

From: Rod Ismay <[GRO]>
To: "claire.parmenter" [GRO] <[GRO]>
Subject: 2of3 Fw: Factfile - review
Date: Tue, 11 Feb 2014 16:19:02 +0000
Importance: Normal
Inline-Images: image001.jpg; image002.png; image003.png; image004.png; image005.png; image006.jpg; image007.jpg; image008.jpg

From: Andrew Winn
Sent: Wednesday, February 05, 2014 01:22 PM
To: Alison Bolsover; Rod Ismay
Subject: RE: Factfile - review

Hi

I've had a look at the document and responded in more detail around Rod's section

Branch Settlement

38.1 replace terminal with stock unit.

38.1 shared stock units do not show discrepancies on cash decs. I struggle with shared stock units so would suggest getting some expert training/Fujitsu advice to word this clearly.

38.3 If a branch does not rollover it does not need to address cash/stock discrepancies or transaction corrections. In time the integrity of data held on the Horizon kit will become compromised. The management of this is owned within Service Management.

38.4 Mandatory Daily and weekly Cut off routines are in place to enable branches to validate transaction streams to ensure they can associate paper and Horizon streams and correct/identify errors. An example would be validating the physical cheques held in branch to send to clearing. Branches will produce a cheque listing report which should be compared against physical cheque holdings and any discrepancies investigated and resolved if necessary. Where cash has been used as the method of payment the transaction should be reversed and recorded again with cheque as the method of payment. If this is not possible a cash/cheque adjustment will be required. Cheques are then remmed out on Horizon and attached to a Batch control Voucher. A further cheque listing report is then run which will include the remittance and in normal circumstances will show a zero cheque balance. The cheque listing report is then cut off. The cheques are physically despatched and the processing centre will receive an electronic file from Horizon which will match against the physical cheques received from the branch.

NB The cheque listing report is simply a report showing cheque activity carried out on the stock unit since the last cut off. It does not (but should) illustrate Horizon cheque holdings in that stock unit. If cut off is carried out too early/omitted, remittances are not recorded/incorrectly recorded the report will not match against physical and/or Horizon cheque holdings. Horizon cheque holdings can be seen on branch trading statements and Balance Snapshot reports.

38.5 Branches have access to a range of options to view Horizon historic (60 days) activity through transaction logs where different parameters can be set e.g. by product, value, user id, stock unit, date/time.

38.6 Suspense reports will illustrate values added to, removed from and current values held in the suspense accounts on Horizon - Remittance/Emergency/Robbery/Local. There is no report that specifically shows discrepancies recorded on weekly Balance Period roll overs. These totals can be seen on Balance Snapshot reports.

39/40 Omit

41 If following the monthly rollover there is a shortage or surplus of cash (when the cash on hand is less or more than the amount of cash recorded in Horizon), Horizon presents the subpostmaster with three options:

41.1 Make good - the subpostmaster can elect to put additional cash into the branch from their own personal funds to make up the shortage or remove surplus amounts. The Horizon derived cash position moves up or down in line with the value made good to return the branch to balance. NB unless the subpostmaster is aware these surplus funds are valid to be added to his personal/business cash holdings, best practice would see the subpostmaster holding the funds should a transaction correction/ customer enquiry identify the appropriate recipient.

41.2 Make good cheque - the subpostmaster can elect to put a cheque into the branch from their own personal funds to make up a shortage. The cheque becomes a part of Horizon cheque stocks and should be remitted for processing as per standard process. The Horizon derived cash position remains unchanged with the gap in POL assets being replaced by the cheque.

41.3 Settle centrally (>£150) and pay - a shortage is transferred to the subpostmaster's personal account with Post Office. The derived cash figure on Horizon is reduced to bring it in line with the actual cash on hand at the branch and returns the branch to balance. However, the subpostmaster personally owes the cash loss to Post Office as a debt. This debt can be repaid by either (a) a direct payment from the subpostmaster to Post Office or (b) by deductions from the subpostmaster's remuneration. NB a compensating surplus may well emerge if the cause of the loss has not been identified at the time of payment.

41.4 Settle centrally (>£150) and dispute the shortage - if the subpostmaster believes that the shortage was not his/her fault or could be resolved through other means (see below), then the debt will be suspended to allow time for the shortage to be investigated and remedied. The subpostmaster disputes a shortage by contacting the Network Business Service centre (NBSC), Cash Centre (remittance disputes) or Finance Service Centre ("FSC") for transaction corrections at Post Office.

43 Replace loss with discrepancy.

44 Failing to close a customer basket will not generate a TC so omit.

Replace In 2012/13 the most common reason for TCs being issued to branches was due to "cash remittances" with "cash remittances from branch"

In this example:-

a branch might remit out £100 in cash and despatch their pouch to the cash centre.

When the cash centre open the pouch they find it contains £110.

This creates a discrepancy at the cash centre and (assuming the branch is otherwise in balance) the branch will generate a £10 shortage at their next cash declaration.

FSC raise a credit transaction correction for the branch.

The double entry impact on the branch is to increase remittance out totals by £10 and reduce the derived cash position at the branch.

This means the branch now requires £10 less to balance and returns the branch to a balanced state.

NB TCs issued to a branch are not necessarily caused by the branch. The obvious example of this will be "cash remittances to branch". Here the cash centre has made the mistake which leaves the branch's cash and remittance records in need of correction as above.

46 and issued 95% of TCs within 3 months of receipt of error (many errors can only be identified and raised by clients)

47. When a TC is sent to a branch through Horizon, the branch is provided with hard copy evidence of how the error has occurred. TCs are often preceded by enquiries with branch, particularly if a large number of TCs are being sent to that branch. For example FSC would have potentially a number interventions by letter and phone with a branch to determine cheque details before a Missing Cheque TC would be issued.

48 Branches are required to accept a TC through a Horizon button prior to completing their branch trading. They do not have to accept on receipt and may print the transaction correction narrative off on receipt or over the next 60 days if required.

49 I can't think of a non cash or stock impacting TC.

Examples requested.

If a branch processed a £100 bill payment as £10 on Horizon they would see a £90 cash gain. They did not identify a reason for this and made good the gain to cash.

Customer receives a bill reminder, contacts POL, error is identified and Debit TC issued to branch in next trading period.

Branch makes good TC to cash but does not physically add the cash - this is false accounting.

Branch has a £90 loss at their next trading period.

A customer presents a Transcash deposit slip to make a bill payment but it is then established that an appropriate method of payment is not possible so the transaction is not recorded on Horizon and no cash changes hand. However the branch retains the Transcash deposit slip, does not follow end of day routines accurately and despatches the slip.

The bill will be paid into the customer's account, an error will be raised as there is no matching file resulting in a TC being issued.

The branch makes good the TC to cash, does not put the cash in and realises an equivalent shortage at their next branch trading roll over.

51 I don't think FSC should say why most branches get TCs.

53 Procedural differences - suggest training team could supply.

Other high level views

72 In the example as above there appears to be an assumption that on making good TCs branches do not add the cash at the time.

79 This analysis is incorrect. See above. A discrepancy in the cheque listing following a cut off error does not mean that Horizon cheque stocks need adjusting.

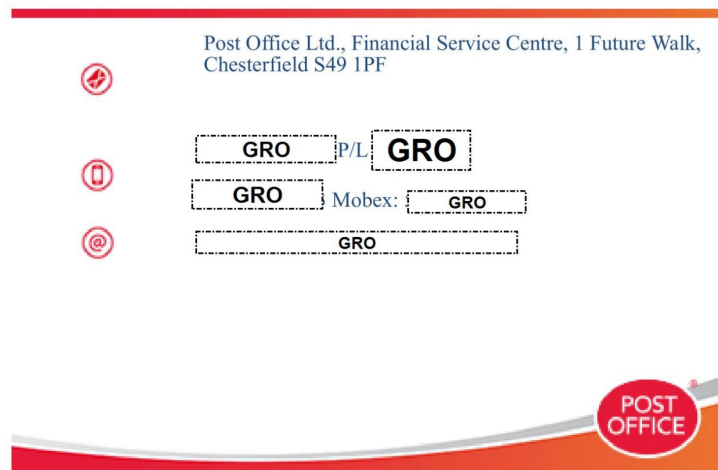
81 there is no weekly cash declaration.

91 Cash only needs adding or removing on TC acceptance when the make good cash option has been selected.

Andy

From: Alison Bolsover
Sent: 05 February 2014 09:01
To: Andrew Winn
Subject: FW: Factfile - review

Alison Bolsover | Debt Recovery Senior Manager



From: Rod Ismay
Sent: 30 January 2014 14:19
To: Alison Bolsover; Lorraine Garvey; Kay Wilson
Subject: FW: Factfile - review

Hi - not sure who in FSC has contributed to this doc. Claire has asked us to check it. I think we need to check wider than the pages she specifies.

I don't want us to do 4 separate marked up redrafts but I would welcome your quick scan of it so we can agree a way to sign it off.

Thanks, Rod

From: Parmenter, Claire [[mailto:](#) GRO]
Sent: 30 January 2014 11:31
To: Rod Ismay
Subject: Factfile - review

Rod,

We are in the process of finalising the Factfile for the mediation scheme. I attach a working draft and I would be grateful if you could review the section you helped to complete, confirm whether you are happy with the wording (and let me have any amendments) and answer the further questions highlighted in that section.

The section you assisted with is Branch Settlement - pages 12-15.

Kind regards

Claire

Claire Parmenter
Solicitor
for and on behalf of Bond Dickinson LLP

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