

# Review of Post Office Ltd Audit Processes and Tools October 2011

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## **Executive Summary**

### **Introduction & Background**

The Network Support Field Team (NSFT) took over the responsibility for all POL Financial and Compliance auditing in June 2008. In Jan 2009 a revision was undertaken of all the Audit Process Chapters, as a basic starting point for the new ways of working using a multi-skilled team of Field Support Advisor's, however the audit processes and tools remained largely unchanged until April 2010. Currently all of the Audit Process Chapters are reviewed against an annual rolling timetable and are the responsibility of the Network Services Team Leaders.

### **The Need for a Review**

Since the initial revision of all audit chapters in Jan 2009, business as usual operational changes have been made, however, a complete review has not been undertaken and there has been no pro-active identification of or engagement with stakeholders, to ascertain that the processes and outputs are fit for purpose and will deliver the business requirements.

### **Delivering the review**

A full review was completed during the first two quarters of 2011-12 Financial Year, and included full stakeholder engagement and inspection and revision of all process chapters and tools.

### **Headline Changes to the Audit Process Chapters and Tools**

- All chapters reviewed with the Team Leader owners considering all stakeholder feedback
- Changes made to varying degrees in every chapter - clarification given and standards set
- Reduced audit admin has identified potential time savings for both Financial and Compliance auditing
- FAA audit added to the Transfer process
- Two chapters have been removed as these were processes not audit activity i.e. H&S and Continuity Planning
- A new chapter has been added for CAT Tools (Compliance Audit Test) & instructions

### **Next Steps**

- All updated chapters and tools are now available on EASE
- Training to FSA's is being delivered through WTLS in October
- We have returned to BAU in the on-going revision of the processes and tools
- All new tools and processes will commence from 31<sup>st</sup> October 2011.

## **Introduction & Background**

In early 2008 the Network Support Field Team (NSFT) took over the responsibility for all POL Financial and Compliance auditing from the National Audit Team (NAT) which was disbanded at that time. Initially the processes and tools used by the NAT were maintained in their original format, but in Jan 2009 a revision was undertaken of all the Audit Process Chapters, as a basic starting point for the new ways of working using a multi-skilled team of Field Support Advisors (FSA), to deliver all audit, training and intervention activity across the Network. At this time the revision was simply to align the old process's to the new team structure and to create robust working tools to deliver the information gathered.

During 2009 the use of ' 'SharePoint' ' was added as a means of reporting, to improve the speed of availability of reports which is now ' 'real' ' time rather than incurring the 6 week delay that the previous system of ' 'cut & paste' ' from the audit reports had delivered.

In April 2010, the Scheduling & Admin Team at Salford became part of the NSFT and at the same time took on the role of scheduling all audit activity and processing the admin arising from all audit activity. This had previously been the responsibility of the Network Co-Ordination Team.

Currently all of the Audit Process Chapters are reviewed against an annual rolling timetable and are the responsibility of the Network Services Team Leaders.

## **The Need for a Review**

Since the initial revision of all audit chapters in Jan 2009, business as usual operational changes have been made, either as a result of changes to operational practices within the business, or and less frequently, requests hi-lighted by stakeholders such as the Contract Team, Security Team, Product & Branch Accounting (P&BA), Bank of Ireland (BoI), Compliance Team, Risk & Compliance Committee (R&CC), and others. However, a complete review has not been undertaken and there has been no pro-active identification of or engagement with stakeholders, to ascertain that the processes and outputs are fit for purpose and deliver the business requirements.

## **Commencing the review**

The following stages were planned to deliver the review during the first two quarters of 2011-12 Financial Year:

1. Identify and engage with all stakeholders, seeking feedback on each chapter
2. Review the current processes, tools and working papers and considering the feedback,. revising as appropriate
3. Add some '' Expected Standards'' to appropriate chapters and/or add clarity to achieve consistency of deployment across the team
4. Cascade revised material to all - NST, Stakeholders
5. Circulate to NST and stakeholders for further feedback
6. Review Chapter ownership in light of any changes
7. Train the FSA's , and Team Leaders in the deployment of any new tools, processes and standards
8. Final communication to stakeholders

### **1. Identify and engage with all stakeholders:**

Using the Network Hub Team, all stakeholders were identified in the form of key players in each Directorate. All were approached for feedback on the supplied current process chapters, and were asked to submit feedback using the Lose, Change & Keep approach that had been used successfully in a review of the new entrant training offer in 2010-11.

### **2. Review the current process and tools and working papers considering the feedback:**

Initial meetings were planned and delivered to go through the current process chapters and all tools and documents used by the team to either deliver the audit activity or report the findings.

### **3. Add some'' Expected Standards'' to appropriate chapters and/or add clarity to achieve consistency of deployment across the team:**

To ensure consistency of deployment of audit activity, a section giving clarity of standards was added to chapters 1 & 3. Currently some of the standards required at audit activity, are contained within the Team Standards document and where appropriate, should be added to the Audit Chapters for clarity and consistency of deployment.

### **4. Cascade revised material to all - NST leadership and Stakeholders:**

The final outputs should be cascaded initially to the NST team including Head of Network Services, Regional Network Managers, and Field Team Leaders. This was planned as a face to face event on the 28<sup>th</sup> September 2011.

**5. Circulate to NST and stakeholders for further feedback:**

The revised process chapters and any changes to reporting should be shared with the NST team and stakeholders for any further comments and agreement to the changes.

**6. Review chapter ownership in light of any changes:**

The current ownership responsibilities should be reviewed to ensure that chapters that have significant cross-over will be owned by the same person going forward.

**7. Train the FSA's, and Team Leaders in deployment of new tools, processes and standards:**

It is intended that there will be a number of training events late Q2/early Q3 to roll out the process to the Field Team who will be delivering the audit activity. Go-live of the process is anticipated to commence in Q3 in advance of the next 5 year plan in 2012.

**8. Final communication to stakeholders:**

All changes and new process chapters will be communicated to the stakeholders during October 2011.

## **Stakeholders Approached for Feedback**

### **Directorates:**

- |                             |                |
|-----------------------------|----------------|
| o Network                   | Julia Marwood  |
| o Compliance                | Paul Meadows   |
| o Agents Policy & Contracts | Tracy Marshall |
| o Legal                     | Susan Crichton |
| o Operations                | Paul W Martin  |
| o P&BA                      | Dawn Brooks    |

### **Other stakeholders:**

- o Network Services Field Support Team - Regional Managers, Team Leaders, Field Support Advisors, Scheduling & Admin Team and Field Change Advisor

## **Stakeholder Feedback**

Internal stakeholder feedback is detailed in **Appendix A**

### **Output:**

#### **Internal Stakeholders**

Areas highlighted by our Internal Stakeholders that should be considered for removal:

- ◆ Health & Safety Chapter
- ◆ Chapter 9 Retention of Papers and make reference elsewhere
- ◆ Chapter 3a Core & Outreach and 3b Follow Up process and incorporate in Chapter 3

Areas that our Internal Stakeholders believed should be changed:

#### Chapter 3 - Performing a Branch Audit

- ◆ Checking MVL's at branch
- ◆ Paystation - PING
- ◆ Clarification of various parts of the process
- ◆ Process for multiples
- ◆ Retention period insufficient
- ◆ Crown Office discrepancies
- ◆ Add staff names to P32 to save duplication
- ◆ ATM holdings
- ◆ Contracts Advisor(CA) to send an acknowledgement text to Lead Auditor
- ◆ Horizon Users to be sent to CA
- ◆ Lead auditor to send text to CA with result of audit

Chapter 3b - Follow up Audits

- ◆ If previous gaps not addressed contact CA

Chapter 4 - Transfers

- ◆ Transfer Letter
- ◆ Transfer Pack

Chapter 5 - Closures

- ◆ What is CA's role?

Chapter 6 - Robbery & Burglaries

- ◆ Recoveries process
- ◆ Who to notify for PO Local
- ◆ Scratchcards - controls for reporting stolen cards
- ◆ Who confirms final loss amount

Chapter 11 - Retention of Papers

- ◆ 60 days - what is being shredded

Chapter 12 - Continuity Planning

- ◆ Too much information which is not needed

Areas that our Internal Stakeholders believed should remain:

- ◆ Chapter 1 - Activity plan for the week to be sent
- ◆ Chapter 1
- ◆ Chapter 3 - Lead Auditor to send text to Contract Advisor
- ◆ Chapter 3
- ◆ Chapter 4 - Transfers Appendix B & D
- ◆ Chapter 4 - Contact CA for advice regarding posting discrepancy to Late Account
- ◆ Chapter 4&5 - amalgamate
- ◆ Chapter 6
- ◆ Chapter 11

Other areas where issues were raised by Internal Stakeholders were:

- ◆ Auditors to check figures on P32 and not rely on formulas
- ◆ Are audit reports always completed?
- ◆ Confirmation of audit process for Transaction Corrections
- ◆ Confirmation that all audit reports are stored in archive
- ◆ Tighter controls needed for PO Local Defund
- ◆ Robbery Audits - Section required for PO Local
- ◆ Two chapters don't have chapter numbers i.e. Health & Safety and Performing a Cash Centre Audit
- ◆ What about T&D audits - do you need to include a separate section in Chapter 3 to cover this?
- ◆ Could we e mail audit reports to Agents rather than sending a hard copy?

**Proposal:**

All Feedback provided has been considered / included in the review of the Audit process

## Field Support Team Feedback

Field Support Team feedback is detailed in **Appendix B**

The Field Team believe that audit procedures would be improved by losing:

- ◆ Report Templates
- ◆ Texting CA prior to audit
- ◆ Removal of assessing Minimum Standards at PTA
- ◆ Colour on Working papers
- ◆ Printing of transactions over £5K
- ◆ Two day follow up phone call
- ◆ Cash Management phone call
- ◆ Checking of staff and notification of anomalies via P356
- ◆ Too much paper work for all types of audit and training
- ◆ Emailing ECF report to so many recipients
- ◆ Phone call to NBSC if branch is expected to open within 30 minutes of usual opening team.
- ◆ Nit picking scoring of QARs.
- ◆ There are way too many CAT questions
- ◆ All Jargon plain English would be nice.
- ◆ Repeated Audits at same branch
- ◆ The need to contact Contracts Advisors/Security Team Leader when there is an unexplained audit surplus in excess of £1000 plus completion of EFC.

The Field Team believe the audit process would benefit by changes to:

- ◆ Consistent names for team
- ◆ Names of Appendices
- ◆ Appendices to be attached separately
- ◆ Amalgamate Appendices for printing
- ◆ Document footers to include owners name
- ◆ P32 & Report templates - problems with tabs & printing
- ◆ SharePoint to be more user friendly
- ◆ Use of Computerised Summary Sheet
- ◆ Standardise format of audit files
- ◆ Do a FAA audit with compliance at 3-6 months and a PTV at 6-9 months.
- ◆ Part of the P242 Final account misleading
- ◆ Pre-audit communication. Combine outstanding debt figure with office employee HR register
- ◆ CAT reporting tool. Can the compliance sheet be defaulted to zero
- ◆ Make any version of working papers acceptable
- ◆ Schedulers to let CA know of audits in area
- ◆ Remove the need to pull off reports
- ◆ Improve audit process for Thursday audit after TP
- ◆ Clarify £1000 discrepancy and TC statements

- ◆ QAR: Change to reflect FAA audit only. If TIER 2 Audits are to be marked, then have a separate tool for the job.
- ◆ Unreconciled transfer report not necessary
- ◆ Crown audits - add % of total cash
- ◆ Destruction of Spoiled Travellers Cheques and Excess Stock to be added
- ◆ Clarify what is to be checked at Transfer
- ◆ 60 day retention - change as might be needed by Security Team different instructions in chapter 3 and 9
- ◆ Reduce acronyms
- ◆ Information on 300 audits to be in one place on EASE (Audits)
- ◆ The search feature on EASE is not very good
- ◆ Follow Up Balance from the present to a full day at the branch.
- ◆ Review process for allocating the number of auditors required
- ◆ Two audits in one day.
- ◆ All FTM's must take their lap tops - can this be altered to the Lead and just one other
- ◆ Meeting time at branch states that it should not be more than 20 minutes this should be altered to at least 30 minutes as safe opening times can be checked and more time to audit branch.
- ◆ Clarify 'CAT completed by' question
- ◆ Include AEI branches to All Branches database
- ◆ Freeze headings on Find a Branch database
- ◆ Amend Defund process following a fire
- ◆ Receive cash management & agent debt prior to audit as often no phone reception in remote areas
- ◆ Access to previous reports.
- ◆ Ability to tailor reports to suit branch transactions (where no F/C in branch, delete reference to it).
- ◆ Templates in "Word", not "Excel".
- ◆ Approach to verifying stock unit transfers at FAA (only need to check "Office Snapshot").
- ◆ Sharepoint input - if we only need to report gaps, everything else can be taken as correct in line with branch details. Eliminates errors with NT & NA.
- ◆ Is it really necessary to complete a P32 when completing a FAA that does not have a discrepancy in the cash?
- ◆ A quicker way of getting reconciled transfers.
- ◆ Have a search tool in documents to save time trying to find certain documents
- ◆ Loading on CATs 1 gap = high risk
- ◆ Scoring on minimum sales standards 4-1 is not a wide enough range.
- ◆ Revert back to the unreconciled transfers report on the Horizon system
- ◆ Various changes to Chapter 1 to improve accuracy

The Field Team believe that we should keep:

- ♦ Add work-aids for all activities
- ♦ P32 in current format
- ♦ Notification of staff details in advance
- ♦ CAT Tool as it is
- ♦ Emails listing staff on P356 but also include outstanding dept figure to email.

Other issue that were raised by the Field Team were:

- ♦ Early start audits e.g. Locals - How does the branch confirm admittance?
- ♦ FSA's require a definition of what decisions an FSA can make in the field after speaking to a CA.

**Proposal:**

All Feedback provided has been considered / included in the review of the Audit process

## **What is New - Changes to the Audit Process Chapters and Tools**

The full detail of the changes by Chapter, can be found attached at **Appendix C** attached, but the **headlines** are:

- All chapters reviewed with the Team Leader owners considering all stakeholder feedback
- Changes made to varying degrees in every chapter - clarification given and standards set
- All print templates removed- all reports and working papers now printable direct from the tools.
- Potential admin time saving of 40 mins per Compliance audit i.e. c 1100 hours pa
- Potential admin time saving of 15 mins per Financial audit i.e. c 620 hours pa
- Chapters 3a Core & Outreach and 3b Follow Up developed and added separately to Chapter 3
- FAA audit added to the Transfer process - but no reports will be sent to Agents
- Chapter 10 Health & Safety removed and placed elsewhere on EASE - not an audit process
- Chapter 12 Continuity Planning removed and placed elsewhere on EASE - not an audit process
- New chapter added (Chapter 10 replacement) for CAT Tools and User Instructions
- All Appendices have been removed from the Chapter and included in a zip file, named as the appropriate Appendix letter and Title
- The Chapter has a footer giving Chapter owner's name and telephone number

## **Next Steps**

- **All chapters and tools now on EASE**

As of Monday 26<sup>th</sup> Sept all the new process Chapters are available on EASE along with the new tools. The team have been informed of their availability through the Team Leaders and via the monthly Audit Update for Period 7.

- **Revise chapter ownership?**

As part of the cascade to the Team Leaders, there was a discussion about potential changes to the ownership of Chapters. All chapters will remain the responsibility of their current owners, who have developed expertise in each area.

- **Plan new calendar for BAU revision?**

The Network Services Support Team will move back into a BAU approach to maintaining and updating the Chapters and tools following the review, to ensure timely and accurate information is always available for the monthly cascade to the team.

- **Deliver training to FSA's through WTLS in October**

All Team Leader Teams have a WTL's planned for October in which they will cascade these changes and allow time for inspection of the new process's and tools. All team members will have been fully updated by the end of October. Following the cascade on 28<sup>th</sup> Sept to Team Leaders, and instruction will follow to all FSA's to read each revised chapter before commencing any audit activity.

- **Send report out to all stakeholders**

All stakeholders will receive a copy of this report and appendices w/c 17<sup>th</sup> October 2011.

- **Return to BAU revision timetable and Implementation date**

All new tools and processes will commence from 31<sup>st</sup> October 2011.