL is listed on various summary forms.

- Cheque Summary

Cheques accepted for payment on a range of client services are despatched to POCL Data Central for processing and clearing through the banking system.

- Paid Postal Order Summary

Postal Orders either redeemed in their own right or accepted against products or services .

- Cheque Encashment Summary

Cheques drawn on bank accounts other than the Alliance & Leicester group (Girobank etc.).

- Redeemed Stamp Summary

Savings stamps redeemed and accepted in part payment for client products and services.

- Girobank Transfer Summary

Girobank transfers accepted as payment for client products and services.

In addition to the above, there is a range of batch control vouchers and internal receipts and dockets produced to control documentation either locally within the P.O. or to control documentation as it travels around the POCL system.

**5. GLOSSARY AND ABBREVIATIONS**

**Agency Post Office** Post office run by an agent. Many (possibly

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more than 1500) use Capture or similar technology, and a few larger branches use ECCO+. Agency offices are generally free to use whichever working procedures suit. Some postmasters use more than one stock unit at a time for accounting convenience and ease of use. A rigorous stock unit balancing procedure is enforced at their discretion.

**Agent**

The sub-postmaster. Not a POCL employee.

**Attach  
(User to stock unit)**

The action of associating a user with a stock unit. It can be used in the context of attaching a user to a stock unit or a stock unit to a user. Although more than one user can be attached to a stock unit at a time, the converse is not allowed. A user can only be attached to a single stock unit at a time.

**Balance  
(stock unit or office)**

The accounting and reporting procedure which provides a reconciliation of all transactions and stock movements against the actual stock and cash held.

**Branch Manager or  
Sub-Postmaster  
(agent)**

Member of staff in the post office branch responsible for the overall running of the branch.

**Branch Office  
(BO)**

Also known as a Crown Office. A post office actually owned and operated by POCL. Most use the ECCO+ technology although some non-automated branches implement "team balancing".

**Cash Account**

The definitive weekly summary of all transaction activities within a post office branch. One is produced each week by every post office branch. The layout and content is similar for all offices. The main differences are between London and Provincial localities and between Crown and Agency offices.

**Cash Account  
Calendar**

The Cash Account year begins sometime in March and ends on approximately the same date the following year. It normally consists of 52 Cash Account weeks, but it is not unusual to

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 have 53.

<b>Cash Account Week (CAW)</b>	Usually a period running from Thursday to Wednesday. It normally excludes Sunday and consists of six working days. At certain times of the year, like Christmas and other bank holidays, it is likely that the Cash Account week will not be six working days long.
<b>Client</b>	Organisation which “owns” a service provided at the post office counter. Clients include BA, BT, British Gas etc.
<b>Community Cash Office (COMMCA)</b>	Town & Rural Community Cash Account Office - same as SPSOCA but run more as a community service than a business.
<b>Community Credit Stock Office (COMMCSO)</b>	Town and Rural Community Credit Stock Office - same as SPSOCSO but run more as a community service than a business.
<b>Counter Clerk</b>	Member of staff in the post office branch responsible for serving customers at the counter. In Crown offices the clerk has some personal accountability for the stock and cash used.
<b>Customer</b>	Member of the public.
<b>Detach (a stock unit)</b>	The mechanism which removes the association between the clerk and the stock unit to which he is attached.
<b>Duty (a clerk)</b>	A clerk’s duty is the period which begins when he attaches to a stock unit and ends when he detaches.
<b>EPOSS</b>	Previously referred to as EPOS and OSS. It is the branch automation infrastructure which supports serving customers, counter and office administration and accounting.
<b>Franchise post office (FPO)</b>	Operate under a Franchise contract with a large retailer, usually within retailer’s premises.
<b>Individual Accountability</b>	In many Crown offices, MSPOs and Franchises the method of working imposes complete accountability on each member of staff for all

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value stock and cash that they use. In practice this means that a clerk has sole use and responsibility for a stock unit.

In order to relieve himself from the responsibility for a stock unit the clerk must first balance it.

**Method of Payment  
(MoP)**

A product which is defined as an allowable way of settling (or being used in part settlement) of a transaction session.

**Modified Sub Post  
Office  
(MSPO)**

A converted ex-Crown office operated by an Agent usually offering longer opening hours with retail goods.

**Outlet**

The post office branch or other location where EPOSS is in use.

**Post Office Types**

There are two main classes of post offices:- Branch (or Crown) and Agency. The number of Branch Offices has been reduced greatly in recent years as they have been converted to Agency status.

**Product**

Is an item that can be transacted or a service that is provided. It includes stock and cash items, other methods of payment and open value services.

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<b>Regional Variations</b>	The range of services offered at post offices differs between <b>London</b> and <b>Provincial</b> (i.e. non-London) branches.
<b>Remittances</b>	Remittances are movements of stock and cash between a stock unit and an external remittance centre.
<b>Restricted Hours Cash Account (RESHRCA)</b>	Town & Rural restricted hours offices, open between 4 and 20 hours per week (provide a service where it is hard to recruit full-time sub-postmasters).
<b>Reversal</b>	A transaction which is used to compensate for and correct errors.
<b>Revisions (remuneration)</b>	Revisions is the process used to determine the remuneration due to the post office agent. In simple terms, the agent is paid for the volume/value of transactions (derived algorithmically from Cash Account information) that are carried out over the period of one year. To further complicate matters, the revisions year is not the same as the Cash Account year.
<b>Satellite office (SATELITE)</b>	Office opened for restricted hours at a temporary location whose Cash Account is dealt with by another site.
<b>Shared Stock Unit</b>	A shared stock unit is one that is attached to more than one user at the same time.
<b>Stock and Cash</b>	Refers to the collection of stock items and methods of payments that comprise the stock unit.
<b>Stock Unit</b>	A stock unit is the physical till tray containing the cash and valuable stock items like stamps. There are an arbitrary number of physical stock units.
<b>Stock Unit Balance Period</b>	The stock unit balance period represents the Time period in which a counter clerk has responsibility for a stock unit. For each stock unit there is at least one balance period in a Cash Account week. The balance period ends

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when the stock unit is balanced.**Sub Post Services  
Office  
(SPSOCA)**

Town & Rural Cash Account offices - operated by an agent usually in conjunction with other retail business.

**Sub Post Services  
Office (Credit Stock  
Office)  
(SPSOC SO)**

Town & Rural Credit Stock Office - as SPSOCA but all voucher processing & administration is dealt with by nearest BO.

**System**

The term used to refer to the collective hardware, system software and application software components of the counter terminal.

**Team Balancing**

Stock unit balancing is a time-consuming task. Team working allows many clerks to share a single stock unit. This removes the need for each clerk to balance their own stock unit. The benefits in time savings have to be set against a potential increase in losses.

**Transaction**

The journal entry that results from "selling" a product across the post office counter. A service like giving advice or handing out a form can also be considered a transaction.

**Transfers**

Transfers are movements of stock and cash between a pair of stock units within the same post office.

**Value Stock**

Value stock generally refers to the tangible products which have an associated unit price but may be open value in some cases. Open value products are not normally considered to be value stock items.