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Spot Review 11 - Response

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Horizon Spot Review - Response

SR011: Giro Payments – Apparent Loss of Audit Trail

Executive Summary

It is noted that this Spot Review does not raise any suggestion that there is an error in Horizon. Rather, it is focussed on Post Office procedures and branch processes.

There is no loss of audit trail for Giros because:

1. Branches are able to review on Horizon all transactions (including the deposit or withdrawal of Giros) in the last 60 days; and
2. Branches are able (and indeed required) to print and retain a Daily Giro Report showing all Giro deposits and withdrawals on a given day.

Transaction corrections are in the vast majority of cases supported with either evidence or a description of the error in question. This allows branches to investigate any Giro transactions against the records retained in branch.

Post Office Ltd is confident that adequate information is available to Sub-postmasters (SPMRs) for them to review Giro transactions.

Spot review scope

Second Sight has been provided with Horizon Transaction Data from 1 March 2007 to 31 January 2012 recorded by Yetminster 267518. From the Spot Review, the following key issues have been identified:

1. SPMRs do not have access to records of individual Giro transactions to investigate subsequent transaction corrections.
2. Horizon does not print off branch receipts ("slips") for Giro transactions.
3. SPMRs cannot properly investigate transaction corrections in relation to Giros.

General background

"Giros" refers to a method of making deposits and withdrawals from a banking system operated by Girobank. This is distinct from Green Giros which are used for benefit payments. Green Giros are not considered in this response.

Reference to Horizon means Horizon Online unless stated otherwise.

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The key steps in the process for transacting a Giro deposit or withdrawal is as follows:

1. Customer presents a Giro at the counter.
2. SPMR enters the transactions details in to Horizon (deposit / withdrawal / amount / etc.)
3. Horizon produces a transaction receipt for the customer.
4. At the end of each day, the SPMR prints a Giro remittance slip from Horizon that shows details of each Giro transaction that day.
5. The SPMR places the Giros and the Giro remittance slip in a pouch and sends this to the Post Office [cash centre?].
6. After printing the Giro remittance slip, Horizon automatically prints a Giro Daily Report. This report shows details of all Giro transactions that day.
7. The [Counters manual?] requires that SPMRs keep a hardcopy of the Giro Daily Report for their own records. [PLEASE PROVIDE A COPY OF THIS SECTION OF THE MANUAL?]

Issue 1: SPMRs do not have access to records of individual Giro transactions to investigate subsequent transaction corrections.

This is incorrect. SPMRs have access to the following records:

1. Horizon retains details of all transactions (including Giros) in the last 60 days. SPMRs are free to interrogate this information as required. (Note: the old Horizon system only retained records for 42 days which is the source of the reference to 42 days in the Spot Review).
2. After this 60 day period, SPMRs can use the Giro Daily Report to investigate historic Giro transactions. These reports will present a complete transaction history for Giros if the SPMR has properly followed the correct procedure (as described above).
3. SPMRs can also choose to print a "stock unit" report each day which will show the total number and value of Giros transacted each day. This report does not present a line by line breakdown but can be used to ensure that other reports (such as the Giro Daily Report) have been properly produced, remitted and retained in branch.

Issue 2: Horizon does not print off branch receipts ("slips") for Giro transactions.

This statement is correct. Horizon only prints a receipt for the customer. It does not print a receipt for the SPMR to retain (commonly known as a branch receipt). The printing of branch receipts is unnecessary given the other information available to SPMR – see Issue 1 above.

The Spot Review suggests that historically Horizon did print branch receipts for Giros. For the sake of clarity, no version of Horizon has ever printed branch receipts for Giro transactions.

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Issue 3: SPMRs cannot properly investigate transaction corrections in relation to Giros

Transaction corrections are issued to branches where there has been an error in the processing of Giros. The key steps in the process for issuing a transaction correction for a Giro are as follows:

1. An error is identified. Typically this is because the number or content of the Giros recorded on Horizon by the SPMR as being remitted to the [cash centre] is different to the number or content of the Giros received by the cash centre. Sometimes, the error is generated by a discrepancy between Girobank's records and the Horizon record as input by the SPMR. There are however many other possible causes of an error.
2. Post Office investigates the error. This may involve informally contacting the SPMR at an early stage before a transaction correction is issued.
3. If the investigation concludes that the error was caused in branch, a transaction correction is issued to the branch.
4. The time taken to issue a transaction correction varies depending on a number of factors including the nature of the error and the response of Girobank and the SPMR to Post Office's investigations. Further, some errors are only discoverable by customers who may take weeks/months to identify the error before contacting Girobank / Post Office. Post Office tries to investigate all alleged errors itself before engaging SPMRs so not to waste SPMRs' time on issues that can often be resolved without their involvement.
5. In the vast majority of cases the transaction correction will be supported by either (1) documentary evidence or (2) a commentary explaining the error on the face of the transaction correction. Post Office endeavours to provide a clear picture of the error to the SPMR with every transaction correction. However, given the significant volume of transaction corrections processed everyday, it is accepted that a very small number may not contain complete information.
6. The SPM can contact Post Office at any time to request more information about the transaction correction.
7. The SPM has a choice of whether to accept or dispute a transaction correction. The dispute process is described in the "Horizon online help" at page btsb31.

Given the above process and the information available to SPMRs described in Issue 1, it is possible for SPMRs to properly investigate any transaction correction regarding a Giro.

It is noted that various other in-branch processes may also reveal an error before a transaction correction is issued (such as end of day processes and end of trading period processes).

Automated Payments

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In an e-mail chain headed "SR011 - Two Clarifications Required" and dated 6 March 2013 it was indicated that this spot review may also extend to Automated Payments. To the extent applicable, the above processes are similar to those for Automated Payments.