

POST OFFICE INTERNAL



Chapter 02

Performing a Branch Audit

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POST OFFICE INTERNAL**Section 1 - Introduction**

- 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 Postmasters, operate their Post Office® branches in accordance with legislative regulations as well as conforming to our operating license and branch 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
 - Post Office® Card Account
 - Royal Mail Compliance
 - Horizon Online™ Equipment & Administration
 - Security Manual
 - Ordering Stores & Stocks

Section 2 – Types of Audit

- 2.1** These are the types of audit:
- Financial Audit
 - Transfer audit (see Chapter 3)
 - Closure Audit (see Chapter 4)
 - Robbery and Burglary audit (Chapter 5)
- 2.2** The Financial Audit is a comprehensive check to assess the current trading position of the branch in addition to the verification of cash, foreign currency (if applicable), all stock items and vouchers on hand. This will be carried out if requested by stakeholders or as the result of escalation by the Lead Audit & Support Advisor (A&SA), visiting to complete a lesser request, resulting in unsatisfactory findings. At least two A&SA's will attend each Financial Audit.
- 2.3** The current financial position of the branch is calculated and recorded by the completion of a Microsoft Excel Spreadsheet Template know 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.
- 2.4** Included in the Financial Audit is a compliance check which will 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 will be tested in conjunction with the Financial Audit visit.

POST OFFICE INTERNAL**Section 3 – The Audit & Support Advisor’s Role & Responsibilities**

- 3.1** The Audit & Support Advisor’s (A&SA) role at audit is completely objective and the reports they produce after the visit must be detailed, accurate and factual. The A&SA’s role is not to speculate on the cause of the outcome of the audit.
- 3.2** A&SA’s should follow the Reason for Audit script when visiting a branch.
- 3.3** If the audit should end in the precautionary suspension of the Postmaster, any questions should be directed to the Contracts Advisor.
- 3.4** There will be circumstances where an audit visit to a branch leads to an escalation or investigation, for example by Trading Standards, so it is necessary for the A&SA’s to be conscious of this from the outset.
- 3.5** The Lead A&SA must take a detailed note of all timings and the course of all events. (Knowledge Centre – Audits – Chapter 02 Audit Activity - ART Tool – Audit Information Summary July 2020 v1.0). This can be used in conjunction with [Remove] the Record of Significant Comments (Knowledge Centre – Audits – Chapter 02 Audit Activity - Security) and the (Temporary) Branch Closure Summary (Knowledge Centre – Audits – Chapter 04 Closures). The actions of those on site and conversations held may become relevant. The Lead A&SA 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 A&SAs must always wear their security passes and keep them visible whilst on site in branches.
- 3.8** All A&SAs (Lead and Support) must take their laptops to an audit so the activity is not jeopardized by laptop failure. It is the Lead A&SA’s responsibility to confirm which A&SAs should bring their laptops into the branch, and travel method will be considered. General security rules apply.
- 3.9** All A&SAs working on audit activity must carry with them a supply of the following items to be used at branches where they are found to be lacking:
- Note, coin, rem bags, HOL bar code stickers for non CVIT rem.
 - Closure Pack available: Knowledge Centre – Audits – Chapter 04 Closures
- 3.10** In addition to the aforementioned items the A&SA must have the following paperwork:
- [Remove] A Record of Significant Comments held (Knowledge Centre – Audits – Chapter 02 Audit Activity - Security)
 - A workplace Risk Assessment. (Knowledge Centre – z. Admin – Health & Safety – Risk Assessment - Agency Premises. [Add] The latest version is available here: [Risk Assessment](#))
 - Paperwork necessary for performing a branch transfer, in the event of a same day transfer to a Temporary Postmaster (Knowledge Centre – Audits – Chapter 03 Transfers – Transfer Opening Closure Pack)
 - A supply of “**Safe Sealing Barcodes**” for use if the alarm code can’t be

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changed for any reason or not all the available safe keys are present.
Please ensure you have the current/updated documents.

- 3.11** The A&SA must carry notices informing the public of temporary closure or closure, to include the nearest Motor Vehicle Licence issuing branch if applicable (Knowledge Centre – Audits – Chapter 02 Audit Activity – Closure Notices).
- 3.12** The A&SA must endeavour to have the branch open as soon as operationally possible unless there are valid circumstances to prevent this. The Compliance element of the Audit can be carried out whilst the branch is open.

Section 4 – The Lead A&SA Role

- 4.1** The Casework Support Team will indicate via the Audit Workplan which A&SAs are to carry out the audit visit and who has been allocated the “lead” role.
- 4.2** It is the Lead A&SA’s (lead) responsibility to prepare for the audit, manage activities on site, accurately report on the financial position of the branch and subsequently complete the audit reports. The Lead A&SA shall be provided with access to the Audit Rationale Document (**ARD**) and will need to take a copy of this with them to the audit.
- 4.3** The lead is responsible for the introductory discussions with the Postmaster, following the Reason for Audit script, [Add] **In section 7, below**, providing regular updates and performing the closing meeting, (following the Closing Script [Add] **in section 10, below**).
- 4.4** The lead is responsible for delegating tasks (for example; Compliance Audit Tool completion, checking of foreign currency, ATM etc.) to ensure the audit is run in an orderly manner, making efficient use of the resource available and minimum disruption to customer service.
- 4.5** The lead is also responsible for the decision to re-open the branch on the conclusion of the audit providing the involvement of the Contract Advisor is not required.
- 4.6** The lead is responsible for contacting the other A&SAs to discuss arrangements and organise travel in accordance with the current Business Travel Expenses (BTE) policy (available from - <https://Travel & Expense Policy>) to arrange a meeting point and consider contingency arrangements in the event of absence, sickness, travel or other problems.
- 4.7** 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.

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4.8 Mobile phone usage should be kept to a minimum, be relevant to the audit and phones should always be kept on silent/vibrate whilst in the branch. Any exceptions to this would need to be agreed with the lead in cases of urgent/emergency calls being expected. Branch staff serving on the counter must be able to converse with customers without being hampered by conversations taking place behind the counter.

Section 5 - Planning

5.1 The lead is responsible for carrying out the pre visit preparation. The lead must check the audit type (closure, financial, robbery etc.), branch name and code and other details supplied by the Casework Support Team. Using the Audit Scheduling Portal the lead can find all the information on the branch including branch opening times.

5.2 The Audit Reporting Tool contains the NaSA Business Database and the Lead A&SA must take note of what type of branch this is, for example:

- Agency Branches
- Directly Managed Branch (ref-additional information in Appendix A)
- A Franchise or multiple (ref-additional information in Appendix B)
- Open plan or a [Amend] **combi** store (ref-additional information in Appendix C)
- WH Smith (ref-additional information in Appendix D)
- Core and Outreach (ref-additional information in Appendix E)
- Post Office Local (ref-additional information Appendix F)
- 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 A&SA 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 branch should also be able to demonstrate that these products are being accounted for in the correct manner.

- Foreign Currency (ref-Section 8.2.5)
- [Remove] **ATM (ref-Appendix G)**
- Lottery (ref-Section 8.3 – 8.3.5)
- PayStation (ref-Section 8.4)
- [Remove] **Teller Cash Dispenser/Roller Cash Dispenser**
- [Add] **Automated Teller Machines ATM (ref-Appendix G)**
- Retail Service Point (ref-Appendix C)
- [Add] **Bidi, Bidi Magnum and roller cash dispensers (ref-Appendix I)**
- Self Service Kiosks (SSK)

There are instructions for dealing with these nonstandard transactions in the relevant section of HOL HELP; A&SAs must familiarise 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

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amount of resource required for audit activity and advise the Area Audit & Support Manager (AA&SM) who will inform the Casework Team.

- 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 Audit Activity – Working Papers) and the CAT which is completed directly on a Post Office® A&SA’s Mobile Phone or, if no phone signal is available, using the printable CAT working papers (details of both are available from the Knowledge Centre – Audits – Chapter 02 Audit Activity – CAT Tool); the papers are then used to complete the internet based reporting tool (as per mobile phone/Laptop within standard submission times).

Section 6 - Audit Systems

- 6.1** An Audit Reporting Tool (ART) is a Microsoft Excel Template designed to support planning, verification of assets and generate the reports required by Financial Audit activity at all branches. The lead A&SA is responsible for ensuring all recipients that require the reports are included on the ART.

- 6.2** The Compliance Audit Tool (CAT) 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 A&SA uses the tool to access the lists of Regulatory Compliance and Business Conformance tests required and record the answers.

The Lead A&SA 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 02 Audit Activity CAT Tool) which would be entered on to the “app” once internet access is available.

- 6.3** The ART is regularly reviewed, 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 A&SA 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 02 Audit Activity – ART Tool.

- 6.6** A&SAs must ensure that they have read and understood the current versions of the instructions.

- 6.7** All findings from the ART and CAT Reporting Tools must be submitted within the timescale as stated at 11.2 and while connected to the Intranet,

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follow the instructions on the Audit Tool to submit the form to the SharePoint site and for the CAT, as a submitted Google Form.

- 6.8** The Audit Rationale Document (ARD) is a summary of the reason for the audit request. This document will be sent to the Lead A&SA, prior to the scheduled Audit date. It is available to view on the Audit Scheduling Portal (ASP), under "ARD Library".
- 6.9** The Audit Scheduling Portal (ASP) is an online platform, which contains links to the information that may be required by an A&SA during the preparation and execution of an audit.
- 6.10** There are other tools that can be used as required, such as the Branch Insights Tool.
- 6.11** [Add] The lead A&SA is responsible for completing a check of the Horizon Known Errors prior to a branch visit. You can access the current list on **KEL TAB** within the Branch Insights Tool.

Section 7 – On Site Activity

- 7.1** Before approaching the branch, the lead A&SA 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 A&SA to send a text to the allocated Contract Advisor to advise when the audit has commenced
- 7.3** The lead A&SA must arrange for a call to be made to Branch Support Centre to notify them that an audit is taking place and the branch will remain closed until its completion. This should [Add] also be completed before entering the branch where possible.

Audit Opening Script:

- 7.4** The introduction, by the lead A&SA, to the first person arriving on site should be worded as follows;

"Hello, my name is from the Post Office Audit Team. I am here to carry out a full audit of your branch". Introduce colleagues and ascertain the role of the staff member.

Postmaster – ask to speak to them in private.

"The reason we are here today is because [set out reason for visit and read through page one of the ARD i.e. primary findings, secondary findings and summary]"

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Postmaster absent – ask OIC/staff to contact the Postmaster to advise them that the branch is being audited and invite them to attend. The lead A&SA shall also try to contact the Postmaster where possible. This also applies to all multiple partners.

If the Postmaster wishes to attend, the Lead A&SA will allow a reasonable time for them to arrive before commencing the audit. What is reasonable will be decided on a case by case basis and documented. Record this contact information for the ART Tool. If in doubt, the Lead A&SA can refer to their Area Audit & Support Manager AA&SM.

"That's fine, we will not start the audit until you arrive"

The branch can remain open whilst waiting for the Postmaster. If the Postmaster does not wish to attend commence with the audit. If the Postmaster hasn't arrived by their expected time of arrival, then contact your AA&SM.

On arrival of the Postmaster:

"Due to this, I will be conducting an audit to verify cash, currency and stock on hand. This is so that Post Office Ltd can be assured of its assets and provide additional assistance to support you in achieving the required business standards, if required.

I am going to check all cash, currency and stock on hand for all stock units, so can you please confirm where everything is kept.

I will also require the Lottery (if applicable) and PayStation figures for the day so far and request that no further transactions should be put through until the audit is complete.

After the financial audit I will be asking you some questions around compliance and will require the input of yourself and any other staff members that work on the Post Office terminal. We encourage any feedback and there will also be an opportunity for you to verify and comment on any findings and ask questions. Once the audit is complete, I will go through the audit findings with you.

Do you have any questions?"

Any comments and feedback from the Postmaster and staff should be carefully noted and taken into consideration. [Remove] Comments deemed as significant should be added to the Record of Significant Comment form.

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.
- Explain the reason (trigger) for the visit.
- Go through ARD with the Postmaster and explain any variances that have been identified on HOL and the accounting processes behind them where possible.
- Explain the process that will be followed.
- The reason behind the use of laptops and the ART (using tools independent of the Horizon system for verification)
- The course of events and establish where all assets are held in branch

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- The need for access to the HOL system.
 - Obtain Lottery & PayStation figures for the day so far and make a visual check that the cash is present and instruct not to operate until advised.
 - Other aspects of the audit; for example, reconciliation of non-value stock. e.g. POCA cards/ Lottery Cheques
 - The Compliance part of the audit, which will require the input of the Postmaster/OIC and staff.
 - The close of audit meeting and the opportunity for the Postmaster/OIC to comment on any findings.
- 7.6** If they are not the Postmaster, then **they must be advised to contact** the Postmaster to let them know their branch is being audited and invite them to attend. The lead A&SA shall also try to contact the Postmaster where possible. This also applies to all multiple partners. If the Postmaster wishes to attend, the Lead A&SA will allow a reasonable time for them to arrive before commencing the audit. What is reasonable will be decided on a case by case basis and documented. If in doubt, the Lead A&SA can defer to their line manager.
- 7.7** The Postmaster or staff may wish to verify your identity with the Post Office® before allowing access; this will mean that A&SAs may have to wait outside until their identity has been confirmed and the branch staff have completed their first access procedures. (**Verification is not mandatory**; A&SA's may be admitted on production of their [\[Remove\]](#) of security pass).
- 7.8** The Postmaster or staff should be advised that he/she should not access cash, stock or the HOL system until the A&SAs have gained access. In the event the Postmaster is absent but travelling to the office the branch may remain open until the Postmaster arrives. 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 A&SAs were allowed access.
- 7.9** If the Postmaster or staff refuses to allow entry to the premises, explain that the A&SAs have the contractual right to verify Post Office Ltd assets and that the Postmaster is contractually obliged to allow the A&SAs access to do this. If access is still denied refer to the Contract Advisor for advice in the first instance.
- 7.10** Having gained entry to the building the lead A&SA 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 A&SA 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. If there is no existing visitor's book, one should be created at the time.
- 7.12** Establish facilities for A&SAs and where bags and personal belongings should be

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stored. Some branches have policies in place which forbid taking handbags, personal cash, food etc. into the counter area. A&SAs must abide by these policies. If A&SAs 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 A&SAs should not have un-witnessed access to cash and stock. Where it is not possible for the Postmaster to attend or the 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 Postmaster on the call). It is important that any checks are not made in isolation. Both the A&SA and stockholder should acknowledge the accuracy of the figures following the check. Where a variance is highlighted, the 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 and documented and signed accordingly on the working papers.

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 Postmaster/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 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 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 [Add] **the adjusted amounts** [Remove] **section C of the audit report as "was** [Add] **resolved** [Remove] **made good by cash and a receipt issued"**.

On completion of the audit all assets should be secured by the A&SA and witnessed by either another member of the team or the Postmaster/OIC.

7.15 Obsolete Stock. This 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" (found on the front page of the ART) should be followed to remove the stock from HOL and the subsequent variance will be covered: this should be noted in the audit report.

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Section 8 – Procedures for a Financial Audit

8.1 Horizon Reports.

- 8.1.1 Ascertain the number and types of stock units on the system.
- 8.1.2 Ask the Postmaster or a member of staff with manager's access to create a user ID for the lead A&SA using your SmartID. See Appendix [Add] H [Remove] G for Instructions on Accessing the Horizon System if no one in the branch has manager access. With the migration of stock ordering to BranchHub remember to remove your SmartID before you leave the branch otherwise you will receive future stock order [Add] emails from the branch.
- 8.1.3 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. If the stock units are in different trading periods, they will need to be brought into the same trading period before the audit commences.
- 8.1.4 The required report printouts must be obtained from the HOL system, examined and filed with the working papers in line with the current retention process:

The reports below must be printed and checked by the lead for any irregularities to enable completion of the Financial Audit. 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)

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

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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.

- **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 usernames, including the addition and removal of A&SAs, 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'). 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.
- **Remittance summary** (ins and outs) for the whole branch for the trading period
- **Reversal reports for 42 days – RV and ER** - The new reversals report (RV) and existing reversals report (ER, where the transaction Horizon session ID has been used) should be checked to determine whether there are any patterns which are a cause for concern. For example, reversals of postage stamp or other stock sales or reversals of bill payments would lead to the Horizon derived cash on hand figure being reduced with a cash surplus on Horizon as a result. Small value reversals of stamp/stock sales should not normally be of concern as these would be expected when the branch is correcting stock variances as a normal part of the balancing process. Large value stamp/stock sales reversals may indicate that the branch has been reversing stock received in a remittance rather than following the correct process of remitting it in which would again lead to a cash surplus. A conversation with the Postmaster/OIC should take place to determine the reasons for any high value reversals.
- **Stock Adjustments (+ & -) [Add]** As we no longer sell and new reverse any stock variance to correct Horizon this report is now required to show all adjustments made by the A&SA to adjust Horizon to the stock levels present in the office, a copy of the report shall be provided to the Postmaster. [Remove] (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)
- **Last Branch Trading Statement** re-print

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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.

See Knowledge Centre – Audits - Chapter 02 Audit Activity – ART Tool – ART Tool data sources and files for: Audit Report Paths, See Knowledge Centre – Audits - Chapter 06 Retention of Papers.

This handout is also contained within the ART – Front Page. Check all cash, Cheques, currency, postage, stock on hand as required for completion of ART. 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

Then take the variance 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.

POCA Cards – Any variance on Horizon must be rectified before leaving the branch.

Camelot Lottery Cheques – Variances (to reduce holdings) must be notified to Central Finance to ensure a Transaction Correction is sent out to the branch. To increase holdings, use the "In from ADC" icon in "Rems" on HOL.

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

8.2 Checking Cash, Stock, Foreign Currency and Vouchers on Hand

All **Cash, Stock and Foreign Currency** must be verified and then checked by a 2nd A&SA. Working Papers must be annotated to confirm this.

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- 8.2.1** 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.
- 8.2.2 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.
- 8.2.3 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.
- 8.2.4** 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 receipt issued.
- 8.2.5 Foreign Currency** - Verify all currencies on hand to the correct amount on the balance snapshot. Totals from the currencies should be documented for later inclusion in the ART.
- 8.2.6 Stock** - All stock to be verified against the balance snapshot. [Add:] Any variance in stock levels must be adjusted with the Stock 'Adjust' button, unless the Postmaster can demonstrate that there is an outstanding sales transaction. Back Office (F14) - Monthly Accounting (F3) - Adjust (55).
- 8.2.7 ATM (if applicable)** - All cash to be verified against the balance snapshot.
- 8.3 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. If the Postmaster doesn't have the money to cover the outstanding sales for today confirm that the lottery is being accounted for incorrectly then see irregularities (Section 9).
- 8.3.1** Count and record lottery Scratch-cards and reconcile to the HOL snapshot and local records (if held). Scratch-cards 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.

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8.3.2 The scratch-cards on hand can be verified by reference to the Lottery matrix held within the ART. Any obsolete scratch-cards should be remitted out during the audit and returned to the stock centre. The Postmaster must be advised that as the date for the return of these scratch-cards has passed the branch may subsequently receive a transaction correction (TC) for the value of any obsolete scratch-cards and that any TC received should be processed in the normal way. The value of obsolete cards returned should be detailed in the audit report.

8.3.3 Obtain the following reports from the lottery terminal and the 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).

8.3.4 Using the summary inventory and pack status reports confirm and reconcile the un-activated Scratch-cards. It should also be confirmed that the Scratch-cards 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

ISSUED - This means the Scratch-card order has been dispatched from Camelot, but not yet received in the branch, so this is not relevant during the audit.

8.3.5 Additional Instructions for Tesco & WHSmith Lottery Branches:

Some Tesco & WHSmith Post Offices complete their Lottery accounting a bit differently. They accept TAs 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 variance in the Lottery Stock Unit which is then [Add:] 'Assign to Nominee' [Remove]: Settled Centrally when the branch completes their Branch Trading Statement. Central Finance, Chesterfield 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 A&SA will need to review the ASP to obtain the outstanding unsettled cash figure for Lottery, which will also include any other discrepancies assigned to nominee. This can be done the day before the audit or as early as possible on the day of the audit.

8.4 PayStation – All monies relevant to PayStation TAs (Transaction Acknowledgements) must be accounted for, within Post Office funds.

At the 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 audit.

8.5 Postmaster Account Support Team –

[lossrecovery; GRO] replaced with formeraccountsupport; agents.accounting.team; GRO] is now postmasteraccount;

GRO

The outstanding variance figures & rem figures need to be confirmed on the ASP.

POST OFFICE INTERNAL

8.6 Pre-prepared Remittances - 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 on the ART.

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. If any rem bags are made up and sealed by an A&SA, these must be witnessed by either a second A&SA or the Postmaster/OIC.

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

Section 9 - Irregularities

- 9.1** During the audit the A&SA may find discrepancies, transaction corrections, inappropriate items held in suspense or business practices contrary to the Post Office® operating instructions and in this situation the irregularity must be discussed with the Contract Advisor.
- 9.2** At all Audits, all stock units must be reconciled to reflect the actual position so that all figures on Horizon are correct by the time the audit is completed.
- 9.3 Accounting by Central Finance 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.

[Add]Following a Financial Audit (**where no suspension takes place**) all discrepancies should be settled into centralised holding account using the Global ID.

[Remove]:Following a Financial Audit (**where no suspension takes place**) all discrepancies should be Settled Centrally using the Global ID, with the amounts going to "Final Account Surplus or Deficit".]

If, after the discrepancies 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 Final Account Surplus); this will ensure we have visibility of the declared variance 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 the declared audit variance (if they wish to pay by "credit/ debit card or by cheque a call has to be made to Central Finance to make a payment on their account – for cheques, ask if they can pay by card).

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- Credit/Debit card payments can be accepted by calling Postmaster Account Support 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 variance posted is correct so are able to accurately follow up any further action with the postmaster.

e.g.

The [Add] A&SA [Remove] AA is to login using their Global ID and settle the variance to Final Account Surplus or Deficit. The Postmaster should not be asked to settle this amount but may offer to settle it, or part of it. If the Postmaster does offer, then;

- In the event of a cash settlement, the [Add] A&SA [Remove] AA 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 Final Account Surplus or Deficit.

This will show Central Finance that the branch had a variance at audit and that the variance was repaid.

- If the Postmaster chooses to settle the amount directly with Central Finance using a card payment, the [Add] A&SA [Remove] AA would post the variance to the Final Account Surplus or Deficit and then a call would be made to Central Finance so the payment could be made. The [Add] A&SA [Remove] AA would do nothing further in the branch as it would be a direct action by Central Finance.

If there is no offer from the Postmaster to repay, or they wish to investigate further or dispute the variance the amount will be dealt with as per the standard actions.

9.4 Support from Contract Advisor - As part of the preparation for the audit the nominated Contract Advisor is confirmed via email and added to the audit schedule to enable the reporting of findings, errors, variances or admissions.

9.4.1 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 A&SA 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 Postmaster's telephone should be avoided.

9.4.2 The Contract Advisor & Security should be contacted if anything happens during the visit that might suggest that the Postmaster may be in breach of their contract, for example:

- There is a variance of £2000 or more in a Local/SPSO or £5000 or more in a Main for the Contract Advisor [Remove] & £5000 or more for Security (excluding outstanding discrepancies)
- There is an irregular personal cheque on hand

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- Sales made on a "credit" basis i.e. payment outstanding
- There is an admission of misuse of Post Office® funds or fraudulent activity
- There is a suspicion of money laundering activity (in this case please contact Grapevine)
- The 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 Postmaster has declared that the previous period's variance has been made good, however findings are to the contrary
- If the lead A&SA has any other concerns about the branch

This list is not meant to be exhaustive and is not determinative of whether the Postmaster is in fact in breach of their contract. Regardless of the circumstances, if there is any doubt or concern about the branch or Postmaster, contact the Contract Advisor or Security Manager, depending on the situation.

9.4.3 Should the 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 precautionary suspended and will need the following information:

- Branch name and code
- Contract type
- [Add]Postmaster's name [Remove] *Postmaster's name*
- If not the Postmaster, then the name of the OIC or person in control on the day
- Does the Postmaster have other branches? – If so, are audit results from them known?
- Amount and breakdown of variance
- Any reasons for the variance that have been offered to the A&SA
- Any admissions
- If any previous issues are known
- Date of last branch trading statement
- Has the security manager been contacted?
- Any relevant information provided by the Postmaster or staff.
- Any relevant circumstances.
- Any outstanding discrepancies

Should the Postmaster be suspended, there is a possibility that the branch will remain closed and the assets defunded. [Remove].) for details about branch defund. In this case, a special notice to this effect should be displayed and **Branch Support** (formerly NBSC) **should be contacted to advise them of the situation.** If the branch is to remain closed, the date stamps and PayStation should be locked in the safe.

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The door and safe keys/safe codes, should be dispatched by Royal Mail Special Delivery to: Casework Team
2nd Floor West Wing
1 Future Walk
Chesterfield
S49 1PF

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.

- 9.4.4** The Postmaster/OIC/Manager must be invited to complete an independent check of the cash, stock and foreign currency. They should sign to say that they agree with the figures, but if they decline the opportunity to verify the audit findings, all relevant working papers must be signed/documentated. The Postmaster should be given the opportunity to raise any comments or questions resulting from the audit. The lead A&SA should make a note of the comments or questions on the Audit Report and advise that they will arrange a response, if required, from an appropriate manager, if they cannot be answered by the lead A&SA.
- 9.4.5** In cases involving suspension, the lead A&SA should obtain six trading 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. If not requested by the Security Team, the lead A&SA will dispose of the working papers after 60 working days, as per business standards.
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 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.
- 9.4.6** When an audit has gone to suspension, the lead A&SA should also advise the Casework Support Team of this on the day. This is particularly important from a scheduling point of view, as the Casework Support Team may need to cancel or reschedule any work the day after the audit, if any of the A&SAs on the suspension audit need to carry out any follow up work relating to the audit.
- 9.4.7** Transaction Acknowledgement (TA) Instructions on Suspension Audits:
The Lead A&SA needs to establish that all TA's have been received in branch by checking the TA print out &, if any are missing, they should make sure that funds are produced by the Postmaster to make good. This amount should be settled as a separate entry (from the actual variance of the audit) and annotated on the ART. If the 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 Final Account Surplus or Deficit process, can be made.
In the event of a Lottery branch the Lead A&SA 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

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(0800 840 50 60) and checking that all the TA's have been received.

- 9.5 Appointing a Temporary Postmaster on the day of suspension** - If the Contract Advisor decides that the Postmaster is to be precautionary suspended from the branch then it may be possible to appoint a temporary Postmaster in his place to ensure continuity of service. If this happens on the day of the audit, follow the process below. If it happens at a later date, the transfer is the responsibility of the Training and Onboarding Team.

The Contract Advisor will commence this process with the permission and agreement of the existing Postmaster. The A&SA must carry a set of paperwork to carry this out, under the direction of Temporary Postmaster Advisors Team

or

(Ref Knowledge Centre – Audits – Chapter [add] 03 [Remove] 04 Transfers - Transfer Pack)

Section 10 – Close of the Audit Meeting

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

- The closing meeting should already have been discussed and planned with the 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 A&SA 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 A&SA). The lead A&SA is solely responsible for discussing gaps identified during the closing meeting.
- During the closing meeting with the Postmaster the lead A&SA must explain and 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 that the Postmaster will understand and be able to qualify exactly what is meant. The reason for, and consequences of, any actions should be made clear. Inform the 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 adhering to it, as well as explaining the correct procedures and helping the Postmaster to understand them.
- Recognise good working practices in the branch.
- The Postmaster should be encouraged to raise any comments or questions resulting from the audit. The lead A&SA should make a note of the comments or questions and advise that they will arrange a response, if required, from an appropriate manager.
- Following an audit if it is necessary for you to send an email to someone with POL to provide an answer to a query raised by a Postmaster you should ensure that the LP Casework team are copied in so that they can add it to the Dynamics case. Any replies you receive should also be forwarded to LP Casework to ensure we can evidence that the Postmaster's query is being dealt with.

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Audit Closing Script:

Thank you for taking the time to facilitate this audit today. Could you please verify today's findings by checking the cash, stock and currency before we discuss next steps?

If the Postmaster/OIC declines the opportunity to verify the findings, they should be asked to sign the audit sheets to confirm this. If they decline to sign, the A&SA should annotate the sheets accordingly.

Is there somewhere we can go to talk privately please?

I will now go through today's findings with you. A&SA to go through the results of the audit in detail, ensuring that any gaps identified are discussed.

In the event the Postmaster/OIC wants to dispute a variance

A&SA to make the Postmaster/OIC aware of the disputes process.

For support with a recent variance:

"If you need help with a branch variance please call the Branch Support Centre on 0333 345 5567. They will help you to investigate further to identify how the variance happened. If they can't resolve the reason for the variance during the call the Branch Support Centre will be able to raise a dispute for you"

For support regarding a historical variance:

"If you need help with a historical branch variance please call the Branch Support Centre on [GRO] to raise a dispute for you"

For support regarding variances as a result of a transaction correction:

"Please call the Transaction Correction Disputes Team on [GRO] or email disputeam@[GRO] as soon as possible if you wish to dispute a transaction correction"

In the event of suspension

The A&SA would have a private telephone conversation with the Contract Advisor to discuss the findings but would not enter into any discussion with the Postmaster/OIC in this regard. The Contract Advisor will follow the Suspension Script to direct them in giving the correct and relevant information and support to a suspended Postmaster/OIC.

Any areas for development will be taken forward by the Contract Advisor. The Lead A&SA will make a note of requests for additional training where considered necessary in order to support the Postmaster.

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Any gaps identified as part of the compliance check may result in contact from the Branch Standards Team either by phone or by letter. A&SA should go through the correct procedures for any gaps and clarify understanding.

I would like to thank you for your time today.

Considerations

- Full record of the closing meeting to be made by the A&SA including any questions asked and responses given
- If Training is deemed necessary by the A&SA, [Add]they can submit an Intervention Request using the on-line form available here: [Intervention Request Form](#). Access is required to the Knowledge Centre at [Training Knowledge Centre](#) to use this form. [Remove] a request form should be completed and sent to the line manager.
- [Add] Alternatively, a Postmaster can request additional training for themselves or their staff by contacting Branch Support direct. [Remove]If a Postmaster requests additional training, then they should contact Branch Support direct for support the Postmaster and his/her staff.
- It is appropriate to share the full Audit Rationale Document with the Postmaster during the closing meeting in order to feedback on areas for development, providing that the cases never mention any customer names or identities.

Section 11 – Audit Reporting

- 11.1** All audit reports are embedded within the ART & for the CAT Reporting Tool it is completed automatically as the CAT is a Google Form.
- 11.2** The ART and CAT must be completed and submitted within 2 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.
- 11.3** When completing the audit reports, ensure that the audit result is detailed by the breakdown of the variance revealed in each stock unit and who discovered the variance.
- 11.4** When completing the audit report make sure the report is as full and easy to understand as possible.

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Appendix A - Directly Managed Branches

Audits at Directly Managed Branches will be carried out at the request of the Area Manager. The audit process will remain the same as detailed in this chapter.

Directly Managed Branch Variances

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

If a variance of more than £1000 is discovered, this should be reported to the DMB Area Manager and Security Manager immediately.

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Appendix B – Franchise & Multiple Branches

The audit process will remain the same as detailed in Chapter 02.

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 A&SA 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 A&SA 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 A&SA 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. Reasonable consideration should be made to the company contact to enable them to attend if they wish to. Any irregularities, variances, admissions etc. should be reported to the Contract Advisor.

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Appendix C – Open Plan & Combination Formats

(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 Chapter 02 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 and Roller Cash Dispensers – **See Appendix** [Add]

I.

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Appendix D – WHSmith Branch

(Additional information to be used at WH Smith Branches)

The audit process will remain the same as detailed in Chapter 02.

- The **lead A&SA 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 A&SA 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 A&SA 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.

Contact

If there is an issue onsite, i.e. variance over £1000 then there is one main point of contact, John Stiles [GRO] (WH Smith).

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

One phone call from the lead A&SA will be enough.

If John is unavailable, please contact Steve Hall.

John Stiles – [GRO]

Steve Hall – [GRO]

WHSmith Security – emails

[GRO]

[GRO]

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

LEAD A&SA to Copy and paste below to the email filling in the details listed:

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

Branch Name:

Branch Code:

Branch Postcode:

Estimated Team Attendance Time:

Audit Lead:

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Appendix E – Core & Outreach Branches

(Additional information to be used at Core and Outreach Branches)

The audit process will remain the same as detailed in Chapter 02.

This is a concept to supply small community and rural areas with a counter service. A Core branch will operate a range of outreach options offering a variety of transactions.

There are four types of outreach:

1. Partner
2. Hosted
3. Mobile
4. Home Service

Once the Core branch code is entered in the Audit Reporting Tool (ART), any linked branches will be listed in the linked-branch list on the Planning page (this will feed through to the Audit Report page).

Locate the audit information on the work plan – this should appear with a comment to make clear it is a C&O branch and sufficient resource is allocated.

All outreaches will be audited, as well as the Core, for all audit types, unless otherwise instructed by an Area Audit & Support Manager.

To prevent any in transit branch to branch remittances being missed, prior to audit date the overall lead A&SA must check the ASP to check for any issues regarding this.

NB. Ensure that all remittances booked out from one site are booked in at another, by checking the rem in and out print outs obtained from Horizon at each Core and matching them to the print outs obtained for the outreach site(s) before Outreach kit leaves Core.

In the event of any irregularities or issues of concern at any of the outreach branches, the lead A&SA at the Core should be informed of these.

The lead A&SA should then:

- Phone the relevant Contract Advisor to let them know as soon as you identify a potential problem.
- Ring again once you know the final findings and total variance, so the Contract Advisor can make decisions on next steps.
- If there are Outreaches that do not have access available on the day, take advice from the Contract Advisor how to proceed.

POST OFFICE INTERNAL**Required Process in the Event of Postmaster Suspension**

The likelihood would be that the mobile and hosted stocks will not have left the Core. All partner branches have a lockable Post Office Coin cabinet in which cash can be stored overnight once audited, until such a time as either a replacement Postmaster is found, or the branch can be defunded

A&SAs should balance the Horizon Online (HOL) system and complete the ART, whilst waiting to hear if the branch is to be transferred or defunded.

If a decision has been made to defund the core and outreaches, all cash and stock held at the outreach sites must be branch to branch remitted back to the core before the A&SA leaves the site [Remove] (see 5.4 - 5.6 below)

Core branches supply outreaches with cash and stock via branch to branch remittances with the use of barcode labels designed specifically for that purpose (these should be on hand at the branch).

Outreaches cannot remit out to the cash centre directly; all remittances must go via the core branch.

So, in order to defund you should follow the process outlined below:

A&SA at the partner/outreach site would:

- Rem cash and stock to the core via HOL (via branch to branch barcode labels)
- Inform the A&SA at the core the value and type of cash/stock and the barcode numbers.
- Place the cash and stock in the appropriate pouches for CViT collection and give these pouch numbers to the A&SA at the Core.

The A&SA at the core branch would use the information received from the A&SA at the outreach:

- Input the cash and stock using the branch to branch barcode(s) manually
- Rem out to ADC by manual input of the pouch number
- Prepare the paperwork for collection the partners pouch(es) by manual input

When the CViT van has been arranged they will pick up from the outreach first and supply a TransTrak receipt for any pouches they take. They will then take the pouch(es) to the Core, so there will be a requirement to have A&SA present at both locations for the defund. When the ACC card is scanned at the Core all the pouches manually input will be removed from the suspense account together with the pouches physically collected from the Core.

It is the Contract Advisor's decision whether to suspend, based on the facts you provide.

Audit Reporting

The individual A&SAs who prepare an ART and manual CAT paperwork are responsible for completion and then email electronic documents to the relevant parties. A&SAs must complete their individual reports by the designated timescales.

POST OFFICE INTERNAL**Appendix F – Post Office Local**

Post Office Local - **Retailer Cash** [Add] **(Self-funded)** – Audit Process

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

NOTE: most PO Local branches are PO funded. Self-funded branches will show on the ASP/Branch Information/Funding Source.

Variance over £1000

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

If they are aware, the Lead A&SA should contact Central Finance, Chesterfield to determine if a transaction correction can be expected.

If the branch is unaware, the lead A&SA is to contact Central Finance, Chesterfield and check if they are aware of any variance. If required, Central Finance will liaise with the Branch Analysis team to check if they are aware of any issues.

When this has been confirmed and if the variance is over £2000, please contact the Contract Advisor and inform them of the situation. They will make the decision to precautionary suspend if appropriate.

Any comments or feedback from the branch should be carefully noted and considered.

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

Accept the cheque [Add] **Payable to Post Office Ltd**, issue a 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 variance".

Defunds of a Retailer Cash Funded Post Office Local Branch

If, as a result of the call to Postmaster Account Support Team, 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 AA&SM. [Add] **(Knowledge Centre – Audits – Chapter 04 Closures – RMSD Branches, REM Instructions)**

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Stock & Stamps:

These would also be returned using the RMSD REM process.

Rem the stock out of the branch via Rem out to ADC – Pouch scanned as normal then Prep-Dispatch (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 AA&SM.

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

For a planned closure, contact should be made prior to the closure date with Central Finance 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 wrdn (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 Integrated Settlement & Billing Team below, confirming that the branch has closed:

- client.settlement@postoffice.co.uk (GRO)

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

Post Office Local - Retailer Cash Funded – Audit Process

As with closure of a self-funded branch, the Integrated Settlement & Billing Team (client.settlement@) need to be contacted prior to the transfer with dates for cessation of self-funding and commencement of POL funding. This is to ensure that POL cash can be correctly accounted for on the balance sheet and that correct full and final settlement for self-funding can be made with the operator.

Normal audit procedures apply throughout the audit but if a variance 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).

Variance over £1000

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

If they are aware the A&SA should contact the relevant team in Central Finance (Knowledge Centre-z. Admin-Contact Information) to determine if a transaction correction can be expected.

If the branch is unaware, the A&SA is to contact the Postmaster Account Support Team and check if they are aware of a variance. [ADD] They will be able to advise on the amounts previously settled to centralised holding account with the Review or Dispute option.

[Remove] They will also be able to advise on amounts previously settled centrally to the Postmaster's account.

Any comments or feedback from the branch should be carefully noted and considered.

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 variance by cheque, [Add:] payable to Post office Ltd; accept the cheque, issue a receipt and post directly to:

[Add:] Finance Service Centre [Remove] Post office Ltd Central Finance, 1 Future Walk, West Bars, Chesterfield S49 1PF.

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

As an alternative to cheque payment, they can make a BACS/FasterPayment bank transfer to Post Office Ltd for the amount due to the below account:

Sort code – Account No. –

Reference – please quote the operator customer account number (this will be 7 digits beginning 62, e.g. 6200123)

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Defund of a Post Office Local Branch

If, as a result of the call to Postmaster Account Support Team, 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 shows "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 Postmaster, 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 variance 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. [ADD] (Knowledge Centre – Audits – Chapter 04 Closures – RMSD Branches, REM Instructions)

If the pouch is to be posted offsite advice must be obtained from your AA&SM.

If the money in the branch is not due to the Post Office (i.e. the operators are using their own money as float) follow the procedure for **Closure of a Post Office Local Branch (Self-funded)** as detailed above to remove the cash from Horizon. It is very important that this be done before the branch begins to trade as POL funded as otherwise when the icons change the money will start to appear as POL Cash on Horizon and it will be much more complicated for the operators to get their money back (if this does happen they will need to raise an IT incident via the ServiceNow portal in the first instance).



Appendix G - Automated Teller Machines

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 stock until the end of the audit.

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Appendix H - Access to the Horizon System

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 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** [Add] **smartID**.

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 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 A&SAs, in case they are needed during an audit.

POST OFFICE INTERNAL**Appendix I - Auditing Bidi Safes & Roller Cash Dispensers**
Bidi Safes

The following process is to be used when A&SAs audit the Post Office position at the Retail Service Point for Locals and Mains.

Process:

1. The A&SA(s) upon entry will identify themselves to the Postmaster and the Post Office Service Point must be isolated and all transactions ceased.
2. The A&SA(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 A&SA(s) will retrieve all paperwork 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 [Add] A&SA(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, 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 A&SA(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 A&SA(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 A&SA(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.

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8. It should take a maximum of one minute between each cassette withdrawal. This will continue until all cassettes have been recycled and the A&SA comes back to the first cassette which will be identified by the permanent marker or by a piece of paper inside the cassette.
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 A&SA has completed all their checks.

Roller Cash Dispensers

It is vital that a full check of the roller cash is performed at all audits by all A&SAs, to ensure that all full sectors of the roller cash are checked and verified and to check if any empty sectors have cash in them. Rollercash sectors should NOT be assured.

1. There are 20 sectors within the Rollercash. With all audits, a total withdrawal should be performed. This function allows all full sectors to be emptied in quick succession and is available after a 15-minute time delay. It also allows the empty sectors to be checked at the end of the total withdrawal. To do this, the Rollercash must be enabled with the black master key. The F2 key is to be pressed to enter the command function. To initiate the total withdrawal, enter the command code 162 using the keypad. The display will show Total Withdrawal (TW) flashing in the top right-hand corner to indicate the time delay is in progress. When the time delay has expired and ready for the total withdrawal to start, press the 'withdraw' key "O/E" which is situated on the lower line next to the F2 key. The unit will then present the nearest sector and display its contents, for example £20 notes, £10 notes. The process can then be repeated for the remaining sectors until the unit is completely empty by pressing the O/E key.
2. Once the unit is completely empty, it will enter the "search phase". This enables the A&SA to check all sectors of the unit to ensure no money is left in any sectors of the Rollercash. The display will read "Search Phase – Any key for next" Press any key except for the F1 key, and the roller cash will present the first sector, to continue, press any key with exception of the F1 key to move on to the next sector. Continue this process until all sectors have been checked. If the F1 key is pressed and held for 5 seconds, it will exit the search phase.

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3. If a pause is needed on a total withdrawal, the F2 key should be pressed, and the command code 831 entered using the keypad. To restart, press the F2 key, and enter command 831.
4. If an A&SA needs to cancel a total withdrawal whilst the time delay is in process, then the F2 key should be pressed, and the command code 162 entered using the keypad. To cancel after the time delay, the F1 key should be pressed and held for 5 seconds.
5. When doing a total withdrawal from the Rollercash, it is essential that the entrance to the branch is closed, with no customers in the branch to comply with security procedures.

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**Document Admin**

Title	Performing a Branch Audit
Subject	Branch Audits
Version Control	1.4
Purpose	Outline responsibilities and process to perform an audit in all branches.
Audience	Service & Support Field Team
Next Review date	July 2021

Stakeholders

Remove

Stakeholders Name	Responsibility
Tim Perkins	Head of Service & support Optimisation
Alison Clark	Senior Network Monitoring and Support Manager
Olivia	Network Monitoring and Support Manager

Add

Stakeholders Name	Responsibility
Tim Perkins	Head of Service & support Optimisation
Simon Worboys	Head of Network Support & Resolution
Nayan Navik	TBC

Responsibilities in change

Remove

Role	Job Title(s)	Date
Author	David Johnson – Area Audit & Support Manager	31/12/20
Assurance	David Nolan – Audit and Support Advisor	31/12/20
Authorised	Alison Clark – Senior Network Monitoring and Support manager	31/12/20
Communication	David Nolan – Audit and Support Advisor	31/12/20

ADD

Role	Job Title(s)	Date
Author	David Nolan - Audit & Support Advisor	12/5/21
Assurance	Claudette Beaney – Audit & Support Advisor	12/5/21
Authorised	Nayan Navik – TBC	12/5/21
Communication	Via Audit Advisor Knowledge Centre	12/5/21

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**Version control**

No	Reason for issue	Section No.	Date
1.1	Replacing Contract Holder, Agent or Operator with Postmaster throughout the document. Replace Head of Loss Prevention and remove references to Loss Prevention Loss Recovery Team replaced with Postmaster Account Support Team Replace reference to Late account with Final Account Surplus or Deficit Obsolete scratch-cards accounting process amended Reference to CA buddy list removed as CA is allocated in advance Closing script updated to reflect new variance dispute processes	All Stakeholders All All 8.3.2 All 10	27/10/2020
1.2	Various changes to language, Job titles and staff names	All	30/12/20
1.3	Language amendments	All	03/1/21
1.4	Remove reference to Settle Centrally Add description for stock adjustments Amend Responsibilities in Change Review links, syntax and spelling	All 8.1.4 All	12/5/21