

Private & Confidential – Subject to Legal Privilege
Suspense Accounts

Ref.	Question	Rationale for Question	Value of Question if we are unable to answer it	Key Personnel to speak with (TBC by POL)	Scope / Procedures to be Discussed	Associated cost
3.21a	<p>Are there any other suspense accounts other than those listed below?</p> <p>Customer Creditor (GL626205) – intended to relate to differences between end consumers in Post Office branches and POL – First Posting in July 2010;</p> <p>Client Creditor (GL626200) – intended to relate to differences between POL clients (e.g. Santander) and POL – First Posting in December 2005;</p> <p>Paystation Creditor (GL629122)– similar to Client Creditor but specifically for the Paystation product – First Posting in December 2009;</p> <p>Branch Creditor / Current Agents Customer Creditor (GL626210) – intended to relate to differences between Post Office branches and POL– First Posting in May 2012);</p> <p>Local Suspense (GL53591). First Posting November 2005.</p> <p>ATM Surplus (GL626206) - created post-August 2013 for the purpose of branches declaring surpluses in their ATM identified through balancing the ATM (First Posting October 2013.</p>	Without an answer to this question, POL’s defence against the allegations being made against it in relation to suspense accounts could be undermined.	NA	TBC	LEVEL ONE OPTION:	£2,904
					<p>Inspect chart of accounts for names which would appear indicative of suspense accounts and highlight</p>	
					LEVEL TWO OPTION:	£18,404
					<p>Inspect chart of accounts for names which would appear indicative of suspense accounts and classify as red, amber or green.</p> <p>Red = Known suspense account Amber = Possibly a suspense account Green = Known not to be a suspense account</p> <p>Review balances associated with amber classified accounts and sample a number of accounts for further investigation and discussion with POL finance.</p>	
					LEVEL THREE OPTION:	£53,020
					<p>Level 1 and 2 procedures</p> <p>Plus data analytics to review transactions processed through a sample of possible suspense accounts (amber) and other accounts.</p> <p>This will validate that status of the sampled accounts is as thought.</p>	
Subtotal £2,904 - £74,328						
3.21b	<p>Who currently has access to post to suspense accounts?</p> <p>Is that broadly consistent with the historic position</p>	<p>Restricting access to posting to suspense accounts is an important control on the correct use of the facility. We need to establish whether this control is in place/operating effectively.</p> <p>The majority of claimants are former postmasters. If we can establish that the current position is broadly consistent with the historic position, it will strengthen our defence in relation to those historic claims.</p>	<p>If we aren't able to establish the historic position we will focus on the present day.</p> <p>Understanding why we are unable to establish the historic position will help shape defence strategy.</p>	TBC	<p>Walkthrough with POL Finance staff how access to suspense accounts is restricted.</p> <p>Perform testing of this access as of today.</p> <p>Enquire with POL Finance staff whether an audit trail of historical access is available within POLSAP.</p> <p>Provide representation on historical situation.</p> <p>Test historical access rights if possible (deemed unlikely)</p>	£9,410

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3.21c	What is POL's archiving policy in SAP? If the Finance Service Centre need to view particular suspense transactions that were no longer available in SAP due to the archiving policy, could they be retrieved by another means (and, if so, how)?	To determine the parameters of the data/information available to us.	This will establish whether data is available for each of the individual Claimants' branches.	TBC	Walkthrough with POL Finance staff how archiving is configured Obtain evidence of archiving policy in SAP - aligned to suspense accounts and testing suitably tailored to this Walkthrough with POL Finance staff any alternative means of retrieving transactions outside of POLSAP archiving	£5,072
3.21d	What do the 'probity checks' of suspense accounts carried out by the Finance Service Centre consist of? What records of probity checks are kept? What is the interplay between the Client Creditor/Customer Creditor Accounts and the Branch Creditor Account and why would a discrepancy be placed in one account over another?	To understand the extent of evidence available to support that the operation of suspense accounts are appropriately controlled it is also important to understand the rationale for when and why a particular suspense account is used/the interplay between them. This is an extension of question 3.2.1(a)	Knowing the extent to which records of probity checks are kept will enable POL to decide how much weight to attribute to this point in its defence.	TBC	Walkthrough with POL Finance staff how probity checks are carried out, and whether there have been changes to the process over past years, together with the records maintained of the probity checks being performed Understand the different usages of client creditor/customer creditor and the branch creditor account	£9,794
3.21e	What proportion of entries to the suspense accounts (by both number and value) are resolved through sums being returned to branches?	To understand the proportion of entries that are resolved through sums being returned to branches and, conversely, the proportion that are resolved through sums being returned to clients	We understand that this information should be available	TBC	Walkthrough with POL Finance Staff to understand how the process would function for returning sums to branches Formulate proposed approach to conducting analytics over this data and agree with POL for undertaking	£3,954
3.21f	How much has been released from each suspense account to POL's P&L account in each quarter from the beginning of the 2015/16 financial year to date?	This will clarify the scale of the issue and therefore its potential significance in the litigation.	We understand that this information should be available	TBC	Walkthrough with POL Finance staff to understand how the process would function for releasing balances suspense accounts to POL's P&L Obtain relevant time boxed data and perform profiling analytics thereon	£9,398
Subtotal £37,628						
3.22	Investigate the end-to-end accounting process (from transaction in branch to final reconciliation) for the Products and produce a detailed description of that process including:	The output of this question will form the basis of POL's response to the Claimants' allegation. The plan is to map out the end-to-end accounting process for a specific product or products and explain the controls and procedures that are in place to	We understand that this information should be available	TBC	Modelling costs for one product process Required number of enquiry and walkthrough sessions with POL Finance staff in order to understand the process for the chosen product	£40,504

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	<p>(a) why accounting discrepancies may arise;</p> <p>(b) how discrepancies are resolved;</p> <p>(c) what happens to unresolved discrepancies;</p> <p>(d) how and why are some discrepancies transferred to the Client Credit Account (or to any other suspense account);</p> <p>(e) what happens to debits / credits in a suspense account; and</p> <p>(f) what safeguards are in place to address the risk that any debits / credits in a suspense account, or taken into P&L from suspense, are not related to a shortfall, surplus or other accounting discrepancy in a branch</p>	<p>ensure that branches do not incur discrepancies that could/should be resolved.</p> <p>This will give us a platform to assert that the position is the same for all other products (our position is that it would be disproportionate to carry out this work in relation to every product).</p>			<p>Produce process map and associated identified controls to support the achievement of the following objectives derived from the above statements (a – f)</p> <p>a) For Product X controls are in place to ensure the completeness, accuracy and validity of postings to the relevant suspense accounts (Client Credit Account (or any other suspense account</p> <p>b) For Product X controls in place to ensure the completeness, accuracy and validity of postings to the P&L, from suspense accounts</p> <p>c) Sufficient investigations are conducted in a thorough manner, to investigate items within the suspense accounts to try and determine their origins and attribute to other accounting balances (i.e. to remove them from suspense and account for them correctly</p> <p>d) Adequate processes and procedures are in place to deal with branch staff in instances where unexplained items have the potential to cause a surplus or shortfall in branch accounts</p> <p>Test the controls against the four objective statements highlighted above, in order to comment on questions a) – f) above</p>	
						Sub Total £40,504
						Total £81,306 - £152,460