

19th August 2010

Mrs T Etheridge
Gurnos Post Office
19 Chestnut Way
Gurnos Estate
Merthyr Tydfil
CF47 9SB

Dear Mrs Etheridge

Re ATM Transaction Corrections

I have been asked to respond to your husband's e mail to Colin Burston on 5th August. I am sorry to learn that your branch continues to sustain losses that you are attributing to the Post Office Ltd Product & Branch Accounting (P&BA) ATM team.

I will attempt to clarify the specific points raised in the e mail.

On 22.7.10, £1,990 was entered into Horizon at your branch. This figure then flows into Post Office Ltd Finance System (POLFS). Bank of Ireland (BoI) also sends the 16.30 ATM withdrawal figure (£1,590) to POLFS. In an ideal world the 2 values are equal and opposite and are "cleared" from POLFS. In this case a difference of £400 remains for the ATM team to resolve. As you rightly point out this would apparently generate a gain at your branch. However we can see that no Horizon entry was made for the previous day, whilst the BoI have reported a £300 withdrawal total. This would create a loss at your branch. If a value of £1,890 had been entered into Horizon on 22.7.10 P&BA would have cleared the 2 BoI and one Horizon entry over the two days. As an additional £100 was entered into Horizon a net discrepancy of £100 is rolled up along with the other discrepancies recorded.

I have no idea why you have entered WDL totals. Inputs to Horizon should be the 16.30 withdrawal figures only. Cash that may have been withdrawn after that date is included in branch cash declarations. This process is covered within the operating process that has been supplied to you on several occasions.

To further explain the POLFS entries. Minus figures represent the BoI file whilst plus figures represent Horizon entries. The plus £400 figure is a sub total of the 2 entries made on that day. That figure on its own suggests that the branch would have a gain of £400 (as you have claimed more money was withdrawn than actually was). Conversely the minus £300 on the day before suggests a loss at the branch as Horizon would still believe the cash is held at the branch when it has actually been withdrawn.

The £5,540 Horizon entry on 8.6.10 does not represent the BoI totals of 6/7/8 June which total £2,950 (the 16.30 slips held at your branch should confirm this). Therefore a net difference of £2,590 is generated over the 3 day period. As this is an overstatement of withdrawals a surplus should have been generated.

The question around the 22/7/10 dispensed receipts is a good one and illustrates well how branches could inadvertently make incorrect Horizon inputs and how the transaction correction process would support a branch to balance. BoI will attempt to "poll" the ATM totals immediately after 16.30. However this is not an exact science and, if for example the machine is in use when the poll is attempted, it will try again shortly afterwards. One would expect polling to have been completed by 16.44 but on this occasion the poll had not completed until 16.45. It would not be unreasonable for a branch not to notice that the 16.30 totals were exactly the same as for the previous day and input, what are actually the previous day's totals, into Horizon. Taking this example (and assuming that every other Horizon entry equalled the BoI file) then £300 would be entered into Horizon rather than the correct total of £1,590. Horizon would believe that only £300 had been dispensed rather than £1,590. If a full cash declaration (including a full count of ATM cash) was made the branch would display a shortage of £1,290. The branch may at this point identify the withdrawal input error and correct with a further withdrawal input to Horizon. If not the branch would naturally be concerned at this apparent loss. P&BA would identify the mismatch between the daily BoI file and the Horizon entry and, assuming no compensating entry appears over the next few days, would issue a credit transaction correction for £1,290. This would return the branch to balance.

The problem, as I understand it, at your branch is that Horizon entries overall, exceed the actual value dispensed. This should create surpluses at the branch which will then be corrected by debit transaction corrections. The surpluses do not appear to manifest themselves at your branch.

The partial transaction log you have provided does not show anything about the BoI file. The highlighted section simply displays the double entry of £1,990 ATM withdrawals and (£1,990) cash on 22/7/10. I have explained above that the correct entry for 21+22/7/10 should have been £1,890. Therefore (if a full ATM cash check had been performed) the balance snapshot should have shown a surplus of £100.

I am afraid it is not practical to request 8 months of transaction logs from the BoI as this would represent a mammoth task as all personal data held would need to be deleted. There is no evidence to suggest there is any problem with these logs. Equally all the other detail you request is already available at your branch so I cannot justify the resource to provide what is already there.

I am sorry you have been unable to find anyone, to include P&BA, Post Office Ltd trainers, the National Federation of Subpostmasters or your Business Development Manager, who has been able to support your view that the losses being pursued are not proper to your branch. As explained earlier, your ATM withdrawal and Horizon slips provide the evidence that would support (or challenge) any transaction correction issued. P&BA would certainly investigate any discrepancy in your records to those recorded in POLFS. To date, I believe, none have been identified.

As Horizon entries have over time exceeded actual BoI 16.30 withdrawal totals, surpluses should have appeared in your branch. Debit transaction corrections have been issued to your branch to correct these surpluses. I strongly believe that your focus should be on why these surpluses have not been declared.

There still appears to be a training gap in the accounting for the ATMs – WDL figures should not be input to Horizon. This can be addressed. Equally it should be possible to propose some effective controls (segregation of duties, double counting of cash, restricted access to ATM and ATM stocks) to minimise the risk of leakage within the branch. As the branch assets have been checked on more than one occasion then it is clear that the expected surpluses to offset the transaction corrections issued are not physically at your branch. Unfortunately no one outside your branch will be able to identify where the money has gone to.

I am sorry I am unable to present any potential for the losses you face, to be compensated with unresolved discrepancies within POLFS. I do hope I have answered all the points you have raised and provided some clarity, even if I have been unable to provide the response type you would no doubt have hoped for.

Yours sincerely

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