



Network Field Support Team (formerly Audit)

Step 1

Plan and schedule audits. (i.e. designed to meet current risks). Audits are prioritised on the following basis:-

- Transfers/Closures (Type 10/12)
- Robberies/Burglaries (Type 20/21)
- Special requests (Type 200)
- Cash Centre audits (Type 1)
- Risk driven audits from the Branch Profile (Type 100)
- Follow up activity (Type 475)
- Random audits (Type 150)
- Compliance only audits (Type 400)

Manage the 'Audit Requests' e-mail box, ensuring all requests for special audits are dealt with within 48 hours.

In general the following guidelines may be used to aid decision making:

- Is the branch already high scoring in the latest Branch Profile? If yes, this could indicate a need to prioritise the activity.
- Is the request based upon information already included in the Branch Profile? If it does, but the branch is low scoring, it would indicate that there are riskier branches that have greater priority.
- Does the request provide clear evidence of fraud or other misappropriation of funds?
- Is the request based on support for the subpostmaster or even at their request? If so, this is perhaps more of a training issue than an audit role.

Step 2

Complete preparation activities. (e.g. file preparation, examine previous audit report, acquire serial numbers for high value stock).

Step 3

Conduct financial audit. (i.e. To determine cash and stock inventory and alignment with branch trading statement). A P32 form is used to record details.

A full cash check and high value stock items must be carried out in the presence of the Subpostmaster. The suspense account must also be cleared. With the exception of Multiple branches, the Subpostmaster is given four options: (1) Remove access cash, make good using cash, make good using a cheque, settle centrally. Multiples are assigned to the nominee. The Horizon system will not rollover until the local suspense account is cleared.

Once a Subpostmaster has elected to make good a shortage by way of either cash or a cheque, this is their declaration to say that the loss has been made good. Failure to make good losses and submission of an incorrect declaration should be reported under usual conditions as detailed under section 5.

Examine the suspense account to determine if anything is being held and, if so, whether or not it is proper to be included in the audit. The only items that can be held in the suspense account are:

- Remittance shortages
- Remittance surpluses
- Cash in pouches
- Robbery / burglary losses awaiting clearance
- Emergency suspense payments (authorised by the NBSC)

Supporting documentation should be on hand to support all entries.

Remittance shortage and surpluses must be authorised by the suspense account team (reference number obtained), via the NBSC.

With the introduction of flexible planning, branches are now allowed to declare cash on hand 20-30 minutes prior to closing. The time of the cash declaration must therefore be taken into account when verifying cash found on hand.

Should the Subpostmaster present cash after the audit has commenced, and it has been confirmed that all cash has been produced, it must be excluded from the audit as the audit result is only based on the verification of the financial assets presented as “on hand” at the outset of the audit. The cash must be accepted from the Subpostmaster “without prejudice to investigations or the current branch trading position”, a miscellaneous receipt issued, and included in Post Office Ltd funds, but not the current branch trading position. Details of the amount should however be included in the measures sheet of the P32 and reported in the branch audit report in section 3 Result of Financial Audit.

The situation must be reported to the Contracts Advisor, Investigation Team Manager and your line manager, especially if the circumstances are suspicious and give cause for concern. Keep a written record of all discussions and the precise words of any admissions by the Subpostmaster. Mark this as a “True and accurate record of events on.....”, and ask the Subpostmaster to sign it, if refused endorse the statement “refused to sign”.

Count and record all cheques on hand (standard audit cash input form to be used) and verify to Horizon snapshot or the last completed branch-trading statement (Thursday audit - following completion of balance trading period). Ensure that cheques are examined for validity and that any “personal” cheques are not on hand including those belonging to staff members.

If a personal cheque is found, and there is no evidence of a legitimate transaction to which it relates, contact the Contract Advisor team,

Investigation Team Manager and your line manager immediately. This is likely to result in the suspension of the Subpostmaster, so keep a written record of all discussions and the precise wording of any admissions by the Subpostmaster. Mark this as a "True and accurate record of events on....." and ask the Subpostmaster to sign it, if refused endorse the statement "refused to sign".

The personal cheque must be impounded, excluded from the audit result and a "without prejudice" receipt issued.

Without Prejudice

"An action taken during claims negotiations designated as "without prejudice" is intended to be without detriment to the existing rights of the parties".

Transaction Corrections

Examine the system to determine whether there are any outstanding transaction corrections (TCs) and if so, ask the Subpostmaster of his / her intentions to process the TCs. In addition to the above, a call must be made to the Former Agent Debt Team in order to obtain information on the current 'debt account' for the branch. This will include obtaining information on any pending transaction corrections. This may also involve carrying out some investigative work to prove the transaction correction is proper to be raised. Details of any pending transaction corrections should be documented on working papers and later included on the measures sheet within the P32.

Please note: - A charge transaction correction will be detailed as 'INV' on the printout whilst a credit transaction correction is detailed as 'CRM'.

Contact: Former Agent Debt on postline:

Should the Subpostmaster admit any fraudulent activity, he/she should be immediately advised that the branch will be kept closed if still closed at the time, or closed forthwith if previously allowed to open for business. The Contracts Advisor, Investigation Team Manager and your line manager must be contacted as soon as possible.

As with other scenarios raised in this manual, a written record of the precise words of the admission and any other discussions must be kept. Mark this as a “True and accurate record of events on” and ask the Subpostmaster to sign it, if refused endorse the statement “refused to sign”.

In order to maintain objectivity and independence do not enter into any discussion with the Subpostmaster regarding the admission, the nature of, or the problems with the fraudulent activity. The audit role is simply to report the facts and not to make judgements; any discussions with the Subpostmaster could prejudice later investigations.

A rollover to the next branch trading period must be completed prior to the auditor leaving.

Step 4

Is there a discrepancy?

Step 5

If yes at step 4,

It may be necessary to contact Contract Advisor, Investigation Team Manager and your NCAM to report findings, errors, discrepancies or admissions. This should be done at the earliest opportunity. This will allow discussions to take place and a decision be made whilst the lead Audit Officer is still on site at the branch and will ensure that the matter is dealt with quickly and efficiently. Contact should be made via mobile phone, as this will ensure confidentiality (use Mobex number). The use of the Subpostmaster’s telephone should be avoided.

The line manager must be contacted in the following circumstances, where:

- There is an unexplained discrepancy in excess of £500 (including outstanding debt as well as trading position found during asset verification)

- There are any irregular or suspicious circumstances
- There is an irregular personal cheque on hand
- Credit sales are operated
- There is an admission of misuse of Post Office Ltd funds or fraudulent activity
- The Subpostmaster refuses to allow access to the premises
- Cash on hand has been inflated or an amount of cash is produced after the audit has commenced
- Lottery takings are not to hand but banked in personal account
- Transaction corrections have not been actioned to the expected timescales
- There are discrepancies found in on-site verifications (remittances, suspense accounts etc.)
- The Subpostmaster has declared that the previous periods discrepancy has been made good, however findings are to the contrary
- If the lead Audit Officer has any other concerns or is unsure
- The Subpostmaster cannot make good an audit shortage and is unable, or unwilling, to put forward proposals

This list is not meant to be exhaustive as there will always be circumstances that arise that won't be covered by any list no matter how long. Regardless of the circumstances, if there is any doubt or concerns, contact the line manager.

When contacting the Network Compliance Audit Manager, the following information may be required for onward cascade:

- Date of the incident
- Time of the incident
- The name of the branch
- The address of the branch
- Postcode
- The branch code
- Telephone number of the branch

- Subpostmasters name
- If run by a national multiple – which one
- Audit leader
- Name of Audit Officer revealing findings
- The risk type (audit code)
- Audit risk priority
- Amount of the discrepancy (current branch trading position)
- Amounts that make up the suspense account
- How the discrepancy was discovered
- Name of the contacts and service manager dealing
- Name of person dealing in the absence of the contracts and service manager
- Name of the Investigation Team Manager dealing
- Name of person dealing in the absence of the Investigation Team Manager
- Details of the decision taken by the C&SM (suspension / not suspension)
- Other action taken if not suspended
- Location of the assets
- Details of the interim (are they related?)
- If a shortage, was it made good and how?

Once a call is received to report a discrepancy or irregularity from the Audit Officer on site the NCAM will take the following action:

- Where the amount is greater than £25K, the Network Compliance Audit Manager will relay the relevant details to the Head of Compliance.

Precautionary suspensions

- The responsibility for making the decision to suspend is with the Contracts Advisors or their representative.

- If the Contracts Advisor is not on site, the responsibility to communicate the decision to precautionary suspend is with the lead Auditor Officer.
- The lead auditor should discuss the way ahead with the Contracts Advisor i.e. Closure of the branch, transfer etc. and deal with arranging transport (if required) or the transfer to a new Subpostmaster.
- There may be occasions when the Contracts Advisor is on site and can relay the message to the Subpostmaster. This will be the exceptional and not expected.

The responsibility for completion of an “Event Capture Form” is with the lead audit officer.

- The ECF should be completed for all discrepancies over £1000 and within 48 hours of the audit. If these timescale cannot be met, the NCAM should be informed so alternative arrangements can be made for the completion of the ECF.
- The file should be saved as follows:
- ECF.BranchCode.Six digitdate.AnytownPO.TeamName. xls for example
- ECF

GRO

- The completed ECF should be e-mailed to Investigation Team Post Office Ltd mailbox, Network Compliance Audit Manager, Compliance Risk Modeling Manager, Compliance Risk Reporting Mgr, Contracts Advisor and the Investigation Team leader.
- In cases where the discrepancy exceeds £25K, the Head of Compliance must also be copied into the correspondence.
- When completing the form, it is imperative that the following information is recorded:

- *Date of the incident*
- *Time of the incident*
- *The name of the branch*
- *The address of the branch*
- *Postcode*
- *The branch code*
- *Telephone number of the branch*
- *Subpostmasters name*
- *If run by a national multiple – which one*
- *Audit leader*
- *Name of Audit Officer revealing findings*
- *The risk type (audit code)*
- *Audit risk priority*
- *Amount of the discrepancy (current branch trading position)*
- *Amounts that make up the suspense account*
- *How the discrepancy was discovered*
- *Name of the contacts and service manager dealing*
- *Name of person dealing in the absence of the contracts and service manager*
- *Name of the Investigation Team Manager dealing*
- *Name of person dealing in the absence of the Investigation Team Manager*
- *Details of the decision taken by the C&SM (suspension / not suspension)*
- *Other action taken if not suspended*
- *Location of the assets*
- *Details of the interim (are they related?)*
- *If a shortage, was it made good and how?*

**DO NOT APOLOGISE NOR ENTER INTO DISCUSSION AS TO WHY A
SUSPENSION HAS BEEN AFFECTED - REFER THE SUBPOSTMASTER
TO THE CONTRACT ADVISOR.**

Should the Subpostmaster be suspended, there is a possibility that the branch will remain closed and the assets defunded (please refer to the Closure chapter of the Audit Process Manual for details about the defund of a branch). In this case, a special notice to this effect should be displayed and NBSC should be contacted to advise them of the situation. If the branch is to remain closed, the door and safe keys will need to be secured once the Audit Officers have left the branch.

Step 6

Discuss audit findings / action plan with Subpostmaster.

Step 7

Complete audit report. (Within 5 days of audit). There is an extra report template within the P32. This should be used in cases where: -

- There is extra information, not detailed in the normal report that might be useful to other parties e.g. Contracts Advisor, Investigation Team Manager etc.
- The audit is a concern of the Contracts Advisor or is an investigation Team request.

Step 8

Complete post audit activities. (i.e. Update records (P32), securely file)

Step 9

Notify stakeholders:-

- Email a copy of the audit report to the area intervention office, FAO the Contracts Advisors. For franchise and multiple branches a report should go direct to the nominee or representative responsible for Post Office® operations by email.
- Email a copy of the extra report to the Contract Advisor, Investigation Team Manager, your line manager and the Network Compliance Audit Manager. In cases where a discrepancy exceeds £25k copy in the Head of Compliance. In cases of discrepancies exceeding £5k and the amount has been posted to late account, then the Agent Debt team are required to be copied in.

ENDS

