

# Losses & Gains Quick Guide for Crown Managers



Version 1 (Sep 2008)

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(*Loss and Gains Policy Action Workbook*)
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## Policy Monitoring Tool - Loss Management System (LMS)

- 1. Data Capture Workbook
- 2. Data Analysis Workbook
- 3. Loss and Gains Action Workbook

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### Section 1 – Introduction to Policy and its Purpose

The impact of losses in the Crown Office Estate is having a serious effect on our ability to deliver the three2eleven plan to bring us back into profitability by 2011. Our actual Crown Office losses in 2007/08 amounted to £2.2M.

The Policy has been redesigned to provide clear and consistent guidance to Crown Office Managers and their Assistants as to their responsibilities for the recording, maintenance & monitoring of losses and gains.

The main Policy, the quick guide, and Loss Management System, will provide Crown Office Managers with the tools to be able to effectively manage losses and gains and to take appropriate measures to reduce losses.

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**Section 2 – Supervisory Surprise Checks & Misbalance Checks**

Supervisory controls are designed to assist Crown Office Managers in effectively minimising the risk to the business assets at their offices and to protect individuals. As part of these supervisory controls, the office management team are responsible for performing random, **surprise checks** on all stock units (either individual or multi-user) on a regular basis.

There is also a requirement for **misbalance checks** to be performed on all stocks, both 'multi user' and 'individual', which misbalance by £30 and over. However, these checks are over and above the need for supervisory surprise checks and can be performed by both managers and experienced colleagues.

To meet the minimum standard, a programme of supervisory surprise checks must:

- be performed by the Crown Management Team who will check that colleagues complete a cash declaration towards the end of each working day;
- include monitoring, by Managers, of the levels of cash being held by all colleagues;
- include every stock unit (e.g. Main Cash, ATM, SVM, Postshop cash and value stock, Giro, Bureau De Change and Lottery etc.); Main Cash Stocks held by a Crown Office Manager should be checked by a Crown Area Manager or representative.
- be treated **separately to misbalance checks**;
- check all cash, stock and vouchers to hand and reconcile to the last declared balance; Print and check for 'outstanding dockets'.
- ensure each stock unit is checked at least once in a three month period, where the stock is rotated, or once in an eight week period where the stock is held by a single colleague. i.e. **Individual stocks** and when a **multi user stock** has been balanced by the same colleague every week due to the way duties have been written (these multi user stocks should be treated the same as individual stocks **for supervisory check purposes only**).
- be supported by a record of stock checks with records of surprise checks being clearly distinguished from misbalance checks and retained for two years; The checker should clearly identify themselves on the local records. **(Appendix B – Loss and Gains Action Workbook)**
- include a variation on the days of the week used for surprise checks, so as to avoid any pattern that will become known to individuals
- ensure a Manager's signature is recorded onto the final balance record of a checked stock and ensure the stockholder or an independent witness is present at the time of the check. A record of the check, the witness and balance result 'pre' and 'post' check should be entered into the Loss & Gain Action Workbook.

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There is a requirement for Crown Office Managers to complete :-

**For all Stock losses and gains of £5 or more**

Using the L&G Data Capture Workbook, enter -

- Financial Year
- Week number
- Stock Unit ID
- Value of Loss / Gain
- Name of individual or all individuals who have served from that stock unit during the balancing period
- Details of associated **Transaction Corrections** – values, linked to the original trading period and relevant stock unit

**For all surprise & misbalance (over £30) checks**

Using the L&G Action Workbook, enter -

- Financial Year
- Week Number
- Stock unit
- Name of Stock User
- Original Loss / Gain result
- Type of check (surprise or misbalance)
- 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

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**Section 3 – Transaction Corrections**

Branch Trading should be undertaken in accordance with the latest Branch Trading booklets, which include details of balancing stock units, production of the Branch Trading Statement, production of reports and despatch of documents

If a Transaction Correction is required,

- Crown Office Manager should contact [branchcontrol@GRO](#) by email using the discrepancy form (See Appendix H). NOTE if the error is a Stock error, please identify the product.
- Branch Control contacts relevant product team within Product & Branch Accounting
- Product & Branch Accounting investigates and issues the associated TC immediately if appropriate
- Office accepts the Transaction Correction ***on receipt*** by following the instructions as detailed on the Transaction Corrections
- Office completes Branch Trading , posting only true losses and gains

Note - The value in Local Suspense at Branch Trading should be resolved by selecting the Write-Off to P & L option to prevent losses/gains rolling into the next period

**USEFUL CONTACTS**

- Any query in respect of Transaction Corrections, please email [branchcontrol@GRO](#)
- Contact Cathy Macdonald on [GRO](#)  
[GRO](#)

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**Section 4 – Counter Loss & Gains Management Reporting****4.1 – Losses/Gains between £5.00 and £249.99**

Crown Office Managers must undertake to perform the following in respect of Losses/Gains:

- To report immediately, via telephone, any loss, irrespective of value, where dishonesty is suspected, whether declared or discovered on a supervisory/balancing check, to the NBSC Helpline on: GRO
- Records of losses and gains do not need to be sent from the office, unless requested by your Crown Area Manager, Investigation or Compliance / Audit Managers. These records must be made available to any of those mentioned at the time of a visit.
- Where a stock unit incurs a loss or gain over £30.00, the Crown Office Manager must perform a balance check of the cash/stock and vouchers on hand. If the relevant colleague cannot be present at the balance check, an alternative witness must be present.
- If the resultant balance check reveals a further loss which raises it above the £250 threshold, the Manager must call the NBSC as per the process in Section 6.2.

**4.2 – Losses over £250.00 (Appendix D)**

Crown Office Managers must undertake to perform the following in respect of losses over £250.00. (NOTE – Crown Office Manager, if on duty, should take responsibility for ensuring the following action is taken)

- Crown Office Manager to complete the report for losses over £250.00 (Appendix D) and e-mail this form to “**Fraud Team Post Office Ltd**” e-mail address as soon as possible after the discovery of the loss. This form should be completed even if the loss is “known”.
- Ensure all colleagues who had access to the stock, complete the Investigation Team’s “Counter Loss over £250 – Individual Report” and these should be retained along with the required event and transaction logs until requested, pending any future investigation.
- In the event that a transaction correction (TC) is received for a loss previously reported over £250, the “**Fraud Team Post Office Ltd**” must be e-mailed giving details of the amount, stock unit, date and Branch Trading Period it relates to. It is important this is done as soon as the TC is received to avoid any unnecessary extra work being undertaken by the Investigation Team on a reported loss.
- Crown Area Manager to receive a copy of the loss report form and to ensure that appropriate local action taken by Crown Office Manager, including support requested from Compliance and OE Teams if required.
- Finance Team to receive a copy of the report form as pre-warning of loss performance.



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**4.3 – Losses over £2000 (Appendix D)**

- As above for losses over £250.00, but additionally a call must be made to the NBSC Helpline on **GRO** by the close of play on the day of discovery of the loss.
- Crown Area Manager to receive a copy of the loss report form and to ensure that appropriate local action taken by the Crown Office Manager, including support requested from Compliance and OE Teams if required.
- Copy of loss form should be circulated to both your Regional Manager and your Finance Analyst

**Section 5 – Monitoring Records****Stockholder records (Appendix C and Appendix B)****Crown Office Managers must ensure the following actions are undertaken:**

- An accurate record must be kept of all stock unit holders, whether individual or 'multi user' on the workbook provided. This workbook needs to be completed on a weekly basis and must be kept up to date.
- The stockholder record allows Crown Office Managers to record details of Surprise Checks, which are to be conducted on **all** stock units at least twice a year.
- The stockholder record also allows Crown Office Managers to record details of Balance Checks, which need to be conducted on all losses and gains over £30.00.
- Stock units must be rotated on a regular basis. This simple task will prevent build up of losses in a till and provide a deterrent to anyone who considers falsifying their balance. The maximum period for an individual holding and balancing the same stock is 8 weeks. This would also apply to multi user stocks where the same individual balances every week due to the way the duties are scheduled. All other rotating stocks should be checked once in three months as a minimum.



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## Section 6 – Loss Escalation Process &amp; Trigger Points

<b>MULTI USER STOCKS</b>		
<b>Escalation</b>	<b>Performance</b>	<b>Action</b>
Stage 1	3 losses of £30 or more over a period of 3 months (13 weeks)	<b>Informal Interview – Crown Office Manager</b> - with colleagues, identified as having access to the stocks that have incurred losses, to raise awareness of their performance and to reiterate the Loss Escalation Process. Action Plan should be agreed and notes taken and signed. Consideration given to a switch to individual balancing if appropriate at this stage.
Stage 2	Further 3 losses of £30 or more over the period of 3 months <b>following</b> the Stage 1 interview.	<b>2<sup>nd</sup> Informal Interview – Crown Office Manager</b> - to review performance and agree the level of support required. Action Plan agreed and notes taken and signed. Notice given to colleagues that they will switch to individual balancing by stage 3 if improvement is not forthcoming and switch is not appropriate at this stage 2.
Stage 3	Further 3 losses of £30 or more over the period of 3 months <b>following</b> the Stage 2 interview.	<b>3<sup>rd</sup> Informal Interview – Crown Office Manager</b> - Colleagues moved onto individual stocks. Action Plan agreed and notes taken and signed.

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<b>INDIVIDUAL STOCKS</b>		
<b>Escalation</b>	<b>Performance</b>	<b>Action</b>
Stage 1	3 losses of £30 or more over a period of 3 months (13 weeks).	<b>Informal interview – Crown Office Manager</b> - to raise awareness of loss performance, agree the level of support required and to reiterate the Loss Escalation Process. Action plan with notes signed
Stage 2	Further 3 losses of £30 or more, over the period of 3 months <b>following</b> the Stage 1 interview.	<b>Informal interview – Crown Office Manager</b> to review performance and agree the level of support required and to reiterate the Loss Escalation Process. Action plan with notes signed
Stage 3	Further 3 losses of £30 or more, over the period of 3 months <b>following</b> the Stage 2 interview.	<b>Formal interview – Crown Office Manager</b> to review performance and agree the level of support required and to reiterate the Loss Escalation Process. Notification that <b>all future losses of £5 or more</b> will be taken into account. Action plan with notes signed
Stage 4	Further 4 losses of £5 or more, over the period of 6 months <b>following</b> the Stage 3 interview.	<b>Formal Interview – Crown Office Manager</b> to review performance, and agree the level of support required and to reiterate the Loss Escalation Process. Reiterate the possible consequences of reaching L&G Escalation Stage 5.
Stage 5	Further 3 losses of £5 or more, over the period of 6 months <b>following</b> the Stage 4 interview	<b>Formal Interview with appropriate management level from outside of immediate crown office</b> , to review performance and consider disciplinary action under the Conduct Code.

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### Additional Notes

Managers may apply some discretion should a 'one off large loss' be incurred with likely mitigating circumstances e.g. known giro error, accounting error identified etc.

It is essential that a Crown Office Manager interviews colleagues as soon as possible following escalation and prior to the following weeks balance, otherwise allowances will need to be made in the escalation process e.g. cannot issue Stage 2 interview until Stage 1 interview undertaken.

There may be occasions when a loss will need to be recorded against an individual within a multi user stock rather than the whole team. e.g. Payment not taken by colleague for MVL transaction resulting in shortage for that colleague alone and clearly identified.

**For all interviews, including Multi User Stock Escalation Interviews, it would make good practice to encourage an individual to be accompanied by a friend or CWU rep if they so wished, although not mandatory. However, remember that all interviews should take place prior to the following week's balance and should not be delayed.**

At any time action taken by line managers may be to either uphold the decision to progress through the escalation process or to reduce standing to a lower 'stage' once any mitigating circumstances or Transaction Corrections are fully understood. All decisions must be clearly documented within the action plans agreed.

### Trainees / new recruits and individual stocks

New Entrant Trainees should be given their own stock during their probationary period in order to assess their suitability for counter work from the results of their balancing record. A decision to confirm the 'trainees' appointment should only be made by the Crown Office Manager if their level of losses meets the Business standard at the six or twelve month stage. A decision would then be made whether to extend the trial period further. Although individual losses should be recorded in the Loss Management System, 'Trainees' **will not progress** through the Loss & Gains Escalation Process, however, performance will be monitored and discussed as part of the Trial Report procedure.

It is likely that more mistakes will be made by trainees and the trial report process should be used to ensure that the appropriate level of support is provided to an individual who would have triggered loss 'escalation'. Discussion should take place in respect of action required and the individual made aware of what action would have been taken under normal circumstances. Poor loss performance may result in a trial extension or not passing trial but all mitigating circumstances should be carefully explored, supported and documented. Discussion should also take place with the Crown Area Manager in respect of additional training opportunities being explored.

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### Criteria for converting Multi User Tills to Individual Stocks

At any time that the office loss level rises to an unacceptable level, action may be taken to convert the whole office approach to stock control from 'multi user' to 'individual' till ownership. Discussion should take place between Crown Area Managers, Crown Office Managers and possibly Investigation, Audit/ Compliance and Operational Efficiency Team Managers as appropriate.

On the job support and training should be offered to individuals to help them prepare for this conversion and on site facilities should be sufficient to ensure an effective level of security is provided to enable individual stock control.

It is clear that, in some cases, the introduction of 'individual stocks' will require an investment of additional time and may reduce flexibility at the Counter. It is therefore essential that the cost of converting multi user to individual stocks is calculated through a review of current duties, performed by the Operational Efficiency Team, and a decision taken of whether it is appropriate to convert the whole office approach or just part of it, i.e. a mix of multi user and individual stocks. This will depend on the individual circumstances and risk to each Crown Office

A recovery plan should be developed that supports the monitoring of performance over an agreed timescale with the intention of returning to 'multi user' stocks as quickly as possible.

### Trigger point for action

When the value of losses over a period of time (reviewed quarterly) reaches an unacceptable level, action should be taken. eg. The monthly trend of loss and gain performance is above the budget set for the office or the office may be one of the worst 10%. At this level, losses are likely to be having a detrimental effect on contribution and profit and loss, outweighing the benefits of flexibility encouraged through a multi user till approach.

If an acceptable level is exceeded then a request should be made to the Operational Efficiency Team to review duties and a decision then made to either introduce individual stock balancing for the whole office or just for individuals. The agreed plan should also include a timescale.

Support from the Investigation Team must be requested by the Manager, should there be a degree of suspicion or possible theft.

## Appendix C

### Local Record of Stock Users Multi User & Individual Stocks

**Branch:- ..... BC code:- ..... Week no:- .....**

[illegible]

Create additional rows if necessary or photocopy additional hard copy forms.

**\*\* Name of clerk and branch name if clerk is borrowed temporarily.**

Branch Manager Signature:- .....



## IN CONFIDENCE

**Crown Office Counter Loss > £250**

Email this form to 'Fraud Team Post Office Ltd' address

**GRO**

- ...as soon as possible after the discovery of the loss. This form should be completed even if the loss is "known".
- Crown Area Manager to receive a copy of the loss report form and to ensure that appropriate local action taken by BM, including support requested from Compliance and OE Teams if required.
- Finance Team to receive a copy of report form as pre-warning of net loss performance.

(You do not need to submit any paperwork until a member of the Investigation Team contacts you.)

**Crown Office Counter Loss > £2000**

- As above for losses over £250.00, but additionally a call must be made to the NBSC Helpline on **GRO** by the close of play on the day of discovery of the loss.
- Report the loss to your Crown Area Manager by email.
- This form should also be emailed to your Regional Manager and Finance Analyst.

(You do not need to submit any paperwork until a member of the Investigation Team contacts you.)

Please read this form carefully and answer all of the following questions

- a) It is essential to supply the following information for ALL Counter, Bureau, Postshop, SVM, ATM, and Error Notice losses of £250 and over, as soon as the C/A is completed.
- b) Please obtain a separate report from each of the clerk/s who dealt with the stock and hold these reports locally, pending any future investigation.
- c) You should abstract the 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).

Office Name:	
Branch Code:	
Postcode:	
Telephone Number:	
TP & CAP:	
Week Ending:	
Amount:	
Date Loss Identified:	
Date of Last Clear Cash Declaration:	
List Users of Till: (include full names)	

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Type of Stock: i.e. BM Main safe, Counter stock unit (include indicator) / Bureau De Change / Postshop (state whichever applies)	
Have all Cash, Stock & Vouchers been checked: Yes/No	
Have all fitments (pedestals, safe, inserts etc) and waste bins been searched: ? Yes/No	
Any other comments: (i.e. is there any explanation for the loss, error notice expected)	
Were there any losses/gains of a similar amount during this week, or last week: ?	
If yes, give details:	
What was the date of the last spot check & result: ?	
Are losses by the Officer(s) involved giving cause for concern?  If yes, give details:	
Are losses in the office giving cause for concern?  If yes, give details:	
Is there anything known which may provide the Officer(s) with a motive for dishonesty?  If yes, please include a separate report (For losses over £250 only circulate to Investigation Team):	
Is there any reason to doubt the honesty of any other Officer(s)? If yes please include a separate report (For losses over £250 only circulate to Investigation Team):	
Reported By: (insert full name & job title)	Date:

E Mail a copy of this form to **Fraud Team Post Office Ltd.** For those offices without access to e mail, please forward a copy of this form to:

Post Office Ltd Fraud Team

PO Box 1

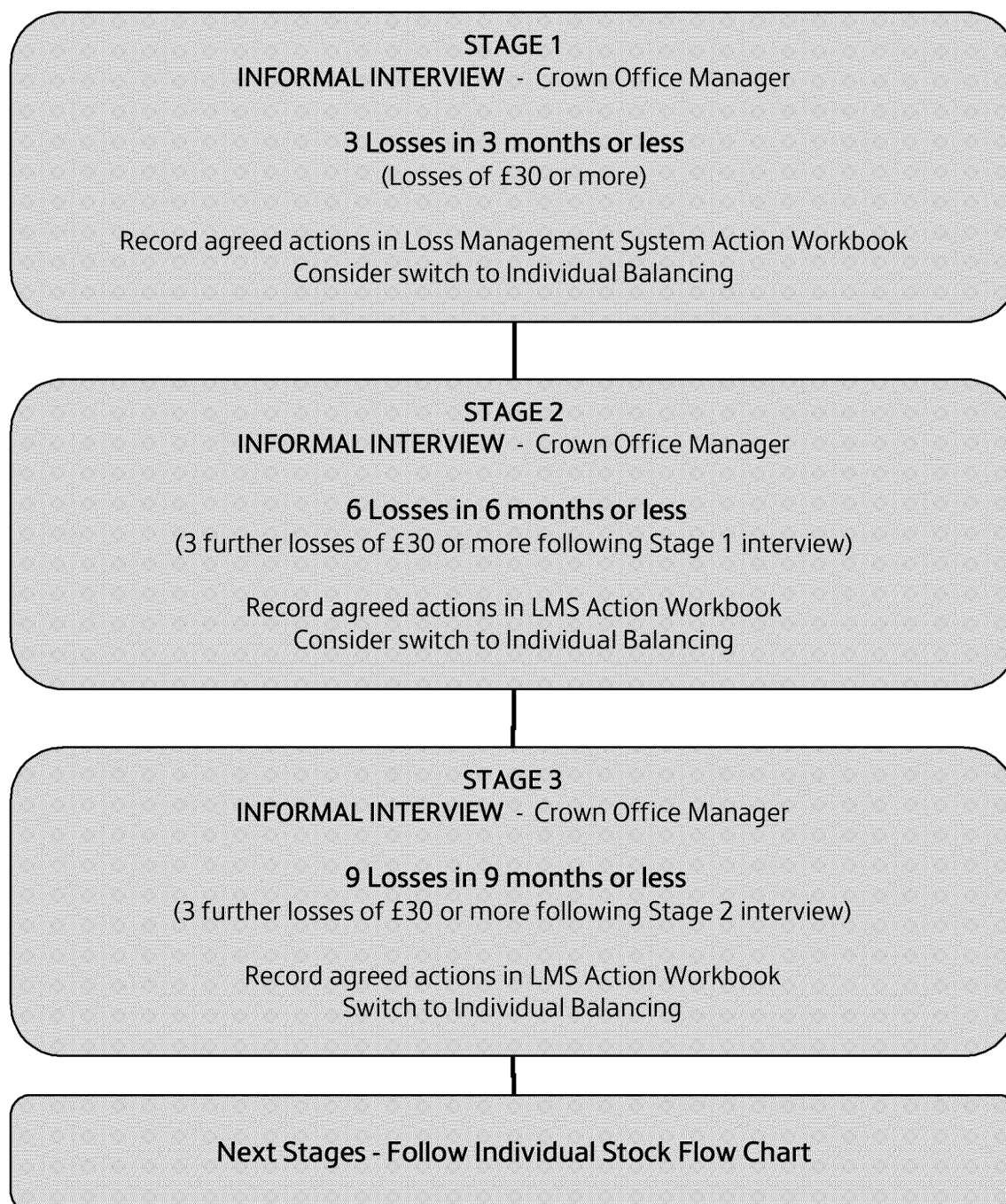
Croydon

CR9 1WN

This report should be retained securely within the branch for 2 years and made available upon request to Senior Management, Fraud and Compliance Managers

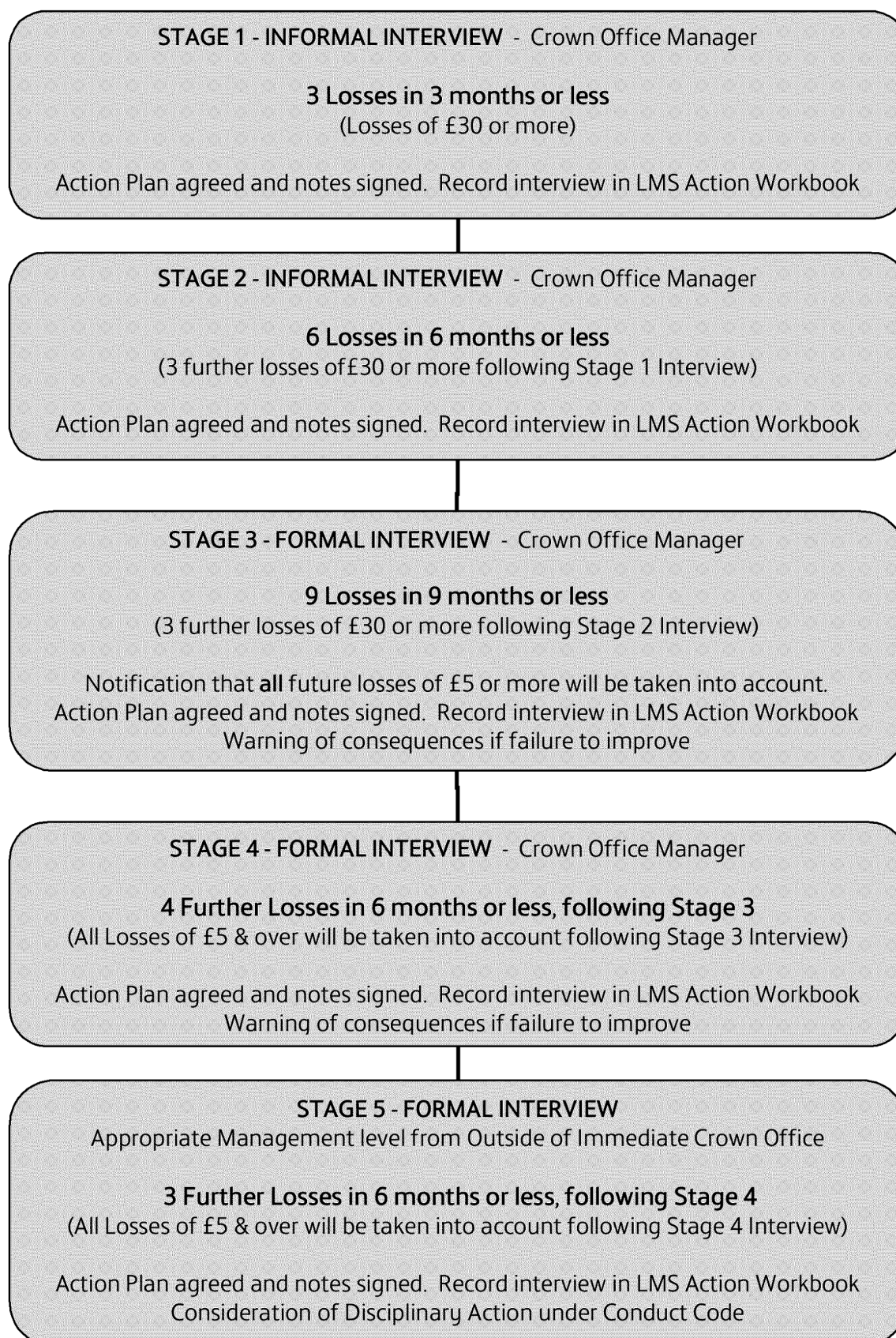


## Crown Office Network Loss & Gains Policy Flow Chart (a) Multi User Stocks





## Crown Office Network Loss & Gains Policy Flow Chart (b) Individual Stocks



**Loss & Gains Policy in Crown Office Network  
Appendix F**

**Record of Interview**

Employee Name \_\_\_\_\_  
Branch Name \_\_\_\_\_  
FAD Code \_\_\_\_\_

ESCALATION STAGE (please circle)

<b>Multi User</b>	<b>1 (Informal)</b>	<b>2 (Informal)</b>	<b>3 (Informal)</b>	
<b>Individual</b>	<b>1 (Informal)</b>	<b>2 (Formal)</b>	<b>3 (Formal)</b>	<b>4 (Formal)</b>

Notes of the interview and agreed action(s) and dates must be recorded on this form which must be filed at the branch office.

If the clerk knows of any reason(s) which may have caused the discrepancies or any improved methods of working which could help to reduce losses in the future, then these should be discussed with the Branch Manager.

The Branch Manager should also discuss procedures for dealing with transactions, vouchers etc.

This discussion may identify that additional support and / or training is required. Actions should be noted below.

Date of interview: \_\_\_\_\_

Notes of interview:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Action agreed:

_____	_____	_____
_____	_____	_____
_____	_____	_____

Signed:

\_\_\_\_\_  
Customer Service Consultant

\_\_\_\_\_  
Branch Manager

\_\_\_\_\_  
Witness (Friend or CWU Rep)

**This report should be retained securely within the branch for 2 years and made available, upon request, to the Area Manager or Investigation Team. Above details should be entered onto the Loss Management System Workbook**