

Post Office Ltd - SECURITY POLICY

[Theft and Fraud by Sub Office Assistants]

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Theft and Fraud by Sub Office Assistants

Purpose

- *To define the responsibilities of Sub Postmasters and the accountabilities of Post Office Ltd. in respect of theft and fraud by Sub Office assistants*

Methodology

- *Developed to meet Post Office Ltd Security Policies*
- *Consultation with*
- *The original draft was reviewed by the Head of Investigations and authorised by the Head of Security and Audit following amendments*
- *The document was signed off by the Head of Security and Audit*

Detailed Specification

- *The policy outlines recommendations for Subpostmasters to apply during the recruitment of Assistants and if subsequent dishonest activity is suspected following their appointment. The policy also outlines the financial accountability for losses incurred at an outlet in cases where Assistants commit a fraud or theft. Equally it deals with exception criteria (in certain circumstances where the matter is under inquiry by the Investigation Team) and the appeals process*
- *Recommended ownership by Internal Crime Policy Manager*

Guidance for Deployment

- *Internal Crime Policy Manager*

Enquiries

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THEFT AND FRAUD BY SUB OFFICE ASSISTANTS

Introduction

From a purely contractual perspective a Subpostmaster, or other agent, is responsible for all losses caused through his or her own negligence, carelessness or error. He/she is also responsible for all kinds of losses caused by the action of any assistants, managers or relief Subpostmaster employed by him/her.

Prevention

Naturally, the best way of minimising losses is to prevent them occurring in the first place. There are ways in which any office's vulnerability to theft or fraud by assistants can be reduced.

- Employment of Assistants

The contractual position in this respect is clear; section 15 paragraph 1 & 2 of the Subpostmaster's contract states:

A Subpostmaster must provide, at his own expense, any assistance which he may need to carry out the work in his sub office.

Assistants are employees of the Subpostmaster. A Subpostmaster will be held wholly responsible for any failure on the part of his Assistants to apply Post Office rules, or to provide a proper standard of service to the public.

He will also be required to make good any deficiency, of cash or stock, which may result from his assistants' actions.

Prior to employment of staff the Subpostmaster should take all reasonable steps to ensure that their candidate is suitable in all respects for the position. The Resourcing Guide for Subpostmasters is a useful source for advice on the recruitment of assistants. The guide provides the Subpostmaster with in-depth advice on how to recruit and train their assistants to ensure they have staff with the right skills and attributes to work on a Post Office counter.

Once the Subpostmaster has chosen a new counter assistant, they must ensure they are registered with The Post Office via The Human Resources Service Centre (HRSC) in Salford Quays. Each new member of staff should sign an Official Secrets Act form and personal declaration, which when completed will be processed by the HRSC who will instigate a security check and feedback the results to the Subpostmaster.

The Subpostmaster should take all reasonable steps to ensure that staff in his/her employ are acting honestly and to minimise the opportunities for them to act otherwise. If the office is experiencing shortages and dishonesty is

suspected, the Subpostmaster should be prepared to undertake whatever checks are necessary to pinpoint where the problem lies.

Business Policy

Subpostmasters are contractually responsible for all losses at their office, including those due to the actions of their assistants. In the case of proven fraud or theft by an assistant, Post Office Ltd. may require a contribution of up to 100% of the loss from the Subpostmaster, dependant on the circumstances of the case.

Such cases will be judged on their merits and RLMs will consider the full facts of each case, including comments from the Subpostmaster, in coming to a decision on the level of contribution required. The general principle of a separation between the culpability decision and the decision on contribution will be followed, as in the robbery/burglary process. A major factor to be considered is the extent to which the Subpostmaster was in effective control of his office and his staff, and whether he had taken all reasonable steps to implement good security practice.

If the Subpostmaster is in a position where he is unable to make good the loss because of financial hardship, consideration should be given to repayment by instalments over a maximum 12 month period by deductions from remuneration or, exceptionally, to writing off part of the loss. In considering financial hardship in these cases, the capability of the agent to obtain recovery from the assistant should be taken into account as a factor. Account should also be taken of any Restitution Orders issued against the assistant should the case come to court.

Appeal Process

The agent has the right of appeal against the RLM decision, either because of the level of contribution required or the terms of the repayment. The appeal will be heard by the Head of Area and can be conducted in person or in writing. If the Subpostmaster chooses personal appeal, he has the right to be represented by a representative of the National Federation of Subpostmasters or a friend (who must be either a Subpostmaster or employee of Post Office Ltd or a registered assistant)

The person hearing the appeal will take a view on whether the level of contribution is reasonable, taking account of all the facts. They can take the view that the level of contribution is too high or too low or that the terms of repayment will cause unnecessary financial hardship and alter them accordingly.

Investigations

The only exception to the foregoing is where the Subpostmaster has notified his Retail Line Manager, Area Manager or Head of Area in writing of

suspicions regarding the conduct of one or more assistants and has been requested by a representative of the Post Office Ltd Security and Audit team to defer taking his own action (e.g. to defer terminating one or all the assistants' employment with him) in order for further evidence to be gathered in support of a criminal enquiry.

In such cases any losses incurred from the point at which the agent reported the position and was requested to defer taking his own action, may be written off and no recovery sought from the agent. Naturally, this dispensation would only apply to losses due to the action of the assistant(s) involved and not to losses that have some other cause.

The Security and Audit team representative with the relevant Head of Area (or their representative) should ensure that any cases where the Subpostmaster has been specifically requested not to take action are fully documented with the Subpostmaster so that a clearly understood basis is available for future loss recovery decisions.

Guidelines for dealing with requests from Subpostmasters to investigate suspected thefts by Assistants.

1. Upon receiving such a request a representative of the Post Office Ltd Security and Audit team will arrange to discuss the matter with the Subpostmaster at a suitable location (preferably away from the sub office).
2. Details of the losses should be gathered and the agent asked if (s)he has any evidence, or firm suspicion, as to the person responsible. If the agent does not have any suspect in mind, (despite knowing and working alongside the staff) it must be impressed upon them that it is unlikely that the offender will be quickly identified.
3. As much advice as possible will be offered in order to isolate opportunities for the offender to steal (e.g. keep coats and handbags away from the counter, follow correct procedures regarding security of tills, and conduct checks of vouchers prior to despatch).
4. The agent will be encouraged to attempt to identify the culprit (e.g. by analysis of the losses by date and of staff having access).
5. Under the Human Rights Act, the use of covert cameras is strictly regulated and requires special authorisation. Few circumstances of theft of fraud will warrant such an installation although every case will be reviewed on its merits. If an agent wishes to install his/her own covert camera they may be able to obtain advice and support from the National Federation of Subpostmasters but they are reminded of the implications of such an act under the Human Rights Act.
6. **The agent must be advised that (s)he remains fully responsible for all losses and that this remains the case even if Post Office Ltd agrees to take on an investigation. Losses incurred during the course of an investigation still remain the responsibility of the agent, even if it takes some time to identify the offender.** (The only circumstances in which losses may be written-off are those losses

incurred after the investigator has identified a suspect but requires the person to continue working in order that more evidence may be obtained.) Relief on losses is entirely a matter for the retail line once any investigation has been finalised.

7. Where it is agreed that an investigation will be taken on the Security and Audit team representative must be realistic with the agent concerning workload and resources and ensure that the agent understands that such enquiries may take some time to complete.
8. The agent must be advised that if an investigation is taken on, it will be the intention to gain sufficient evidence to support a prosecution and that (s)he will be expected to provide support for any prosecution, e.g. by giving a witness statement.
9. It must be confirmed that even if an investigation takes place, the agent still has the right to dismiss any employee at any point.
10. If the agent wishes to report the matter to the Police for investigation, he/she must be advised they may do so and that all suitable assistance will be provided to the police by Post Office Ltd.
11. Any request for an investigation to be carried out should be put in writing via the Retail Line Manager.

RECOMMENDED PREVENTATIVE MEASURES

1. Office controls and procedures to prevent internal fraud/theft.

- Maintain accurate attendance records (actual starting and finishing times), including holidays and sick periods to identify staff involved when losses occur.
- Visitors to the secure area to be restricted and, where admitted, supervised at all times. A visitors book should be maintained and signed by all visitors.
- Consider provision of “uniform” without pockets to minimise risk.
- No serving of family/friends to be allowed and no staff “self-serving”.
- Restrict counter cleaning to outside of opening times.
- Where operationally possible, avoid leaving one member of staff on their own.
- Where counter drawers containing money are used, keep them locked when not in use.
- Restrict access to safe to subpostmaster only, if operationally possible, and keep locked at all times.
- All listed paid pensions and allowances to be checked, and signed, by subpostmaster and then security sealed, e.g. in banknote envelopes, to avoid docket tampering.
- Weekly paid voucher despatch to be controlled by subpostmaster in line with above.
- Subpostmaster to be second checker of all daily and weekly vouchers. Errors found to be recorded and taken into account re individual staff monitoring.

- Ensure that where any summaries, or listings, are double checked, the identity of the checking officer can be readily identified by a signature as well as a date stamp.
- Daily cash on hand accurately recorded each night and reconciled with ONCH return.
- Subpostmaster to carry out regular spot checks of cash, stock and vouchers, irrespective of balance result.
- All handbags, coats, etc., to be kept away from the secure area where possible, or, if no other area available, then away from counter drawer area/back of chair.
- Ensure staff are aware that it is Post Office policy to prosecute thieves.

2. Actions instigated by subpostmaster to identify dishonest staff.

If the office is showing consistent shortages and assistant dishonesty is suspected, the following actions may be taken, as appropriate, by subpostmasters.

- Inform staff of level of losses and emphasise concerns, making staff aware that subpostmaster is liable for all losses.
- Make staff aware of possible implications of financial loss, e.g. regarding their continued employment.
- Inform staff that the losses are due to either inefficiency or dishonesty and it will be the intention to introduce measures to resolve the problem.
- Consider speaking to individual staff in order to elicit any suspicions regarding losses.
- Where possible, introduce individual balancing.
- Complete surprise checks of individual's dockets/cash/stock, as appropriate.
- Discreetly check the state of the balance, at suitable times, to establish possible suspects.
- Re-arrange attendance times of staff, if necessary.
- Look for tell tale signs of changing lifestyles of staff, such as unusual behaviour/ holidays/ new clothes/ living beyond means. Do not totally dismiss gossip.
- Consider installation of overt (visible) CCTV cameras with VCR recording facility.

3. Employment of Assistants.

- References should be sought from previous employers for all new staff, including from subpostmasters at previous offices if applicable.
- Details of new staff should be supplied to Personnel Agency Recruitment for completion of Personal Declaration P13/P250.
- Personal contracts of employment should be issued to all staff.
- Staff should be employed on reasonable rates of pay (seek advice from the NFSP and take account of the national minimum wage).

- Trial periods and reports for new staff should be considered to ensure high standards.
- Set targets and define standards expected from staff.

Other security measures.

Although not relevant to internal fraud, subpostmasters should always practice correct security procedures as detailed in the "Counter Attack" and "Personal Guide to Security" booklets. Examples of some of the most important are:

- Opening / closing procedures
- Cash / stock locked in safe when secure area left unattended.
- ABS door kept closed.
- Parcel hatch closed when not in use.
- Time Overlock set to come off guard 15 minutes prior to opening.
- Time delays used to maximum effect.
- Safe door locked at all times. Key removed when not in use.
- Office keys concealed at all times (e.g. behind counter drawer).
- Cash at counter restricted to immediate operational needs (max. 1½ hours requirement).
- Time Delay Compartment, if installed, utilised to afford maximum security to bulk cash.
- Remittances delivered via the parcel hatch and secured immediately upon receipt, or as soon as time delay locks allow.
- At close of business, including lunch times, all cash/stock and vouchers secured.
- Alarms tested and records maintained.
- Overnight cash holdings kept to a minimum.