



# **Mandatory Losses & Gains Policy Crown Office Network**

## **CONTENTS:**

Section 1 Introduction  
Section 2 Roles and Responsibilities  
Section 3 Stock Units  
Section 4 Supervisory Checks (misbalance checks, surprise checks)  
Section 5 Loss Management

## **APPENDICES:**

**Appendix A** Roles and Responsibilities  
**Appendix B** Local Record of Stock Users  
**Appendix C** Minimum Standards for Conducting Supervisory Stock Unit Checks  
**Appendix D** Aide Memoire for Establishing Cause of Stock Unit discrepancy  
**Appendix E** Reporting of Losses and Gains

Apr 2013

## **Section 1 – Introduction**

1. This Policy outlines business requirements relative to the management of losses and gains within Crown Offices and incorporates criteria for checking, notifying and actions to be taken. The aim is to reduce losses and gains whilst ensuring the needs of the business are met. This document supersedes all previous policy documents relating to Crown Losses & Gains.
2. In terms of this policy, a loss or gain is any misbalance of a Stock Unit (SU) or remittance received in the Branch. It includes:
  - a. Misbalances which require a Transactional Correction
  - b. Misbalances following receipt of a Transactional Acknowledgement
  - c. Unexplained losses and gains
  - d. Compensating gain in another stock

## **Section 2 – Roles and Responsibilities**

3. There are a number of managerial appointments which have responsibility for ensuring the approved systems for controlling losses and gains are adopted and implemented. Detailed roles and responsibilities can be found at Appendix A:
  - a. Branch Managers
  - b. Crown Area and Cluster Managers
  - c. Crown Operations Advisors
  - d. **Security Team**

## **Section 3 – Stock Units**

4. BMs must ensure an accurate record of all Stockholders of a Stock Unit (SU) is maintained; a Stockholder Register template is at Appendix B.
5. To provide a deterrent and detect instances of alleged fraud and/or theft, SU must be rotated on a regular basis.
  - a. **Individual Stock Units.** The maximum period for an individual holding and balancing the same stock is 8 weeks.

- b. **Multiple Stock Units.** A programme of checks must be drawn up to ensure all Counter Colleagues are snap checked as a minimum within an 8 week cycle
- c. **Cash in any SU must be checked before a person takes over**
- c. Where multiple SU are balanced by the same individual, the Unit must be checked every 8 weeks.

6. Counter Colleagues are to complete Cash Declaration checks daily. Any discrepancy ~~over £30~~ must be reported to the BM immediately.

**Bureau – Daily** - When performing the daily cash declaration on the Bureau stock unit a stock on hand of currencies must be printed and as part of the sterling cash declaration the Euros and Dollars must be checked as a minimum to ensure they are correct.

If any discrepancies are discovered a transaction log must be printed in an attempt to discover the mistake and who made it – if it can be proven the mistake was made by a specific individual and they were negligent in their actions then a investigatory interview must be arranged.

The stock on hand report must be stapled to the cash declaration slip and filed appropriately within the office.

#### **Section 4 – Supervisory Checks**

- 7. Branch Managers are to conduct the following checks:
  - a. **Snap Checks.** Snap checks are to be conducted involving all Counter Colleagues at least ~~in an 8 week cycle~~. Checks to include ATM & ~~SSKS~~
  - b. **Misbalance Checks.** Where a SU misbalances by £30 or over, a misbalance check is to be conducted. A misbalance check is in addition to snap checks and can be performed by both managers and experienced colleagues. SUs with losses or gains ~~over £30~~ declared for 2x consecutive days must be subject to a complete stock and cash check.
  - c. **Supervisory Checks.** Area/Cluster Managers are to conduct snap checks on main SUs ~~where applicable~~ at least twice a year. Area / Cluster Managers must maintain a suitable register of such checks for 2 years.
  
- 10. The basis of control is to provide an awareness of discrepancies levels in conjunction with any actions necessary to implement improvements including training support and product design. Appendix C provides the minimum standards for conducting supervisory SU checks.

Apr 2013

## Section 6 – Loss Management

11. In the event of a Crown Office identifying a loss or gain ~~in excess of £30,~~ the BM must:

- a. Conduct an initial investigation with the aim of establishing root cause and identifying the individual colleague responsible. Where the branch is deploying multiple SUs, the initial investigation must seek to eliminate those colleagues who have had no access to the SU during the period of loss and where possible identify the colleague responsible. An Aide Memoire for establishing cause of discrepancy can be found at Appendix D; this is by no means an exhaustive list of questions. The BM will be required to use all their local knowledge and Branch experience to identify the colleague responsible.

**Note – so that losses from Bureau stocks, SSKs and ATMs can be accurately measured, these stock units must be set up as BDC, SSK, ATM.**

- b. All losses and gains must be reported within 24hrs using the form at Appendix E:

- (1) Up to £249.99      Detail held in Branch only
- (2) £250+              Reported to Post Office Security, AM/CM & COA,
- (3) Fraud/theft suspected      Reported to Fraud Analysis Team, Post Office Security, AM/CM & COA,

- c. On all losses or gains in excess of £2000, the incident must **also** be reported to NBSC on: **GRO**

- d. Where individual colleagues can be identified as responsible for a loss or gain of;

- (1) Up to £100 the BM **should** consider conducting a formal investigatory interview under the Conduct Code.
- (2) In excess of £100 the BM **must** conduct a formal investigatory interview under the Conduct Code.

- e. Where responsibility cannot be attributed, colleagues who have access to the SU during the period of loss or gain should receive additional guidance and training. The BM must consider breaking multiple SUs into small user groups in an effort to deter and detect culpability for future losses or gains.

- f. Where fraud and/or theft is suspected, regardless of the amount, the BM must report the incident in accordance with this Policy. In preparation for a

formal investigation by the Security Team, the BM should identify suspects and witnesses and where necessary preserve any evidence, including transactional data, documents and CCTV which will be of use to the investigator.

g. To ensure there is a consistent approach across the Network, all BMs must comply with Loss Management, without exception. In doing so, a consistent approach is delivered across the Crown network which is fair to all colleagues.

## **APPENDIX A TO CROWN OFFICE LOSS AND GAIN POLICY**

### **ROLES AND RESPONSIBILITIES**

#### **a. Branch Managers:**

- Conduct snap checks on all Stock Units (SUs) as previously described.
- Conduct misbalance checks on SUs incurring losses and gains above **£30**
- Implement the Loss Management Process:
  - Report losses in a timely manner
  - Consider and deploy the Conduct Code where necessary

Ensure all staff are routinely made aware of the requirement to keep losses and gains to a minimum.

#### **b. Area & Cluster Managers:**

- Conduct Snap Checks of main SUs at least twice a year
- In the event of a Crown loss in excess of £250, the AM/CM is to ensure that the appropriate action is taken by the BM.

#### **c. Crown Operations Advisors**

- Monitor reported losses on weekly & monthly basis.
- Seek explanations and drive corrective actions.
- Support Area management team in effective deployment of Policy.
- Support BMs with any investigatory / conduct process.

#### **d. Security Team**

- Conduct Security Health Checks of poor performing Crown branches and attend a WTLL session if operationally possible
- Monitor Losses; identify and escalate poor performing branches for action as necessary
- Where fraud is suspected, conduct investigations in a timely manner

Apr 2013



## **APPENDIX C TO CROWN OFFICE LOSS AND GAIN POLICY**

### **MINIMUM STANDARDS FOR CONDUCTING SUPERVISORY STOCK UNIT CHECKS**

1. To meet the minimum standard, a programme of supervisory snap checks must:

a. Be performed by the Crown management team who will ensure colleagues complete a cash declaration towards the end of each working day.

b. Include monitoring of the levels of cash held by all colleagues in each Stock Unit (SU) e.g. Main Cash, ATM, Bureau, SSKs etc

c. Ensure all cash and stock is transferred from dormant SU's inc leave???

c. Check all cash, stock and vouchers to hand and reconcile to the last declared balance; print and check for 'outstanding docketts'.

d. Main Cash Stocks held by a Branch Managers (BMs) should be checked by AMs / CMs or a representative at least bi-annually.

e. Ensure each SU is checked at least;

- Once every 8 weeks for individual SUs
- Once every 12 weeks for MUTE stocks. (Where multiple SUs are balanced by the same individual, the SU must be checked every 8 weeks).

f. Maintain a record of snap checks. The record must clearly show the date and time of the check, what was checked and who was present along with signatures. Records must be retained for two years.

g. Snap checks should be conducted infrequently, so as to avoid any pattern that could become known to individuals.

#### **2. Completing a Snap (Surprise) Check**

- Obtain trial balance.
- Summarize / cut off all documents and vouchers.
- Count and declare all cash
- Count and declare all postage.
- BM (or deputy) and stock holder sign trial balance.
- Trial balance and all associated papers kept securely.

**Note** – the stockholder – or other witness if stockholder absent – must be present throughout the snap check procedure.

**There may be occasions where operational constraints and/or customer service issues prevent a full snap check.**

In these cases a part check of cash and check of two stock items is acceptable. Prior to checking the stock items a balance snapshot should be printed and checked for any unusual volumes of stock;

- Part checks must be the exception rather the rule.
  - Note local records to show only part checked.
  - Keep signed cash decs. etc. securely.
  - Inform AM/CM that you have not been able to carry out a full check.
3. There is a requirement for BMs to maintain the following records:
- a. Supervisory Snap & Misbalance Checks:
    - Financial Year
    - Week Number
    - Stock unit
    - Name of Stock User
    - Original Loss / Gain result
    - Type of check (surprise or misbalance)
    - Full/part check of SU
    - Result of Loss / Gain, post check
    - Discrepancy comment, if required
    - Name of Crown manager or substitute performing the check
    - Position or grade of checker
    - Ensure Horizon Weekly Balance Report is signed & dated and retain documentation relating to check for 2 years
  - b. Stock Losses and Gains of £30 or more:
    - Office Name
    - Office Code
    - Week number
    - Stock Unit ID
    - Value of Loss/Gain
    - Full name of individual or all individuals who have served from that stock unit during the balancing period
    - Details of associated **Transaction Corrections** – values, trading period and relevant stock units

**APPENDIX D TO CROWN OFFICE LOSS AND GAIN POLICY****AIDE MEMOIRE FOR ESTABLISHING CAUSE OF STOCK UNIT DISCREPANCY**

1. Whilst not an exhaustive list, the following checklist should be used to assist the Branch Manager (BM) identify the cause of Stock Unit discrepancies:

<b>STOCK</b>	
Have you checked that all your stock has been booked in correctly e.g. postage stamps?	
Have you received a stock Transaction Correction and did you adjust your stock in accordance with the instructions on that transaction correction?	
Did you report the stock discrepancies?	
Did you need to redeem any values from REM Suspense?	
<b>CASH REMITTANCES</b>	
Have you had any REM discrepancies?	
Did you report these to the Cash Centre?	
Has the Cash Centre advised you of any discrepancies on any returned cash?	
Have you entered the value to REM Suspense?	
Did you need to redeem any values from REM Suspense?	
<b>BUREAU REMITTANCES</b>	
Have you received any Bureau currency?	
Have you accounted for this correctly? – Make sure you book in the value on the advice note and against the correct currency and account for any discrepancies in REM Suspense AFTER you have contacted the Cash Centre	
Have you used the Sterling value when returning currency to the Cash Centre?	
<b>METHOD OF PAYMENT</b>	
Have all cheques been 'remitted' out and sent to the processing centre?	
Has the correct method of payment been used for all transactions?	
Have you got more / fewer cheques than is recorded on Horizon?	
Is there a value in cheques at site, where you do not have the physical cheques?	

**APPENDIX E TO CROWN OFFICE LOSS AND GAIN POLICY**

**REPORTING OF LOSSES AND GAINS**

**Losses/Gains ~~between £30 and up to~~ £249.99**

1. In the event of incurring a loss or gain ~~of between £30 up to~~ £249.99 on a Stock Unit (SU), the Branch Managers (BMs) must conduct the following:

a. A full mis-balance check of the cash/stock and vouchers on hand. If the relevant colleague cannot be present at the balance check, another colleague must be made available to witness the check.

b. Conduct an initial investigation with the aim of establishing root cause and identifying the individual colleague responsible. Where the Office is deploying multiple SU, the initial investigation must seek to eliminate those colleagues who have had no access to the SU during the period of loss and where possible identify the colleague responsible.

c. Any loss where dishonesty is suspected, irrespective of value, must be reported to Post Office Security on **GRO** (Postline: **GRO**)

b. All losses and gains must be reported within 24hrs:

<b>Discrepancy Value</b>	<b>Reporting action to be taken</b>
>£250	Details held in-Branch only
£250+	Distribute completed form to: <ul style="list-style-type: none"> <li>• <a href="mailto:post.office.security">post.office.security</a> <b>GRO</b></li> <li>• AM/CM</li> <li>• COA</li> <li>• branchcontrol@postoffice.co.uk <b>GRO</b></li> </ul>
Fraud suspected (regardless of amount)	Distribute completed form to: <ul style="list-style-type: none"> <li>• Fraud Analysis Team</li> <li>• <a href="mailto:post.office.security">post.office.security</a> <b>GRO</b></li> <li>• <a href="mailto:intel@postoffice.co.uk">intel@postoffice.co.uk</a> <b>GRO</b></li> <li>• AM/CM</li> <li>• COA</li> </ul>

c. On all losses or gains in excess of £2000, the incident must also be reported to NBSC on **GRO**

d. Where individual colleagues can be identified as responsible for a loss or gain of:

<b>Discrepancy Value</b>	<b>Conduct Code action to be taken</b>
>£100	The BM <b>should</b> consider conducting an investigatory interview under the Conduct Code.
£100+	The BM <b>must</b> conduct an investigatory interview under the Conduct Code

e. Where responsibility cannot be attributed, colleagues who have access to the SU during the period of loss or gain should be subject to additional support and training. The BM must consider breaking multiple SUs into small user groups in an effort to deter and detect culpability for future losses or gains.

f. Where fraud and/or theft is suspected, regardless of the amount, the BM must report the incident in accordance with Paragraph 11b to this Policy. In preparation for a formal investigation by the Security Operations team, the BM should identify suspects and witnesses and where necessary preserve any evidence, including transactional data, documents and CCTV which will be of use to the investigator.

g. To ensure there is a consistent approach across the Network, all BM must comply with Loss Management, without exception. In doing so, a consistent approach is delivered across the Crown network which is fair to all colleagues.

## ANNEX 1 LOSS AND GAIN REPORT

### Crown Office Loss Report

**Once loss has been identified, please submit this form to the following email address: [post.office.security@postoffice.gro](mailto:post.office.security@postoffice.gro)**  
**If an explanation for a loss materialises, please ensure you email the Security Team and other appropriate Stakeholders as soon as possible with the details.**

#### **When To Complete:**

This report must be completed if it meets any of the following criteria:

- The loss is greater than £250, even if the reason for the loss is known and a Transaction Correction or associated surplus is expected to account for it in due course.
- Any loss or losses, irrespective of amount where there are reasonable grounds/evidence to suspect the cause was due to dishonest activity at the office.
- Losses in general (clerk or office) are showing a worsening trend and/or are significantly in breach of budget.

#### **Where To Send:**

This report must be emailed to the following:

- **Post Office Security** (for recording, analysis and assessment of case raise or other relevant activities).
- **Crown Operations Advisor and Crown Area / Cluster Manager** (to ensure that appropriate local action is taken by Crown Branch Manager, including any support requested from Compliance and Ops Efficiency Teams).
- **branchcontrol** (as pre-warning of net loss performance and also to factor in any known reasons for losses).

#### **Additional Requirements:**

- For losses greater than £250, obtain a separate report from each colleague that dealt with the stock and retain these reports, pending any future investigation.
- Produce and retain event and transaction logs for the whole week of the loss, detailing every activity within the stock (i.e. all sessions, all transactions, Normal and Reversals).
- All losses must be reported, recorded, monitored and dealt with, in accordance with the **Losses & Gains policy** (including the loss escalation process).

Office Name:	
Branch Code:	
Postcode:	
Telephone Number:	
Trading Period & Balance Period: (use dd/mm/yy)	
Amount: £	
Date Loss Identified: (use dd/mm/yy)	
Are Cash Declarations performed daily and are they accurate:	
Are losses investigated promptly if identified from Cash Declarations:	
List Users of Stock: (include full names)	
Type of Stock: (i.e. Main Safe and ATM. Counter tills individual or MUTE, Bureau, SSK, ATM etc).	
Have all Cash, Stock & Vouchers been checked:	
Have all fitments (pedestals, safe, inserts, etc) and waste bins been searched:	
Please provide a full explanation for the loss (Mandatory):	
Is a Transaction Correction (TC) expected, please provide details:	
Were there any losses/gains of a similar amount during this week, or last week: If yes, give details:	

Apr 2013

Please provide the date of the last spot check & result on the individual or stock unit:	
Are losses by the colleague(s) involved giving cause for concern. If yes, give details of dates and amounts	
Are losses in the office giving cause for concern. If yes, give details of dates and amounts	
Is there anything known which may provide the colleague(s) involved in the loss with a motive for dishonesty. (If yes, please include a separate report and only circulate to Post Office Security & Fraud Analysis teams).	
Is there any reason to doubt the honesty of any other members of staff or other persons who had access on the day (If yes, please include a separate report and only circulate to Post Office Security & Fraud Analysis Teams).	
Please provide the name of your AM/CM (mandatory)	
Reported by: (insert full name & job title)	
Date: (use dd/mm/yy)	

Please email this completed form to Post Office Security (post.office.security@) and your AM/CM detailed above. If you have any queries, contact Post Office Security Team in confidence.

This report and associated documents should be retained securely within the office for 2 years and made available upon request. If an explanation for a loss materialises, the Post Office Security Team and other appropriate Stakeholders must be informed as soon as possible.