



## POST OFFICE LIMITED

### MINUTES OF A MEETING OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE OF POST OFFICE LIMITED HELD ON TUESDAY 26<sup>th</sup> JANUARY 2021 AT 20 FINSBURY STREET, LONDON EC2Y 9AQ AT 08.30AM (VIA CONFERENCE CALL)<sup>1</sup>

<b>Present:</b>	<b>Invited Attendees:</b>
Carla Stent (Chair)	Sam Banks (Analyst Independent Audit): Observer
Ken McCall (SID) <b>(KM)</b>	Richard Sheath (Partner, Independent Audit): Observer
Tom Cooper (NED, UKGI) <b>(TC)</b>	Sally Smith (Money Laundering Reporting Officer & Head of Financial Crime): Item 5 <b>(SS)</b>
Zarin Patel (NED) <b>(ZP)</b> (to 10:00am only)	Ian Holloway (Director of Risk & Compliance, Post Office Insurance): Item 6 <b>(IH)</b>
<b>Regular Attendees:</b>	Tom Lee (Head of Finance Financial Accounting and Controls): Item 7 <b>(TL)</b>
Tim Parker (Chairman, POL) <b>(TP)</b>	Christine Kirby (Financial Controls Manager): Item 7 <b>(CK)</b>
Nick Read (Group Chief Executive Officer) <b>(NR)</b>	Andy Jamieson (Head of Tax): Item 8
Alisdair Cameron (Group CFO) <b>(AC)</b>	Amanda Jones (Retail & Franchise Network Director): Items 9 & 10 <b>(AJ)</b>
Ben Foat (Group General Counsel) <b>(BF)</b>	Tim Perkins (Service and Support Optimisation Director): Item 9 & 10 <b>(TP)</b>
Andrew Paynter (Audit Partner, PwC) <b>(AP)</b>	Declan Salter (GLO Director): Item 11 <b>(DS)</b>
Sarah Allen (Senior Manager, PwC) <b>(SA)</b>	Graham Hemingway (Historical Matters Portfolio Lead): Item 11 <b>(GH)</b>
Rosie Clifton (Senior Manager, PwC) <b>(RC)</b>	Tony Jowett (Chief Information Security Officer): Item 12 <b>(TJ)</b>
Johann Appel (Head of Internal Audit) <b>(JA)</b>	
Mark Baldock (Head of Risk) <b>(MB)</b>	
Jonathan Hill (Compliance Director) <b>(JH)</b>	
Rebecca Whibley (Senior Assistant Company Secretary) <b>(RW)</b>	
Hugo Sharp (Deloitte Partner) <b>(HS)</b>	
<b>Apologies:</b>	
Zarin Patel (from 10:00 onwards)	

		<b>Action</b>
<b>1.</b>	<b>Welcome and Conflicts of Interest</b>	
1.1	A quorum being present, the Chair opened the meeting and noted that participation was solely by conference call given the current Government guidance on home working. However, given the requirements of the Company's Articles of Association, the location of the meeting was agreed to be the Company's Registered Office.	
1.2	The Directors declared that they had no new conflicts of interest in the matters to be considered at the meeting in accordance with the	

<sup>1</sup> Participation in the meeting was entirely via Microsoft Teams from participants' personal addresses. In such circumstances the Company's Articles of Association (Article 64) require that the location of the meeting be deemed as the chair's location. However, it was not deemed appropriate to record personal addresses on the Company record. As such, the Registered Office is recorded as the meeting location.



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	requirements of section 177 of the Companies Act 2006 and the Company's Articles of Association.	
<b>2.</b>	<b>Policies: Investigations Policy</b>	
2.1	<p>Jonathan Hill introduced the paper, which had been circulated previously and was taken as read. The following points were discussed:</p> <ul style="list-style-type: none"> <li>- The existing policy had not been used for some time and as such, the policy has been completely overhauled, following an industry approach.</li> <li>- The policy sets out minimum standards for how Post Office will conduct investigations wherever they might take place in the business to ensure a consistent approach, building on comments in Fraser J's judgment.</li> <li>- The Chair noted that an issue that was made clear from the Group Litigation Order (GLO) was the attitude of the investigator. Whilst issues like the duty of good faith would only apply in the Post Office/Postmaster relationship (not commercial relationships), it was agreed that the attitude of the investigator should be addressed in the policy.</li> <li>- It was also noted that matters such as the independence of the investigator and the level of expertise needed should also be clear in the policy. It was explained that the policy was simply a framework and other policies were still relevant such as Conflicts of Interest. Nonetheless, it was agreed that these matters should be made clear in the policy, including references to other policies as appropriate.</li> <li>- Ken McCall questioned whether the policy considers service level agreements (SLAs) with Postmasters and Board/Committee review of the relevant metrics in this regard. Ben Foat explained that such matters were for specific Postmaster polices and this policy was very much a minimum standards framework.</li> <li>- Ken McCall was also concerned about the accessibility of the policy, particularly for Postmasters, and how the policy would be rolled out. It was explained that this was an internal policy, rather than Postmaster facing. Nonetheless Compliance was developing a one to two page summary to make the policy more accessible as well as engaging with relevant Policy Owners to ensure they understand the requirements and can evidence compliance.</li> <li>- Tom Cooper requested that the policy also be externally reviewed.</li> </ul> <p>Accordingly, the Committee <b>APPROVED</b> the Investigations Policy, subject to:</p> <ul style="list-style-type: none"> <li>i. The inclusion of details on the appropriate attitude of the investigator; the need for the investigator to be independent and have the appropriate expertise and appropriate references to other relevant policies; and</li> </ul>	<b>ACTION: BF</b>



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	ii. The policy being externally reviewed, and the results of this review being considered and included as appropriate.	
<b>3.</b>	<b>Previous Meetings</b>	
3.1	The minutes of the meeting of the Audit and Risk Committee held on 24 November 2020 were <b>APPROVED</b> and <b>AUTHORISED</b> for signature by the Chair.	
3.2	Progress against the completion of actions as shown on the action log was <b>NOTED</b> .	
<h1 style="font-size: 48px; margin: 0;">Irrelevant</h1>		
<p><u>Action 6 from 22 September 2020 (para 7.3) Suspense Accounts: An update paper was provided to the Committee (see para 9). The action was closed.</u></p> <p><u>Note:</u> Action 7 in the papers was a duplicate of Action 2 above (due to copy and paste error).</p>		



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# Irrelevant

Action 9 from 24 November 2020 (para 3.2) Risk Policy (Legal & Compliance Risk Appetite): The Legal & Compliance Risk Appetite paper has been developed and has been shared with the Chair. However, this is still a work in progress and as such, the Committee was not asked to approve the Risk Appetite statement at its January meeting. Accordingly, the Committee may discuss and feedback as required in the meeting. The further iteration was to be shared with the Committee prior to its next meeting if so required. (See para 4.2 below). The action remained open.

# Irrelevant

Action 15 from 24 November 2020 (para 4.3) Suspense Accounts: All elements have been completed and the report was approved by the Board for publication. The action was closed.

**Irrelevant**



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<b>Irrelevant</b>	
<p>Action 17 from 24 November 2020 (para 9.1) Historical Matters Unit (RACI Matrix): Discussions concerning UK Government Investments (UKGI)/Department of Business, Energy &amp; Industrial Strategy (BEIS) involvement in Historical Shortfall Scheme (HSS) approvals, which directly affects the operation of the schemes, have continued during December and were expected to be finalised during January. A verbal update was provided to the ARC (see para 11 below). Further update will be provided in March 2021. <u>The action remained open.</u></p> <p>Action 18 from 24 November 2020 (para 9.2) Historical Matters Unit (Fraudulent Claims Controls): [REDACTED] and the Project team [REDACTED] – see Appendix 1 in the paper as per para 11 below. <u>The action was closed.</u></p> <p>Action 19 from 24 November 2020 (para 9.2) Historical Matters Unit (Live data in CCRC Pack): [REDACTED] (Eligibility extract attached in Appendix 1 of the paper as per para 11 below). Information relating to identification of fraudulent claims has been shared as part of the Criminal Cases Review Commission (CCRC) Board packs from 14th January 2021. <u>The action was closed.</u></p>	
<b>Irrelevant</b>	
<p>Action 21 from 24 November 2020 (para 12.1) Deep dive: Transformation Office Change Update 2020: Dan Zinner and Saira Burwood met with Tom Cooper on 15 January 2021 to discuss the action regarding metrics on Change controls. Mark Baldock also joined the meeting as he was transitioning all the controls into a new tool (ServiceNow) which would then be able to provide a suite of reports on the controls. These reports and dashboards would be provided to ARC on a regular basis once ServiceNow transition was complete and Mark agreed to give Tom early sight of these when available. <u>The action was closed.</u></p>	
3.3	The draft minutes of the Risk and Compliance Committee held on 12 January 2021 were <b>NOTED</b> .
<b>4.</b>	<b>Risk, Compliance and Internal Audit Updates</b>



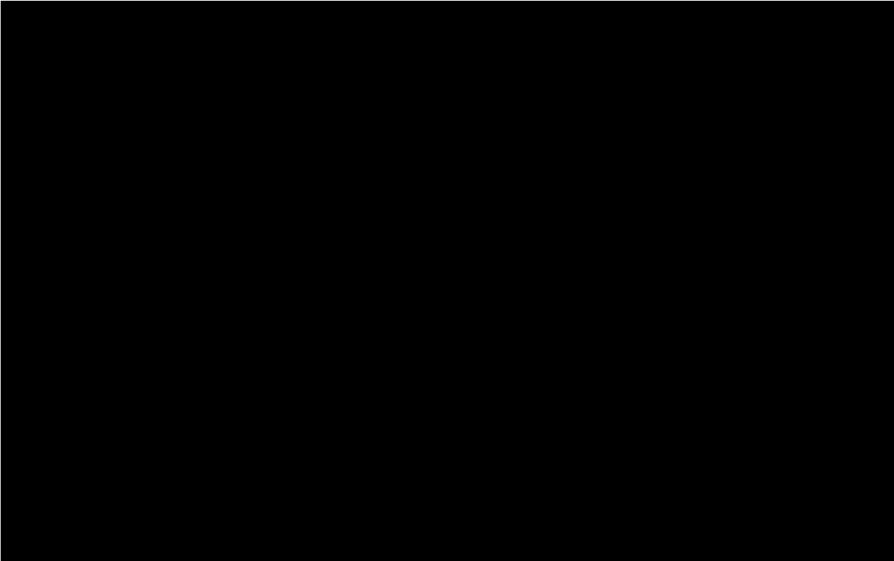
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4.1	<b>Risk Update</b> Mark Baldock introduced the paper, which had been circulated previously and was taken as read. The key points were summarised as follows:	
<h1>Irrelevant</h1>		
	<ul style="list-style-type: none"><li>○ <u>Operational</u>: Postmaster risks were already articulated, but further work was to be carried out, as well as considering whether other risks had an impact on Postmasters. The Chair noted a discussion in the Internal Audit meeting that morning about how to implement controls around Postmaster risks and how to validate GLO initiatives. Mark Baldock was asked to pick this up with Jonathan Hill with an update to be provided at the March meeting. Multiple partner fragility was also noted as a key operational risk due to the economic threats to the high street.</li></ul>	<b>ACTION: MB</b>
<h1>Irrelevant</h1>		



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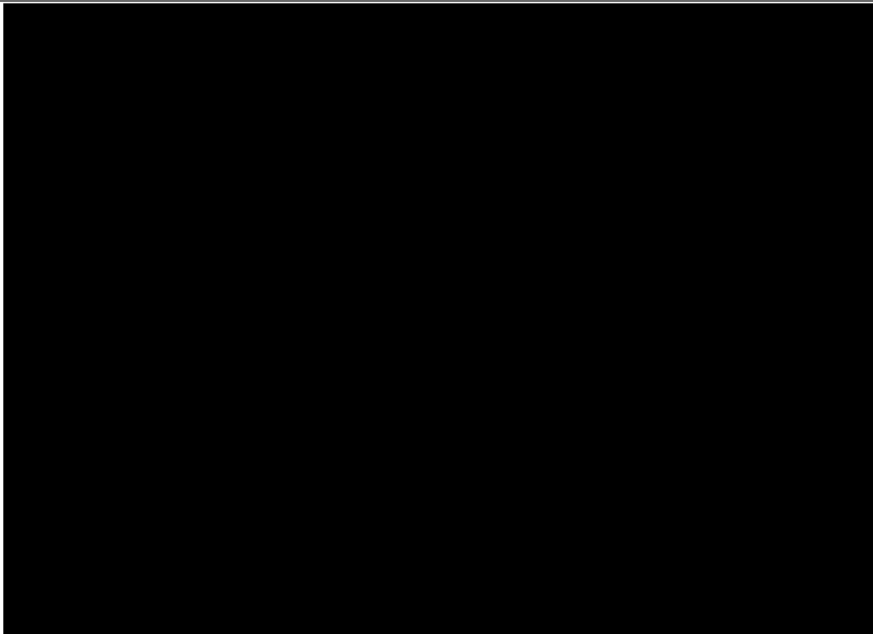
# Irrelevant

	<p>Ken McCall requested that the following be reviewed:</p> <ul style="list-style-type: none"><li>- The wording of paragraph 13 relating to the financial risk around "insufficient" funding reflect the risk of uncertainty about funding;</li><li>- Paragraph 25 relating to the risk of prolonged industrial action as this should refer to pace of response rather than the risk of material long term industrial action; and</li><li>- Paragraph 27 relating to adverse external economic factors, noting that much of this was outside Post Office's control and that, some elements had upsides for Post Office.</li></ul> <p>Mark Baldock was asked to review these sections, discuss further with Ken McCall and provide an update for the next Committee meeting.</p> <p>The Committee <b>NOTED</b> the current status of key risks and GRC implementation and <b>APPROVED</b> the proposals on the role of the Board and ARC with respect to oversight of Post Office risk management as set out in paragraph 31 of the paper.</p>	<p><b>ACTION:</b> <b>MB</b></p>
4.2	<p><b>Risk Appetite Statement: Legal &amp; Compliance</b></p> 	



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		<p><b>ACTION:</b> <b>BF</b></p> <p><b>ACTION:</b> <b>BF</b></p> <p><b>ACTION:</b> <b>BF</b></p>
	<p>The Chair noted the extensive work that had gone into the paper and questioned whether, given the resourcing pressures, it was better to work on KRIs to trigger a red/amber/green rating. The Committee agreed but noted that Legal and Compliance and Postmaster related activity were important areas in which to have risk appetite statements. There was also a suggestion that areas that were less under pressure in the short term could also be considered (such as finance). As such, Mark Baldock was asked to look at identifying the KRIs for Postmasters with the Network team and consider working on statements for one or two other areas for update at the March Committee meeting (in the usual Risk Paper).</p> <p>Otherwise, the Committee <b>NOTED</b> the draft corporate Legal &amp; Compliance Risk Appetite Statements which will be shared with the Senior Leadership Team so that these can be further refined and assessed within the business in commercial decision making.</p>	<p><b>ACTION:</b> <b>MB</b></p>





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<p>4.3</p>	<p><b>Compliance Update</b></p> <p>Jonathan Hill introduced the paper, which had been circulated previously and was taken as read. It was summarised as follows:</p> <ul style="list-style-type: none"> <li>- <u>Controls Framework</u>: Work was being undertaken with the Historical Matters Unit (HMU) to ensure the correct controls were embedded into the relevant areas, so as to meet obligations arising from the Common Issue Judgment (CIJ), Horizon Issue Judgment (HIJ) and the stamps review. There was an existing controls framework in Finance and IT (although the latter was being overhauled), but there was no consistent approach across the rest of the business. This was what the Framework was to provide, such that the business could self-assess controls with assurance provided by Compliance. Ken McCall noted that the report outlined that there had been changes to the Postmaster Onboarding process and questioned whether this meant the onboarding process was quicker. Jonathan Hill was asked to confirm this point for update at the next meeting. This area was ultimately owned by Dan Zinner, Group Chief Operating Officer, but supported by Amanda Jones (Retail and Franchise Network Director), Finance and Legal. Nick Read highlighted that recruitment of the Postmaster Director and the Customer Experience Director was critical but would require careful recruitment criteria.</li> </ul> <p>In response to questions from Ken McCall raising concerns about the wording of this section in the report (paragraph 11), it was confirmed that it was the mapping of processes for activities addressing the CIJ that had no consistent approach, rather than the controls themselves. Key was evidence of controls and a consistency of approach. The HMU team was working with the relevant business areas to address this. However, the Chair asked Jonathan Hill to further consider before the next meeting any underlying issues (not just related to mapping), what controls were in place and whether or not they were appropriate.</p> <p>Zarin Patel also requested that the Committee have sight of the KMPG review of the HIJ when this was ready, noting that there were a lot of papers regarding Postmasters before the Committee and the Board and therefore questioned whether the issue was under control. Al Cameron explained that much work had been done to ensure legal compliance with the judgment, but work was on-going and KMPG and Deloitte were likely to raise issues that had not yet been considered. As such the controls framework was very important and must be sustainable.</p> <ul style="list-style-type: none"> <li>- <u>Data</u>: The site review was now coming to an end and the main focus was now on disclosures required for 5 February 2021. So</li> </ul>	<p><b>ACTION:</b> <b>JH</b></p> <p><b>ACTION:</b> <b>JH</b></p> <p><b>ACTION:</b> <b>JH</b></p>
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	<p>far, nothing had been found in the reviews that had not already been disclosed. However, work was on-going.</p> <ul style="list-style-type: none"> <li>- <u>Cookies</u>: Previous direction was that Post Office should look to be in the "middle of the pack" when it comes to cookies. The recent decision in France against Google and Amazon Europe was noted and it was explained that typically (pre-Brexit), the Information Commissioner's Office (ICO) aligned with Europe. As such, the Digital and Compliance teams were looking at the commercial impact of tightening the approach to cookies, with a view to still remaining in the "middle of the pack." The Chair requested that the team carefully consider appropriate benchmarking in a post Brexit world.</li> <li>- <u>Fire Risk Assessments</u>: The Committee requested to be kept up to date regarding the outstanding actions in respect of fire risk assessments undertaken in June and July which are currently being investigated by the Head of Health &amp; Safety. This was to be included in the Compliance report for the March meeting.</li> </ul> <p>The Committee <b>NOTED</b> the Compliance update, in particular:</p> <ul style="list-style-type: none"> <li>- The Controls Framework update;</li> <li>- The Data Management activities; and</li> <li>- Post Office's approach to cookies.</li> </ul>	<p><b>ACTION:</b> <b>JH</b></p>
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Irrelevant



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# Irrelevant

- Interim Report on Historic Matters - CIJ Operations Improvement Programme: It was noted that the chart in the report was outdated and there were now 23 green actions, 10 amber and 1 red. The key finding was that there was no formal handover process between the HMU and Operations. Nick Read highlighted that in this area, the business was legally compliant, but not necessarily fit for purpose. This was a key focus for the next six months to ensure Operations, IT and culture were all fit for purpose. A GLO Dashboard would be presented to the Board on a monthly basis to give an overview of progress.

**ACTION:**  
**NR**

# Irrelevant

- It was noted that the planned audits on GLO Historical Shortfall Scheme - Claims and Payments and Strategic Platform Modernisation were due to be deferred from March 2021 to the next audit year as evidence was not yet available.

Otherwise, the Committee **NOTED** the Internal Audit update, specifically progress being made with delivery of the Internal Audit programme and completion of audit actions.

*Zarin Patel left the meeting.*

# Irrelevant



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**Irrelevant**

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# Irrelevant

<b>6.</b>	<b>Update from Subsidiaries: verbal update Post Office Management Services (ARC)</b>	
6.1	The Committee <b>NOTED</b> the update from the Post Office Insurance (POI) ARC.	
<b>7.</b>	<b>Annual Report &amp; Accounts Update</b>	
7.1	<p>Al Cameron introduced the paper, which had been circulated previously and was taken as read. The following points were highlighted:</p> <ul style="list-style-type: none"> <li>- Work was actively progressing to complete the Annual Report and Accounts (ARA) for the financial year end 29 March 2020. The ARA was largely drafted but needed some considerable updates given the events over the last six to eight months. Outstanding issues included: <ol style="list-style-type: none"> <li>1. A provision for Post Group Litigation Order and the calculation of the accounting estimate in respect of the HSS, as well as disclosure updates in respect of this scheme, the contingent liability for Starling litigation and subsequent events disclosure for the historical criminal cases.</li> <li>2. Impairment on insurance business investment which was likely to be around £15-20m</li> <li>3. A provision for hard to place branches, which might be up to £30m, although there was a question as to whether this was a past event or a new decision for inclusion in accounts to the financial year end 29 March 2020. (Tom Cooper noted that this was a joint reputational issue for Post Office and the Government and needed to be discussed at the Board). <i>Note: This was subsequently discussed at the Board meeting later on the same day.</i></li> <li>4. The wording regarding contingent liabilities needed to be discussed.</li> <li>5. The Committee would need to agree that the CCRC issue was included as a subsequent event (as it was in the future as at 29 March 2020).</li> </ol> </li> </ul>	



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	<ul style="list-style-type: none"> <li>- A detailed going concern assessment then needs to be completed for a period of 18 months (rather than 12 months) from accounts submission. Therefore, forecasts were being examined. PWC have made it clear that unless a viability statement covers a period of 18 months, they would likely include an emphasis of matter paragraph in their opinion. Tom Cooper remarked that his team were discussing this disclosure with BEIS Finance.</li> <li>- The intention was for the Committee to review the accounts for approval (for onward submission to the Board) on 26 February 2021.</li> <li>- The sections relating to Risk and Remuneration would largely be unchanged but the CEO and Chairman’s report were being completely redrafted.</li> </ul> <p>The Committee <b>NOTED:</b></p> <ul style="list-style-type: none"> <li>i. the status of the Post Office Limited Group Annual Report and Accounts for the year ended 29 March 2020</li> <li>ii. the key items required for completion and signing of the ARA; and</li> <li>iii. the plan for completion and signing.</li> </ul>	
<h1>Irrelevant</h1>		
<p><b>9.</b></p>	<p><b>Update on branch losses and balances on Postmaster accounts</b></p>	
<p>9.1</p>	<p>Tim Perkins introduced the paper, which had been circulated previously and was taken as read. The following points were highlighted:</p> <ul style="list-style-type: none"> <li>- Performance has continued to be positive. Average loss per branch has fallen from just under £135 per trading period per branch to £63.44 per trading period per branch. This has been</li> </ul>	



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	<p>driven by proactive intervention, less cash in network, timeliness of corrections and improved training.</p> <ul style="list-style-type: none"> <li>- Next steps were to continue with these interventions and see what can be done to improve the speed of corrections and improvement in stock. Work was being done with HMU to remove the "settled centrally" terminology from Horizon and add a dispute button at the point of settling.</li> <li>- Tom Cooper queried when the minimum value that can be settled centrally would be changed from £150 to £0, noting he thought this had been removed previously. Tim Perkins explained that Accenture had just quoted to do this, and it was requested that Tim Perkins provide the date as to when this would happen to the Committee once he is advised of it.</li> <li>- In response to further questions about branches being able to be 'rolled' into the next trading period and how disputed items were dealt with, Tim Perkins explained that balances are moved to a Postmaster account to allow an investigation to take place to establish the cause of the loss. A button would also be added to Horizon to allow immediate dispute.</li> <li>- Age of the transaction error was the crucial, rather than the number of errors. At present, measurements were based on transactions over two months old. A measurement of 45 to 60 days (depending on the type of transaction) was being considered to take into account how long client reconciliation takes.</li> <li>- At the request of Ken McCall more detail was provided on the process where a cash declaration had not been done for 10 days or for trading period roll overs (where not done for 60 days). First, the Postmaster would be called by the team (bearing in mind any branch closure) and the issue would be escalated to the Area Manager. Where repeated contact has to be made, the branch will also be visited to ensure they understand the requirement and to understand the barrier(s) to completion. There would also be a conversation with the contract advisor team about contract performance.</li> <li>- It was confirmed that branches with high cash holdings or highest levels of cash deposits have excellent compliance with the branch accounting requirements. However, for branches with high levels of cash deposits, more transaction errors were seen, and this was an area of focus, particularly as to whether better equipment could be provided. Additional support from Area Managers and Security Managers was being provided with a visit every month. The Committee commented that key was to tackle this issue at source. Al Cameron explained that any proposed changes had been postponed given ongoing process reviews in this area.</li> <li>- The Chair noted that it was good to see the figures decreasing but that it would be useful to see a dashboard of branch balances and transaction corrections, possibly as an addition to the</li> </ul>	<p><b>ACTION:</b> <b>TP</b></p>
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	<p>reporting on post GLO remediation. (Tim Perkins and Amanda Jones to action for the next Committee meeting).</p> <ul style="list-style-type: none"> <li>- Via email outside the meeting, Zarin Patel also suggested that route cause analysis should be undertaken into the gross losses/gains and net balances as these seemed very high (paragraph 8 of the paper). (Tim Perkins and Amanda Jones to consider for update at the next Committee meeting).</li> </ul> <p>The Committee <b>NOTED</b> the update on balances posted to Postmaster customer accounts following a request at the Committee in September 2020.</p>	<p><b>ACTION:</b> <b>TP/AJ</b> <b>ACTION:</b> <b>TP/AJ</b></p>
<p><b>10.</b></p>	<p><b>Postmaster Policies</b></p>	
<p>10.1</p>	<p>Amanda Jones introduced the paper, which had been circulated previously and was taken as read. It was explained that these three policies were being proposed to formalise the improvements made to a number of processes in response to the CIJ. Each policy was taken in turn:</p> <ul style="list-style-type: none"> <li>- Network Monitoring and Audit Support Policy: [REDACTED] [REDACTED] The Chair questioned why the Risk Appetite section was missing. It was confirmed that the risk appetite was averse, but that this linked back to the earlier discussion regarding the risk appetite statement for Postmasters and the need for clear KRIs, which were particularly required to judge if the policy was being embedded and enforced. This section should be added into the policy in line with the work to be completed on KRIs for Postmasters (see action above in paragraph 4.2).</li> </ul> <p>There was also an action to carefully consider references to "employee" throughout the document.</p> <p>It was also confirmed that this was an internal policy (not Postmaster facing), but a similar version would be created as part of the Postmaster manual. It was explained there would be an overarching document demonstrating how the policies fit together and it was agreed this would be presented to the Committee in March 2021 with the Chair requesting that it be clear in this document who was the audience of which policy.</p> <ul style="list-style-type: none"> <li>- Postmaster Account Support Policy: [REDACTED] [REDACTED] A different approach was being taken by the former loss recovery team, which was to be supportive and understanding of discrepancies.</li> </ul> <p>It was explained that the three policies interfaced to provide support to Postmasters. The Network Monitoring policy related to</p>	<p><b>ACTION:</b> <b>TP/AJ/</b> <b>MB</b></p> <p><b>ACTION:</b> <b>TP/AJ</b></p> <p><b>ACTION:</b> <b>TP/AJ</b></p>







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	<p style="text-align: center;">new culture would be embedded so they did not approach the audit with preconceived biases.</p> <p>Accordingly, the following policies were <b>APPROVED</b> by the Committee:</p> <ul style="list-style-type: none"> <li>• Postmaster Account Support Policy (subject to a review of the wording of the risk appetite section and addition of a definition of a "reasonable and fair investigation"); and</li> <li>• Network Monitoring and Audit Support Policy (subject to the addition of a risk appetite section and a definition of a "reasonable and fair investigation" as well as the skill set and attitude of the lead auditors and how the new culture would be embedded).</li> </ul> <p>The Postmaster Accounting Dispute Resolution Policy was to be revised in line with the Committee's discussions (including a review of all risk appetite references) and approved by written resolution after the meeting.</p>	
<p><b>11.</b></p>	<p><b>Historical Matters Unit: Fraudulent Claims Controls &amp; Delegation of Authority</b></p>	
<p>11.1</p>	<p>Declan Salter and Graham Hemingway introduced the paper which had been circulated previously and taken as read. The key points were highlighted as:</p> <ul style="list-style-type: none"> <li>- <u>Responsibilities, accountabilities and decision-making authorities</u>: Work was being done to produce an operating charter and a RACI, including delegated authorities and accountabilities. This has taken longer due to engagement with BEIS and UK Government Investments (UKGI). A ways of working document has been agreed, but a decision-making flow chart was still being updated. Once complete, it was to be circulated to the Board at its CCRC meeting. Further discussions were being held on reporting to BEIS/UKGI.</li> <li>- <u>Mitigations against risk of fraudulent claims:</u> [REDACTED] and the Project team [REDACTED] as set out in appendix 1 of the report. By way of email outside the meeting, Zarin Patel suggested that the team consider best practice for fraudulent claim controls, such as those used for Payment Protection Insurance (PPI) claims. Graham Hemmingway provided the following response: the mitigations have been compiled and reviewed by his team, which included programme and project managers as well as business analysts with experience of managing PPI-type claim schemes at Lloyds Banking Group, Barclays, Nationwide, RBS and Co-op Bank. Further Declan Salter's experience has also fed into the ongoing risk management activities, particularly around risk of interception of emails. Internal Audit or an external team could review the mitigations as part of their planned reviews.</li> </ul>	<p><b>ACTION: GH/DS</b></p>



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	<p>- Data relating to fraudulent claims and eligibility to be appended to the CCRC Board pack: [REDACTED]</p> <p>[REDACTED] Information relating to identification of fraudulent claims has been shared as part of the CCRC Board packs since 14 January 2021. In response to questions from the Committee, Graham Hemingway further explained that eligibility checks were a standard under the Terms of Reference of the HSS. Work was still being done to work through the data and evidence available on each claim, which was difficult due to the age of some claims. It was also confirmed that the team was looking to instruct legal counsel to [REDACTED]</p> <p>Otherwise, the Committee <b>NOTED</b> how risks relating to fraudulent claims are being managed in the Historical Shortfall Scheme (and the Stamps Scheme) and that controls were in place to confirm the eligibility of claims.</p>	
<b>12.</b>	<b>IT Controls Assessment</b>	
12.1	<p>Tony Jowett introduced the paper, which had been circulated previously and was taken as read. The main focus of work in the IT Controls was the Internal Audit Report actions and focus of the improvement effort was on the controls of greatest risk, namely those areas connected with the management of the third-party estate through the lens of Post Office's crown jewel systems. The Committee requested that there be a detailed review of this, and this review would be reported to the Committee, targeting the next meeting.</p> <p>On resource constraints flagged by the Internal Audit report, Tony Jowett further explained that the size of the team had been doubled and someone had been appointed to the business continuity role but was not yet in post.</p> <p>The Committee <b>NOTED</b> the status and plans regarding the reduction of risk associated with IT Controls.</p>	<b>ACTION:</b> <b>TJ</b>
<b>13.</b>	<b>AOB</b>	
13.1	There being no further business, the meeting was closed at 11:27.	
<b>14.</b>	<b>Items for Noting</b>	
14.1	<p>The following papers were circulated to the Committee prior to the meeting, but were not discussed at its meeting and <b>NOTED</b> by the Committee:</p> <ul style="list-style-type: none"> <li>- Pensions Controls</li> <li>- Success Factors</li> <li>- Cyber Security</li> <li>- Joiners, Movers, Leavers (JML)</li> </ul>	



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	<ul style="list-style-type: none"> <li>- Law &amp; Trends</li> <li>- Accountable Person*</li> <li>- Mails Fraud Update**</li> </ul> <p>*Outside of the meeting, Tom Cooper requested that paragraph 18 needed to be amended to remove the following line: <i>"There is a UKGI representative on the POL Board, who have oversight of the Group Executive ("GE") and are able to challenge and review relevant decisions made by the AP and the GE team"</i> as his role on the Board was not linked to the role of the Accountable Person.</p> <p>** Subsequent to the meeting, Tom Cooper questioned whether power outages (affecting label printing) had implications for the integrity of branch accounting and accuracy of postmaster balances. Declan Salter has confirmed that, absent fraudulent activity, there would be no financial loss. Furthermore, that, in this regard, there are no system related integrity issues.</p>	
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 Chair 01/04/2021 21:01

**Meeting Actions:**

Para No.	Action Detail	Action
2.1	<p><b>Investigations Policy:</b> Accordingly, the Committee <b>APPROVED</b> the Investigations Policy, subject to:</p> <ul style="list-style-type: none"> <li>i. The inclusion of details on the appropriate attitude of the investigator; the need for the investigator to be independent and have the appropriate expertise and appropriate references to other relevant policies; and</li> </ul> <p>The policy being externally reviewed, and the results of this review being considered and included as appropriate.</p>	<b>Ben Foat</b>
4.1	<p><b>Risk Update:</b> The Chair noted a discussion in the Internal Audit meeting that morning about how to implement controls around Postmaster risks and how to validate GLO initiatives. Mark Baldock was asked to pick this up with Jonathan Hill with an update to be provided at the March meeting. Multiple partner fragility was also noted as a key operational risk due to the economic threats to the high street.</p>	<b>Mark Baldock</b>
4.1	<p><b>Risk Update:</b> Ken McCall requested that the following be reviewed:</p> <ul style="list-style-type: none"> <li>- The wording of paragraph 13 relating to the financial risk around "insufficient" funding reflect the risk of uncertainty about funding;</li> </ul>	<b>Mark Baldock</b>



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	<ul style="list-style-type: none"> <li>- Paragraph 25 relating to the risk of prolonged industrial action as this should refer to pace of response rather than the risk of material long term industrial action; and</li> <li>- Paragraph 27 relating to adverse external economic factors, noting that much of this was outside Post Office’s control and that, some elements had upsides for Post Office.</li> </ul> <p>Mark Baldock was asked to review these sections, discuss further with Ken McCall and provide an update for the next Committee meeting</p>	
4.2	<b>Risk Appetite Statement: Legal &amp; Compliance:</b> [REDACTED]	<b>Ben Foat</b>
4.2	<b>Risk Appetite Statement: Legal &amp; Compliance:</b> [REDACTED]	<b>Ben Foat</b>
4.2	<b>Risk Appetite Statement: Legal &amp; Compliance:</b> [REDACTED]	<b>Ben Foat</b>
4.2	<b>Risk Appetite Statement: Legal &amp; Compliance:</b> As such, Mark Baldock was asked to look at identifying the KRIs for Postmasters with the Network team and consider working on statements for one or two other areas for update at the March Committee meeting (in the usual Risk Paper).	<b>Mark Baldock</b>
4.3	<b>Compliance Update:</b> Ken McCall noted that the report outlined that there had been changes to the Postmaster Onboarding process and questioned whether this meant the onboarding process was quicker. Jonathan Hill was asked to confirm this point for update at the next meeting.	<b>Jonathan Hill</b>
4.3	<b>Compliance Update:</b> In response to questions from Ken McCall raising concerns about the wording of this section in the report (paragraph 11), it was confirmed that it was the mapping of processes for activities addressing the CIJ that had no consistent approach, rather than the controls themselves. Key was evidence of controls and a consistency of approach. The HMU team was working with the relevant business areas to address this. However, the Chair asked Jonathan Hill to further consider before the next meeting any underlying issues (not just related to mapping), what controls were in place and whether or not they were appropriate.	<b>Jonathan Hill</b>
4.3	<b>Compliance Update:</b> Zarin Patel also requested that the Committee have sight of the KMPG review of the HIJ when this was ready, noting that there were a lot of papers regarding Postmasters before the Committee and the Board and therefore questioned whether the issue was under control.	<b>Jonathan Hill</b>
<b>Irrelevant</b>		



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**Irrelevant**

4.4	<b>Internal Audit Update:</b> Nick Read highlighted that in this area, the business was legally compliant, but not necessarily fit for purpose. This was a key focus for the next six months to ensure Operations, IT and culture were all fit for purpose. A GLO Dashboard would be presented to the Board on a monthly basis to give an overview of progress.	<b>Nick Read</b>
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**Irrelevant**

9.1	<b>Update on branch losses and balances on Postmaster accounts:</b> Tom Cooper queried when the minimum value that can be settled centrally would be changed from £150 to £0, noting he thought this had been removed previously. Tim Perkins explained that Accenture had just quoted to do this, and it was requested that Tim Perkins provide the date as to when this would happen to the Committee once he is advised of it.	<b>Tim Perkins</b>
9.1	<b>Update on branch losses and balances on Postmaster accounts:</b> The Chair noted that it was good to see the figures decreasing but that it would be useful to see a dashboard of branch balances and transaction corrections, possibly as an addition to the reporting on post GLO remediation. (Tim Perkins and Amanda Jones to action for the next Committee meeting).	<b>Tim Perkins / Amanda Jones</b>
9.1	<b>Update on branch losses and balances on Postmaster accounts:</b> Via email outside the meeting, Zarin Patel also suggested that route cause analysis should be undertaken into the gross losses/gains and net balances as these seemed very high (paragraph 8 of the paper). (Tim Perkins and Amanda Jones to consider for update at the next Committee meeting)	<b>Tim Perkins / Amanda Jones</b>
10.1	<b>Postmaster Policies:</b> It was confirmed that the risk appetite was averse, but that this linked back to the earlier discussion regarding the risk appetite statement for Postmasters and the need for clear KRIs, which were particularly required to judge if the policy was being embedded and enforced. This section should be added into the policy in line with the work	<b>Tim Perkins / Amanda Jones /</b>



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	to be completed on KRIs for Postmasters (see action above in paragraph 4.2).	<b>Mark Baldock</b>
10.1	<b>Postmaster Policies:</b> There was also an action to carefully consider references to "employee" throughout the document.	<b>Tim Perkins / Amanda Jones</b>
10.1	<b>Postmaster Policies:</b> It was explained there would be an overarching document demonstrating how the policies fit together and it was agreed this would be presented to the Committee in March 2021 with the Chair requesting that it be clear in this document who was the audience of which policy.	<b>Tim Perkins / Amanda Jones</b>
10.1	<b>Postmaster Policies:</b> The Chair questioned the wording of the risk appetite section and it was requested that this was reviewed before the policy was published/implemented.	<b>Tim Perkins / Amanda Jones / Mark Baldock</b>
10.1	<b>Postmaster Policies:</b> The Committee requested that the following elements were included in the policy: <ol style="list-style-type: none"> <li>1. A suggested timetable for decision-making;</li> <li>2. Who would be involved in making decisions under Tier 3 (indicating that it should be people of appropriate seniority);</li> <li>3. Information that would be provided to the Postmaster through the dispute resolution process (i.e. accounting records, Horizon data etc.);</li> <li>4. Reference to classroom training that would be provided to Postmasters on investigating balance discrepancies; and</li> <li>5. A checklist for each tier.</li> </ol>	<b>Tim Perkins / Amanda Jones</b>
10.1	<b>Postmaster Policies:</b> Zarin Patel (by email outside of the meeting) also raised the following points: <ol style="list-style-type: none"> <li>i. Both the Postmaster Account Support Policy (para 2.5 and 4.1) and the Network Monitoring and Audit Support Policy (para 2.5) referred to "reasonable and fair investigations" without adequately defining this; and</li> <li>ii. The Network Monitoring and Audit Support Policy should address skill set and attitude of lead auditors and how the new culture would be embedded so they did not approach the audit with preconceived biases.</li> </ol>	<b>Tim Perkins / Amanda Jones</b>
11.1	<b>Historical Matters Unit: Fraudulent Claims Controls &amp; Delegation of Authority:</b> A ways of working document has been agreed, but a decision-making flow chart was still being updated. Once complete, it was	<b>Graham Hemingway /</b>



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	to be circulated to the Board at its CCRC meeting. Further discussions were being held on reporting to BEIS/UKGI.	<b>Declan Salter</b>
12.1	<b>IT Controls:</b> The main focus of work in the IT Controls was the Internal Audit Report actions and focus of the improvement effort was on the controls of greatest risk, namely those areas connected with the management of the third-party estate through the lens of Post Office's crown jewel systems. The Committee requested that there be a detailed review of this, and this review would be reported to the Committee, targeting the next meeting.	<b>Tony Jowett</b>



## Voting Results for January Minutes

The signature vote has been passed. 1 votes are required to pass the vote, of which 0 must be independent.

<b>Vote Response</b>	<b>Count (%)</b>
For	1 (100%)
Against	0 (0%)
Abstained	0 (0%)
Not Cast	0 (0%)

## Voter Status

<b>Name</b>	<b>Vote</b>	<b>Voted On</b>
Stent, Carla	For	01/04/2021 21:01