



Compliance

Policy Monitoring Report

Postmaster Accounting Dispute Resolution Policy

February 2023

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1. Scoring Table

Below table sets out the Residual Risk Score and Rating that will apply upon review of the Postmaster Accounting Dispute Resolution Policy, to determine how effective the policy is, any control weaknesses or gaps and whether the policy needs enhancements/improvements.

Rating	Description
Satisfactory	The framework of governance, risk management and control is adequate and effective.
Needs Improvement	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Needs Significant Improvement	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

2. Overall Rating / Residual Risk Score of The Review

The overall rating and residual risk score applied to this review is:

Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail
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This is predominantly driven by:

- The failure to track all appropriate metrics, as set out in the table at section 7
- Discrepancies in the evidence provided which suggest that standards are not being applied across the board. In particular, call monitoring logs are incomplete or missing.
- The minimum controls described within the policy are also not adequately articulated as controls.
- The need to assess the E2E processes and their monitoring to ensure 'dispute resolutions' outcomes are appropriate and as per policy expectations.

What is working well:

- Investigations are undertaken quickly
- Postmasters are provided with information at each relevant stage

3. Objective of the review

To assess the validity of the policy within the universe of risk framework. To review the lead and lag indicators of the policy and to sample check some of the key minimum control standards in the **Postmaster Accounting Dispute Resolution Policy**. Finally, to assess whether the effectiveness of the policy is being implemented across the group.

4. Background

The Postmaster Accounting Dispute Resolution Policy is sponsored by the Central Operations Director, who has overall accountability to the Board of Directors for the design and presentation of controls for managing accounting disputes with postmasters.

The policy sits within a suite of postmaster support policies that have been established with the intention to set the minimum operating standards relating to the management of our postmaster contract risks throughout the business. The suite of policies purport to be in-line with Post Office's risk appetite, which is primarily averse.

The Postmaster Accounting Dispute Resolution Policy was drafted, reviewed and approved by the RCC & ARC in March 2022. This review forms part of the policy assurance review programme.

The Postmaster Accounting Dispute Resolution Policy has been established to capture the minimum operational standards required relating to: (i) POL's obligation to investigate accounting disputes; and (ii) ensuring ongoing transparency between POL and postmasters.

5. Methodology

The assurance review will consist of the following:

- Is risk adequately identified?
- Is the risk appetite correctly identified?
- Are the key personnel correctly identified?
- Are reported minimum controls actually controls?
- What are the key controls?
- What are the key metrics?
- Is the process/procedure correctly articulated?
- Does the evidence show the policy is working?
- Given the above, can we be sure the policy is fit for purpose?

6. Source of Information

The review is based on examining the policy, assessing the control metrics against the desired outcomes and reviewing supporting materials supplied by the Policy Owner.

The source of the information came from:

- Postmaster Accounting Dispute Resolution Policy
- Policy Owner-supplied evidence

Initial requests for evidence from the business to show compliance with the policy resulted in only a single example for each control being produced. This was insufficient to reach any considered findings and so access was sought to Dynamics, the system that houses case files and investigations. Despite support being provided by the business area, access was not available at the time of drafting the first iteration of this report. Preliminary findings were shared with the Policy Owner and a workaround was found to access additional evidence. The findings in this report have been updated to reflect the provision of the additional evidence. Gaps in the evidence still remain and these are set out in the tables in section 7 below, along with the relevant explanation for their absence.

7. Findings

Issue	Finding	Rating
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Is the policy capturing the correct risks?	<p>The key elements of the inherent risk have been identified.</p> <p><i>Cause – By failing to carry out a timely, fair and transparent investigation;</i></p> <p><i>Event – there may be loss of postmaster confidence in POL, financial losses and legal challenges, as well as a lack of accountability;</i></p> <p><i>Impact – leading to damage to the POL brand, financial loss and regulatory, reputational and financial risks.</i></p>	1 - Satisfactory – all elements of the relevant risks are articulated within the policy. No control weaknesses or process inefficiencies identified.
Is the risk appetite correctly identified?	There is an adverse risk appetite in connection with dispute resolution. The process identified within the policy is consistent with this appetite level.	1 - Satisfactory – no control weaknesses or process inefficiencies identified.
Are the key personnel correctly identified?	The policy is missing several key players within the accountability framework. Consider whether there should be reference to the Group Investigation Unit, Assurance, and GE.	2 - Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Are reported minimum controls actually controls?	Ten out of the 14 minimum controls that are identified within the policy (identified below by *) are actually process points rather than controls. The policy should be reworked to assess controls.	3 – needs significant improvement
What are the key controls?	Key controls are not readily identifiable within the policy as whilst the relevant areas are identified, they have been formulated as processes and procedures.	4 - Unsatisfactory – Inadequate internal control environment which requires management attention and improvement as priority.
Are the KPIs adequately identified and measured?	The examples of the weekly report provided, indicate that most of the appropriate KPIs are being tracked. There is a clear record of how many investigations are underway, how old they are, how they are being monitored and who by. It is not clear whether there is a tracker in place identifying what's happening on each case, eg if it is written off etc. In the absence of any clear capturing of end-to-end process monitoring, this is likely to result in issues/problems being missed.	4 - Unsatisfactory – Inadequate internal control environment which requires management attention and improvement as priority.

Is the process/procedure correctly articulated?	When the controls are viewed as a process plan, this seems like a suitable process/procedure to achieve the end result.	2 – needs improvement – with findings, minor control weaknesses or process inefficiencies identified. This is identified as a 2 in light of the 4 grade that has been applied above to the controls themselves.
Does the evidence show the policy is working?	There are weaknesses identified in records management, especially around training. There are discrepancies in the records or reviews of call logs and the coaching log tracker. There is a risk that this will result in inadequate oversight as an inaccurate picture is being provided on escalation. Given the inadequacies in the supporting evidence, it is not possible to be confident the policy is working exactly as it should. The evidence required to show the policy is working would be: Reduction in complaints from Postmasters in respect of inadequate/unfair investigations; reduction in reported losses to Postmasters and Post Office; reduction in legal/regulatory challenges; increased Postmaster confidence in this area.	4 - Unsatisfactory – improvement control weakness. Inadequate internal control environment which requires management attention and improvement as priority. Weaknesses in records, systems and controls.
Given the above, can we be sure the policy is fit for purpose?	The policy appears to be fit for purpose, however there is insufficient evidence to show that the policy is being adhered to. It is tracking the appropriate metrics and there is some evidence that the policy is being adhered to. Additional evidence is required to fully assess the policy and there are discrepancies in some of the documents provided.	3 – needs significant improvement, Some weaknesses around accountability identified.

Risk area	Description of risk	Minimum control standards	Who is responsible?	When?	Evidence seen	Review comments	Rating
Conducting an incomplete or unfair investigation	If Post Office fails to investigate accounting discrepancies thoroughly, fairly and transparently, Postmasters may lose confidence in our ability to investigate, and in some cases may lead to postmasters incurring financial loss	<ul style="list-style-type: none"> Post Office will undertake an investigation into accounting discrepancies in a fair, transparent, and impartial manner in order to confirm whether they are genuine Established Losses or Established Gains. 	Head of Network Support and Resolution	As required	Screenshot examples of Tier 2 investigations were provided by the Network Support & Resolution Team.	Evidence was not provided of any direct evidence of a Tier 1 investigation taking place, although some indirect evidence was available in the form of examples of audited Tier 2 calls.	
	If Post Office fails to investigate accounting discrepancies thoroughly, fairly and transparently, Post Office may be in breach of their contractual or regulatory obligations, which may lead to legal challenges.	<ul style="list-style-type: none"> When required, a Case Review is held by managers to review escalated cases and the open position * 	Head of Network Support and Resolution	As required	Links were provided to an Excel spreadsheet of a weekly review and a slide deck of monthly committee escalated cases.	The Tier 2 investigation reports provided by the team meet the criteria required under the policy.	
	If Post Office fails to investigate	<ul style="list-style-type: none"> Weekly Case Review is held by managers to make a decision on escalated cases and, where necessary, prepare cases for escalation to the Monthly Committee * 	Head of Network Support and Resolution	Weekly		The Tier 2 review examples also provide some evidence of escalation as required. Similarly, the weekly and monthly escalated cases provide evidence of compliance.	

	accounting discrepancies thoroughly, fairly and transparently, Postmasters may lose confidence in our ability to investigate.	<ul style="list-style-type: none"> Monthly Review Committee is chaired by the Head of network Support and Resolution, includes representatives from legal, contracts, Network Monitoring and Branch Support Centre. * 		Monthly			
Insufficient communication with Postmasters	<p>If Post Office fails to keep postmasters informed of progress, postmasters may lose confidence in the transparency of the investigation process.</p> <p>If Post Office does not set out the investigation process to the Postmaster at the beginning of the investigation, Postmasters will not understand their options at each stage of the process.</p>	<ul style="list-style-type: none"> Recorded calls are monitored, reviewed and feedback given. * All cases are acknowledged by the Triage team, without undue delay. They will either resolve the case or explain the next steps. When cases are resolved by Tier 2 or Tier 3, the postmaster is contacted. The report is discussed on the telephone and a copy shared with the postmaster on request. If the postmaster disagrees with the finding they, 	<p>Team Manager</p> <p>Team Manager</p> <p>Operations Manager</p>	<p>Quarterly</p> <p>Daily</p> <p>Daily</p>	<p>Call monitoring logs and coaching log tracker.</p> <p>An example of a letter sent out to a Postmaster following resolution of a dispute.</p>	<p>Full access to the call monitoring logs was provided by the team. Monitoring began in June 2022 and all records between June and September in the sharepoint folder were reviewed. Monitoring consists of one call per team member per financial period/month being reviewed against set criteria. If the call falls below an identified standard, an improvement plan should be identified. The call monitoring template indicates that 4 calls should be</p>	

		or their representative, can escalate the case to Tier 3 or the Review Committee. *				<p>reviewed each month, however an excel spreadsheet entitled “call monitoring control” provided indicated only 1 call should be reviewed.</p> <p>Discussions with the team revealed that the figure had been reduced from 4 to 1 in light of the size of the team and the consequential workload that would ensue.</p> <p>Looking at the review logs, one call per team member listed in the sharepoint drive does appear to have been conducted each month since June, or a reason such as sick absence for the period has been provided. However, when cross reviewed with the coaching log there are additional names</p>	
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						<p>present each month which do not appear in the sharepoint folder and do not have a saved record of a call review. There is also no evidence that improvement plans are being given. Whilst there is a tab present for a coaching plan on almost all of the records, none are completed. One team member was identified as “developing/2” in the June reviewed call and no plan was identified. In the July call, the same employee’s average score had dropped to 1.5 and still no plan was identified.</p> <p>Scores are routinely rounded up from the average. Someone with an average score of 1.5 will be</p>	
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					<p>rounded up to 2 giving them a developing grade instead of minimum standards, despite meeting only the minimum standard in half of the recorded targets. This carries an inherent risk of overconfidence in standards, meaning the opportunity to improve standards through training may be missed.</p> <p>The Coaching Log Tracker noted that some people marked as “developing” were in need of monitoring and others were recorded as needing a coaching session. It was not possible to link the findings in this log back to the call monitoring records as some records were absent from the call log reviews and no</p>	
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						<p>coaching plan tabs were completed. More confusingly, most people who were graded as “competent” were marked as needing no further action, however some were marked as in need of monitoring. Again, no clear explanation for this distinction was apparent from the log and it was not possible to cross reference the log to the call review records.</p> <p>Furthermore, there were entries on the log where staff were marked as Advanced in the review, but the actual log recorded them as only competent and vice versa.</p> <p>One example of a letter to a Postmaster was provided which met</p>	
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						the criteria set out in the policy. This letter included telephone numbers to call if the Postmaster was unhappy with the offer set out therein.	
Failing to signpost support requirements	If Post Office do not offer support when it is identified, the same issue could reoccur	<ul style="list-style-type: none"> If support requirements are identified, the case handler will escalate to the relevant department, which could include Training, Network Monitoring (SPEAR visit support), Area manager support. * Root cause analysis is performed to identify the common causes of discrepancies and feedback provided to relevant areas. * 	<p>Team Manager</p> <p>Operations Manager and Head of Network Support and Resolution</p>	<p>Daily</p> <p>Quarterly</p>	<p>Examples of a completed Training Intervention form, as well as an email escalating a case to Network Monitoring</p> <p>Copy of Root case slides from committee</p>	<p>The examples provided indicate that training was being appropriately identified and escalated.</p> <p>Additionally, some staff had not completed the training at the point of the evidence being provided (although it was agreed that this would be remedied that week).</p>	
Failure to investigate within agreed timescales	If the Service Level is not met, Postmasters may lose confidence in our ability to investigate in a	<ul style="list-style-type: none"> A report is run from MS Dynamics to show all cases that have breached the set Service Level. * 	<p>Team Manager</p> <p>Team Manager</p>	<p>Daily</p> <p>Daily/Weekly</p>	<p>Access to the weekly case report sharepoint folder</p>	<p>Access to the weekly report of cases was provided. A significant number of the cases on the list were marked as red</p>	

	timely manner.	<ul style="list-style-type: none"> Daily and weekly case reviews are carried out to review the case position, including age and progress. * 			A screenshot of a Kanban board and associated management Information which is stated as being used daily and feeds into weekly review meetings	and substantially older than the 21 days set out in the policy.	
Insufficient documentation	If investigation documentation is not uploaded to Dynamics, no audit trail will remain on the decision-making process and data used to inform it.	<ul style="list-style-type: none"> The Case Investigation Report is uploaded to the Dynamics record and includes all of the key evidence associated with the decision making. * 	Team Manager	Daily		There is insufficient documentation on file. The coaching log lists call records gradings and coaching plans that are not replicated in the records.	
Policy adherence	Non adherence to the policy could result in financial loss, legal and regulatory risk, detriment to postmasters and reputational damage to Post Office.	<ul style="list-style-type: none"> The Accounting Dispute Resolution Teams and the Postmaster Account Support Team will be provided with training on this policy, with regular refresher sessions. 	Head of Network Support and Resolution Head of Network Support and Resolution	Once approved and annually thereafter (or sooner in the event of material changes to the		Whilst there is clear evidence of the policy being followed on some occasions, there is evidence of incomplete or inaccurate records being kept.	

		<ul style="list-style-type: none"> • The Policy should be reviewed, and if necessary updated. 		policy). As required (but reviewed at least annually)			
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Upon review of the Postmaster Accounting Dispute Resolution Policy and the above-mentioned Minimum Control Standards which are stated within the policy, it is evident that some of these areas and controls have been adhered to and are fit for purpose and work in pursuit of day-to-day business. However, some gaps have been identified and it has not been possible to view the necessary evidence for some areas in order to be able to draw a complete conclusion. As a result, the policy assurance has been recorded as 'needs significant improvement'.

8. Recommendations

Following the assurance review of the Postmaster Accounting Dispute Resolution Policy, the following recommendations are made:

- The "minimum control standards" section of the policy is heavily focused on procedural steps rather than actual controls – the policy needs updating to include key controls and metrics.
- The policy is updated/amended to reflect the missing key personnel.
- Reviewed call logs need to be monitored and all completed records should be uploaded. Training plans should be completed as needed and the tracking log should match the records held in the logs.
- Review policy processes and procedures with an EDI lens.
- The policy is further reviewed after access to the main systems is obtained, so that additional evidence can be assessed. Evidence should be provided within four weeks of receiving the preliminary findings and the further review completed within three months.

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9. Policy Owner Response

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10. Agreed actions to be taken

Action	Owner	Date to be completed by

13. Review Date/Sign Off

Policy Review Date	Next Policy Review Date	Review Conducted By	Review Signed Off By
		<div>GRO</div> (Senior Legal Counsel, DP & FOI)	<div>GRO</div>