

Postmaster support policy

Network cash and stock management

Version 4.0



Post Office is determined to reset its relationship with postmasters and has introduced policies that set out guidelines on how Post Office should support postmasters, specifically for use across twelve areas.

The policies stand on their own but should be reviewed in conjunction with each other. Support teams should have an awareness of all twelve policies and how they link together.

The twelve Postmaster Support Policies are listed in section 3.2 of this policy [REDACTED]

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1 Definitions

1.1 Definitions

1. **Cash** – sterling notes, coins and foreign currency.
2. **Remittance Discrepancy** - the difference between (i) the actual Cash and Stock received and (ii) the amount of Cash and Stock that the remittance notification states should have been delivered.
3. **Service Level** – in this policy, this would be the maximum agreed time taken to carry out an action.
4. **Special Issue Stamp Stock** – philatelic stock that is issued on occasions such as Christmas stamps, First Day Covers and commemorative stamps.
5. **Stock** – in this policy, meaning stock items that have a value when sold, such as stamps.
6. **Transaction Correction** – corrections to errors made in branches, or by other Post Office areas, that have been (i) identified in the reconciliation between files received from third parties (clients or suppliers), or cash and stock centres, and the data recorded by the branch in Horizon, or (ii) caused by mis-keys notified by the branch or a third party/client, or (iii) to provide funds to the postmaster in some cases where repayment is required.

2 Overview

2.1 Introduction

The [REDACTED] has overall accountability for the provision of Cash and Stock to branches in the network¹. Cash and Stock management is an agenda item for the Risk and Compliance Committee and the Post Office² board is updated as required.

This policy is a non-contractual document provided for information. It does not form part of the contract between any postmaster³ and Post Office.

2.2 Purpose

This Policy details the minimum operating standards to be met by Post Office in relation to the management of Cash and Stock. All Cash held in branches is owned and funded by Post Office through the central funding agreement that exists between Post Office and central government.

This policy details the procedures for providing Cash and Stock to branches and is intended to ensure that Post Office branches have the optimum amount of Cash and Stock so that they are properly funded.

It is one of a set of policies which provide a clear risk and governance framework and facilitate an effective system of internal controls for the management of risk across Post Office. Compliance with these policies is essential to Post Office in meeting its business objectives and to balance the needs of postmasters, clients, and other stakeholders including our shareholder.

As many postmasters are limited companies or partnerships (and as individual postmasters may appoint managers to operate a branch on their behalf) any steps that need to be taken by a postmaster under this policy can be taken by someone authorised to act on that postmaster's behalf (such as a director, partner or manager).

2.3 Core principles

Under agreements between postmasters and Post Office, postmasters provide products and services to customers on behalf of Post Office. The cash and stock used to affect those transactions is owned and funded by Post Office, [REDACTED]. Post Office will manage Cash and Stock

¹ In this policy, "network" means branches not directly managed by Post Office

² In this policy "Post Office" means Post Office Limited

³ In this Policy "postmaster" refers to a limited company, partnership, limited liability partnership, other entity or individual that contracts with Post Office for the operation of a Post Office® branch.

services in good faith with fairness, transparency, and professionalism (being the underpinning behaviours of Post Office).

Post Office has an obligation to its customers and clients to ensure that all branches are providing a quality of service and adhering to agreed standards. Post Office is committed to supporting its postmasters in this process by maintaining optimum Cash and Stock levels in the network. This policy sets out clear and consistent guidelines to ensure that:

- Post Office effectively supports branches by planning and forecasting their Cash needs to ensure that each branch has adequate amounts of each in stock at all times to carry out Post Office's business.
- Post Office uses planning and forecasting to avoid excess Cash being held by a branch.
- All reasonable requests from branches for Cash are considered by Post Office and a standard and consistent process is followed when responding to such requests.
- Branches can order Stock via online channels on Horizon and [REDACTED]
- [REDACTED] Branches can order Coin via online channels, including [REDACTED] and the majority of branches are able to view and adjust their note and ATM orders on [REDACTED]
- Branches are provided with an emergency Cash and Stock order facility.
- Methods are employed to minimise discrepancies in Cash and Stock distributed to branches, such as quality assurance on remittances.
- Branches are notified promptly and support is offered if discrepancies are found in Cash and Stock sent back from the branch to Post Office or, in the case of Cash remittances, counterfeit notes are found.
- Branches are notified promptly and support is offered if discrepancies are found in Foreign Currency buybacks sent from the branch to Post Office, includes mis-count errors, incorrect currency type, counterfeit notes, unacceptable and outmoded notes.
- Support for branches is available by telephone if they have questions and concerns about their Cash and Stock holdings or deliveries.
- A postmaster has the right to challenge any decisions pertaining to a branch loss as a result of a discrepancy or a transaction correction, and will be supported in any challenge by Post Office. Post Office will analyse Cash and Stock remittance data to improve services to branches and optimise Cash and Stock levels in the network.
- Post Office will use available feedback and data to understand and work to resolve the root causes of issues that affect postmasters and their branches.

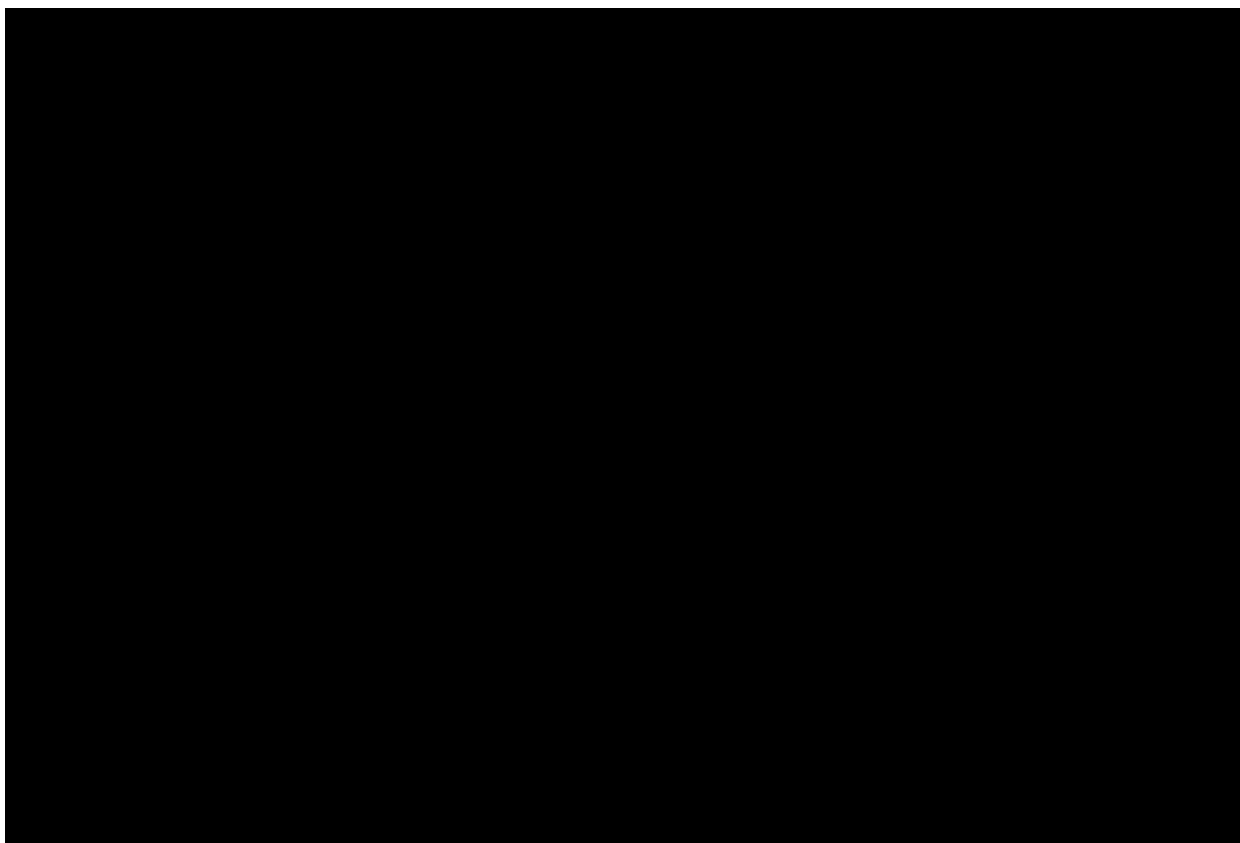
It is vital that the procedures in place in relation to managing Cash and Stock are as clear as possible to ensure a fair, transparent, robust and consistent process for all concerned.

2.4 Application

This Policy is applicable to all Post Office employees⁴ who deal with Cash and/or Stock supply and management and defines the minimum standards to control financial loss, postmaster impact, regulatory breaches and reputational damage in line with the Post Office's Risk Appetite.

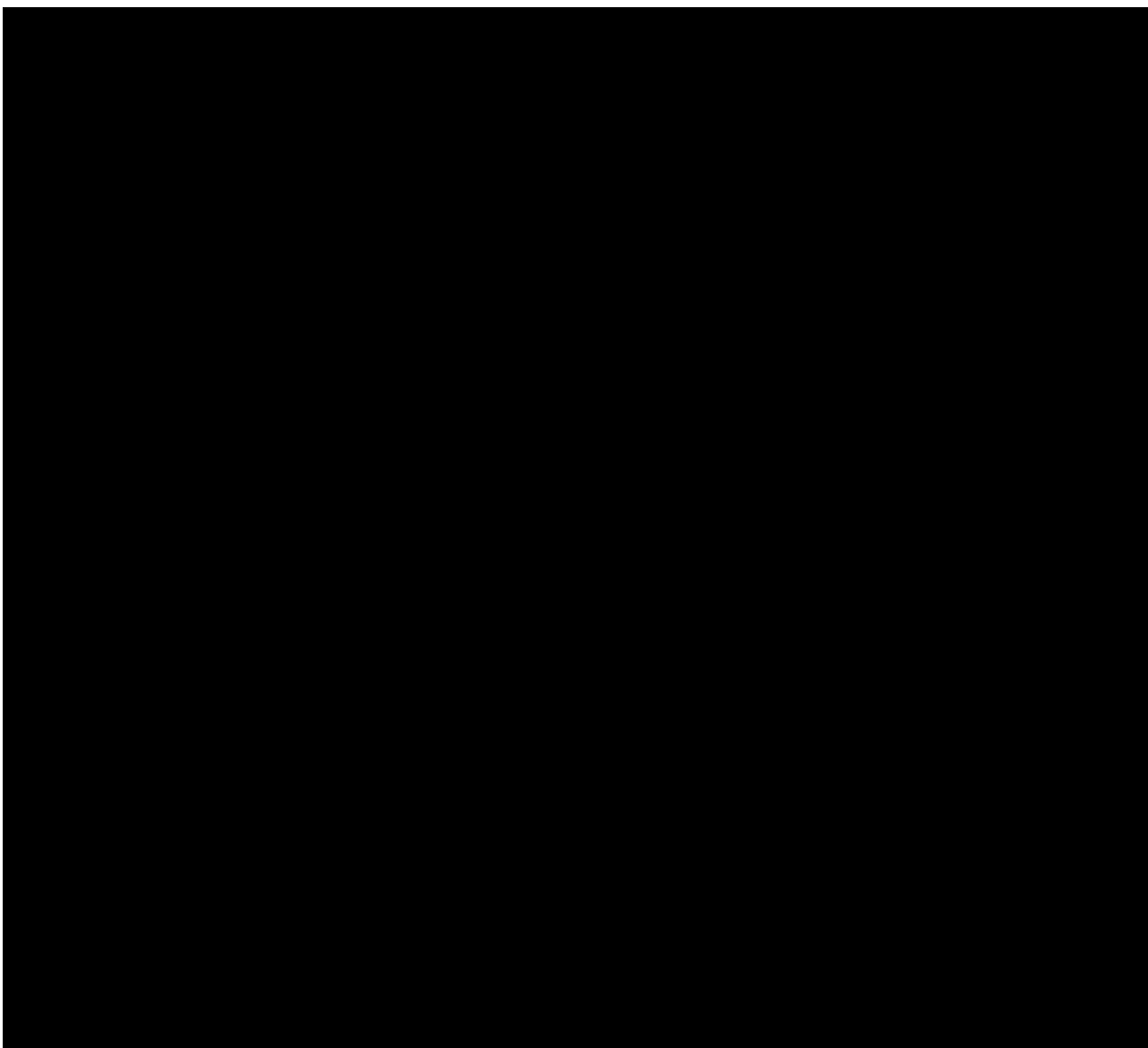
2.5 The risk

Cash or Stock levels that are too high or too low in branches in the network can cause difficulties for Post Office, postmasters and customers. Maintaining optimum levels of Cash and Stock ensures that the branch is able to trade effectively and does not have to deal with issues associated with holding excess volumes of Cash and Stock, including additional complexity in day-to-day accounting procedures, and increased security risk.



⁴ In this Policy "employee" means permanent staff, temporary including agency staff, contractors, consultants and anyone else working for or on behalf of Post Office and, for clarity, does not include postmasters or postmasters' staff.

3 Risk appetite and required operational standards



3.2 Policy framework

This policy is part of a framework of postmaster support policies that has been established to set the minimum operating standards relating to the management of postmaster contract risks throughout the business and network in line with Post Office's risk appetite. The framework includes the following policies:

- Postmaster Onboarding
- Postmaster Training
- Postmaster Complaint Handling
- Network Monitoring and Branch Assurance Support

- Network Cash and Stock Management (this policy)
- Network Transaction Corrections
- Postmaster Account Support
- Postmaster Accounting Dispute Resolution
- Postmaster Contract Performance
- Postmaster Contract Suspension
- Postmaster Contract Termination
- Postmaster Contract Termination Decision Review

3.3 Who must comply?

Compliance with this Policy is mandatory for all Post Office employees who deal with Cash and/or Stock supply and management.

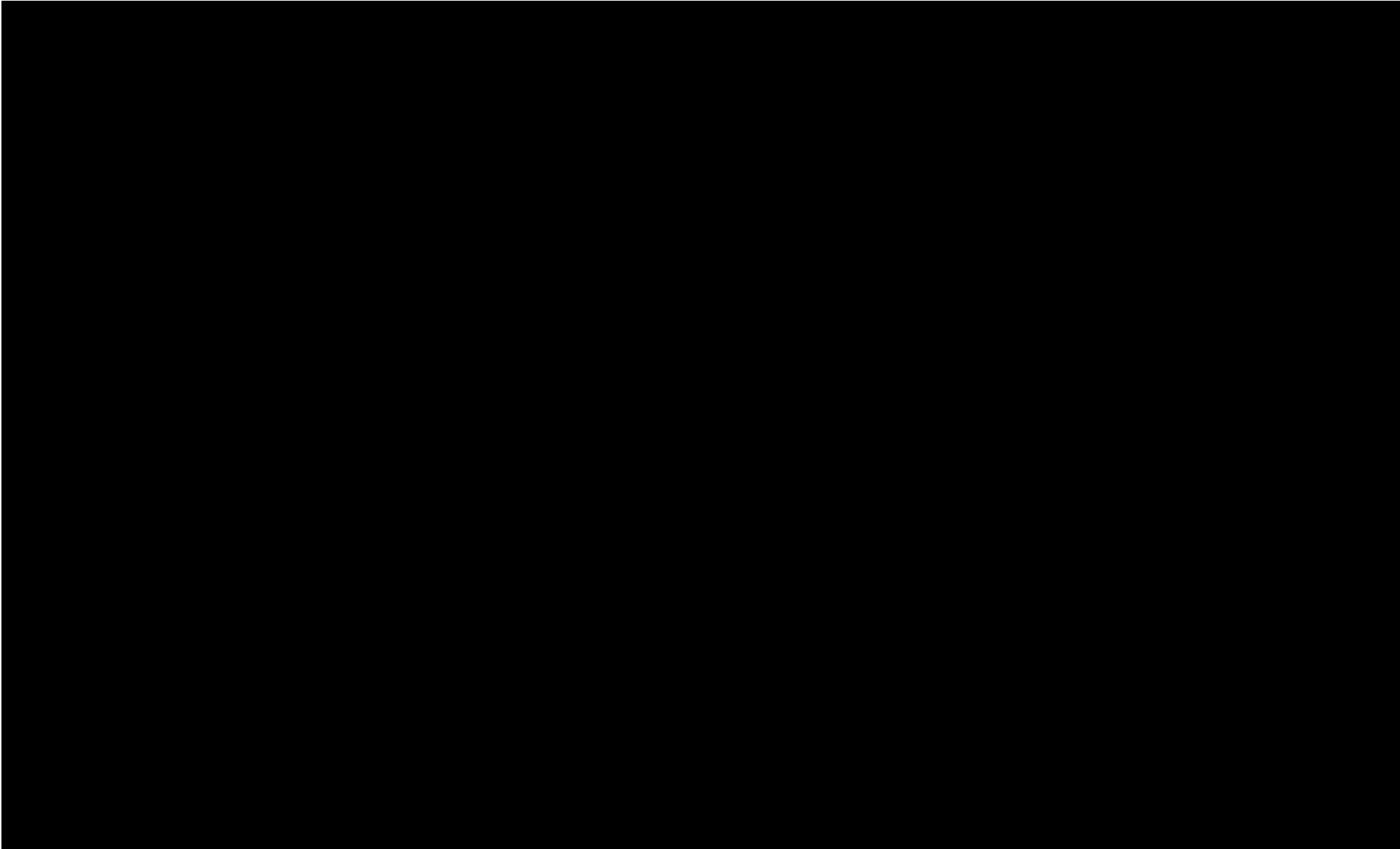
Where non-compliance with this policy by Post Office employees is identified by Post Office, Post Office will carry out an investigation. Where it is identified that an instance of non-compliance is caused through wilful disregard or negligence, this will be investigated in accordance with the Group Investigations Policy.

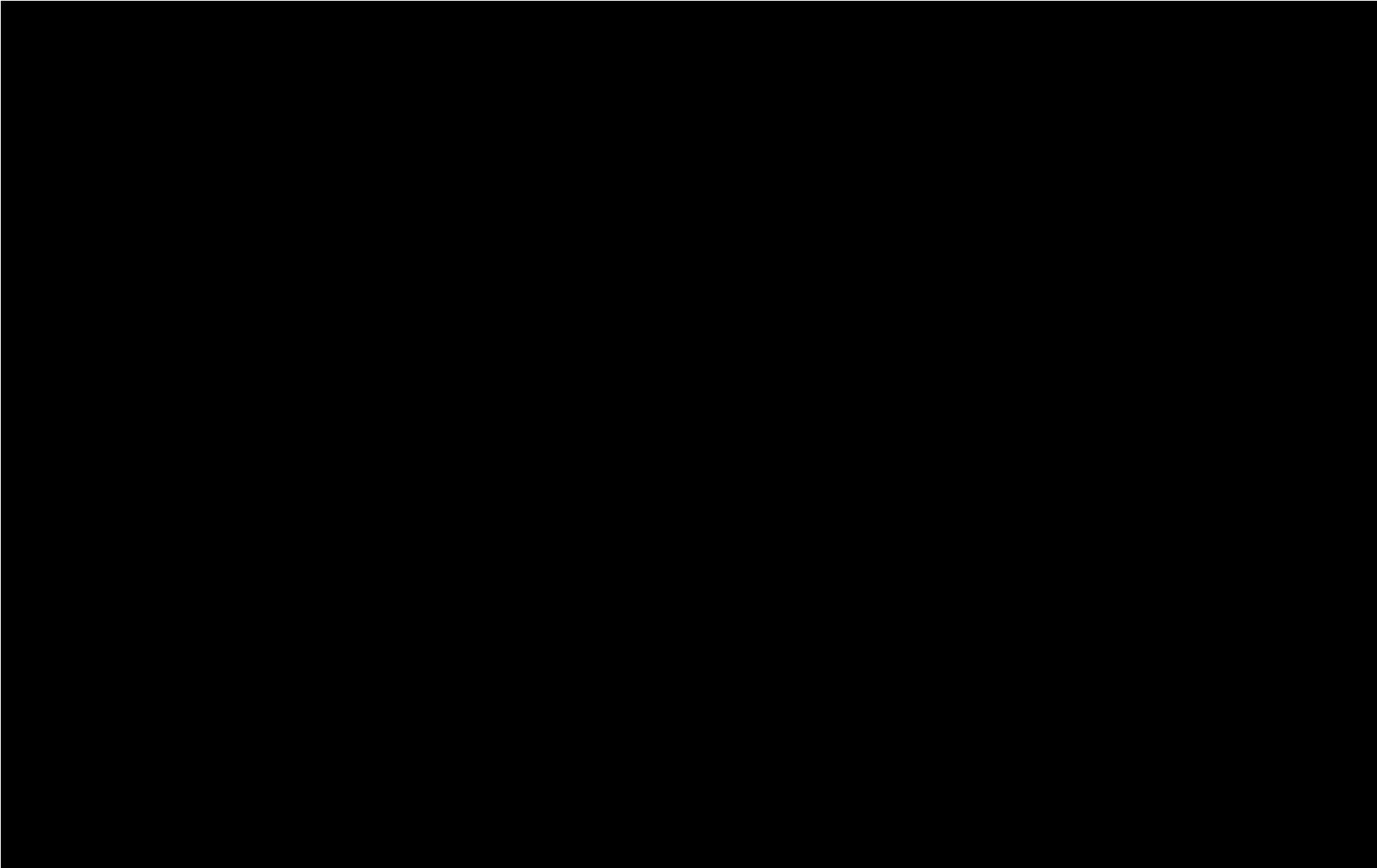
3.4 Roles and responsibilities

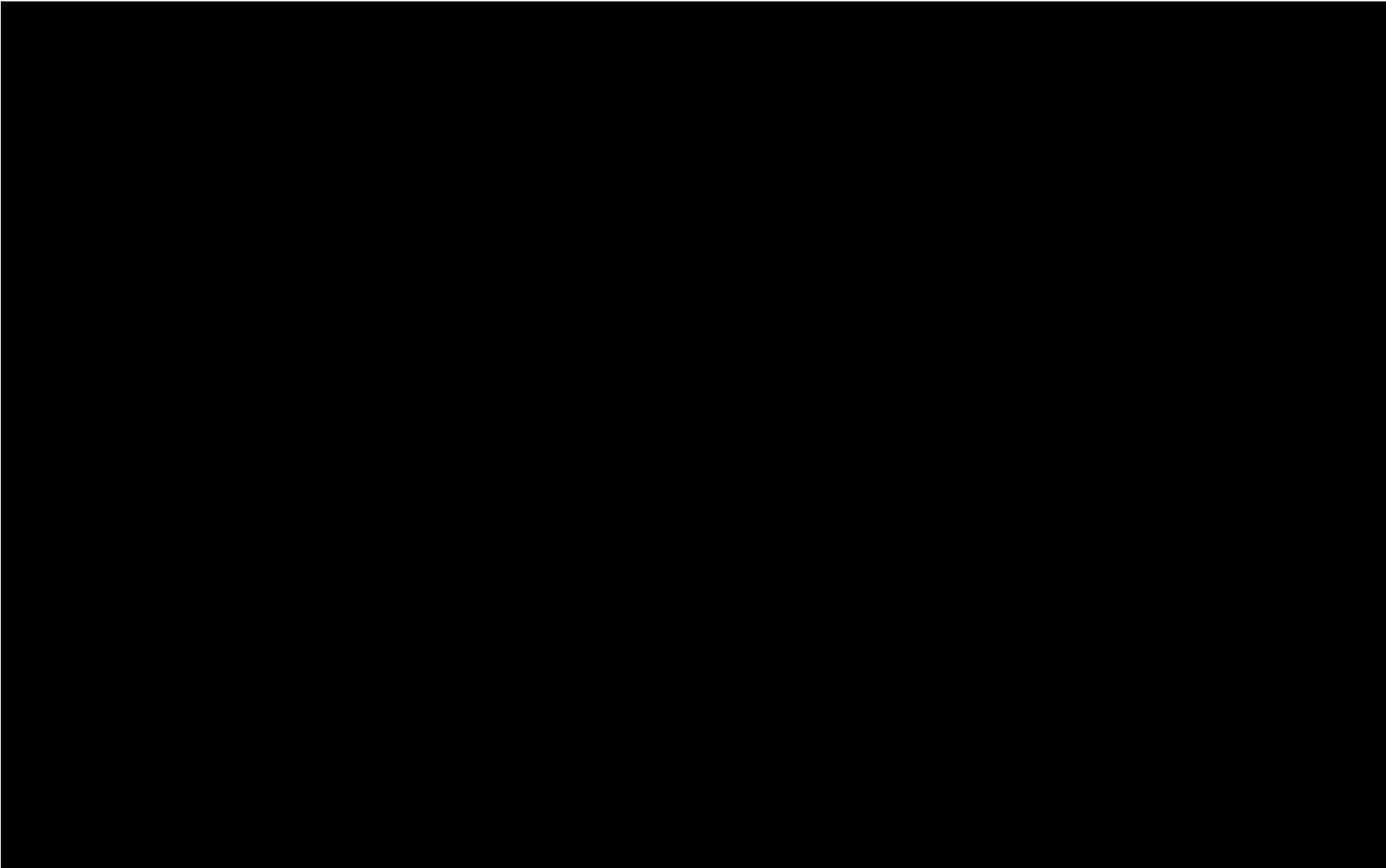
- **Audit, Risk and Compliance Committee** – is the Committee of the Post Office Limited Board which reviews and approves Postmaster Support policies.
- **Risk and Compliance Committee** - is the standing committee of the Strategic Executive Group who review and approve Postmaster Support policies for recommendation to the Audit, Risk and Compliance Committee.
- [REDACTED] is the policy owner, who must comply with the governance responsibilities set out at section 6.1.
- [REDACTED] – is accountable for the deployment of this policy with respect to Cash and supports the team that manages Cash in the network. This role is jointly responsible, [REDACTED] for regularly reviewing the effectiveness of this policy in their respective area (i.e. Cash or Stock) and for drafting any amendments to this policy that may be required.
- [REDACTED] should:
 - be conversant with this policy and linked policies;

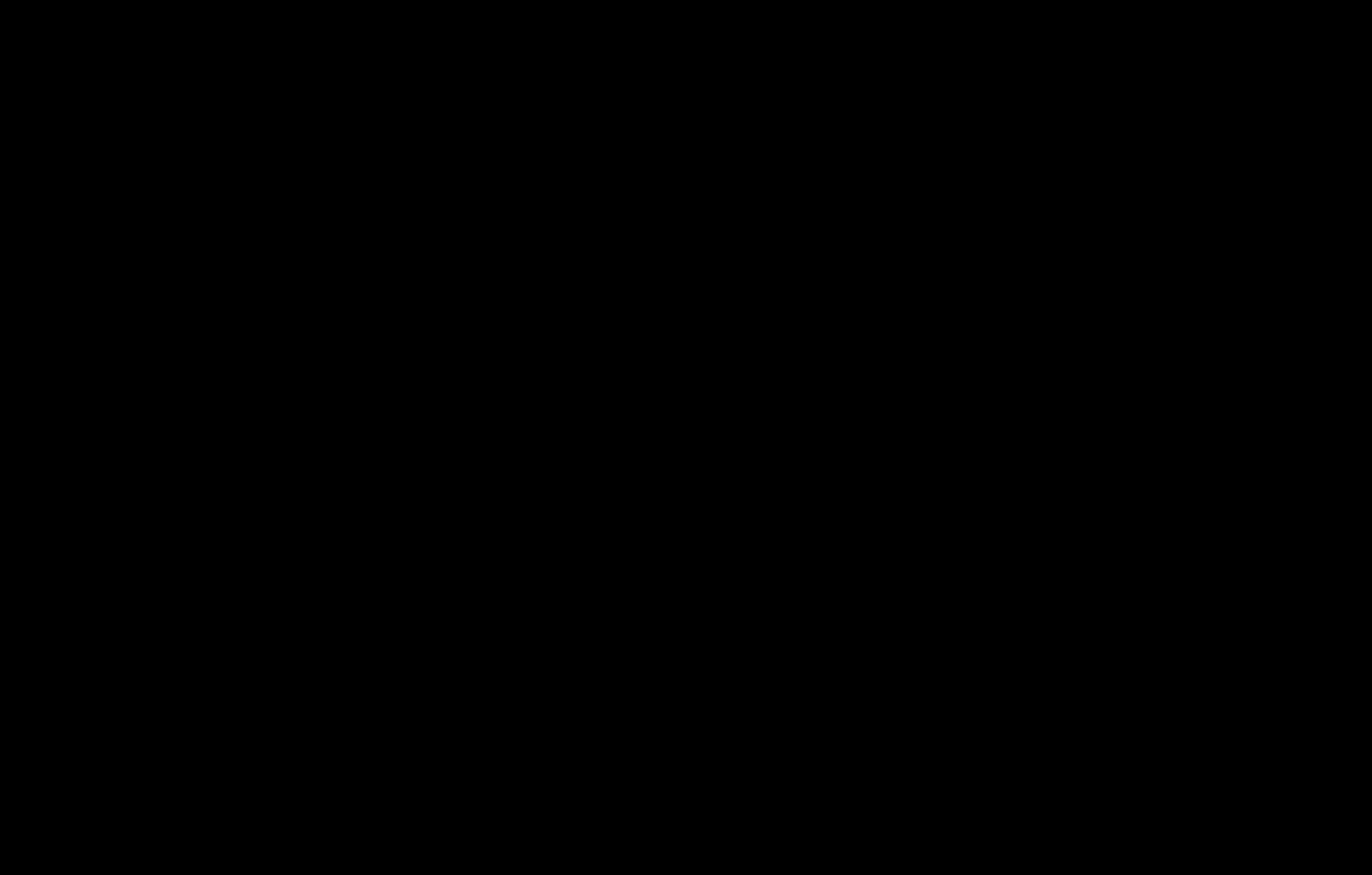
- manage correspondence with branches and offer support following the discovery of a discrepancy or counterfeit note in a cash centre;
 - support branches when a discrepancy in outbound remittances is discovered;
 - guide branches through the steps to dispute the discrepancy;
 - support with contingency arrangements when these are invoked;
 - adhere to agreed Service Levels, where applicable.
- [REDACTED] – should:
 - be conversant with this policy and linked policies;
 - manage correspondence with branches and offer support following the discovery of a discrepancy or counterfeit note [REDACTED];
 - support branches when a discrepancy in outbound or inbound remittances is discovered;
 - guide postmasters through the steps to dispute the discrepancy;
 - support with contingency arrangements when these are invoked;
 - adhere to agreed Service Levels, where applicable.
- [REDACTED] - is responsible for the [REDACTED]
[REDACTED] They should:
 - be conversant with this policy and linked policies;
 - work with branches to ensure that the planned amounts of Cash are sufficient for the branch to properly funded;
 - offer support to branches who have missed a collection or delivery of Cash or Stock;
 - proactively contact branches to discuss Cash level issues;
 - proactively contact branches to advise of delivery failures;
 - proactively contact branches where there is an indication that they are unaware of the service provided by Post Office;
 - support with contingency planning;
 - accept and arrange fulfilment of emergency Stock orders where necessary;
 - support branches with changing philatelic Stock level requirements;
 - support postmasters when a Stock discrepancy in outbound remittances is discovered;

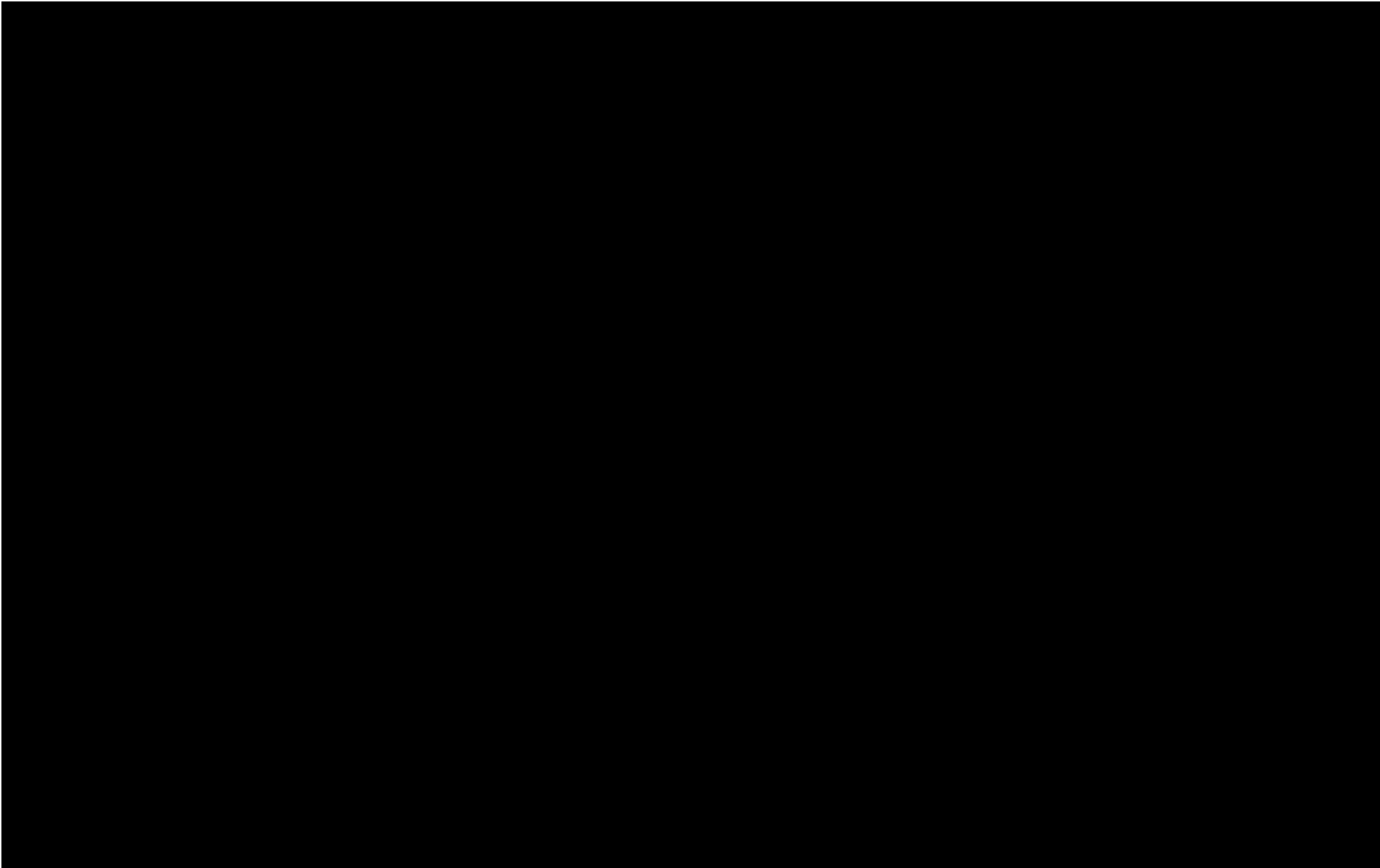
- offer support to branches who have had [REDACTED] failure;
 - adhere to agreed Service Levels, where applicable.
- [REDACTED] is accountable for the deployment of this policy with respect to Stock and supports the team that manages Stock in the network. This role is jointly responsible, with [REDACTED], for regularly reviewing the effectiveness of this policy in their respective area (i.e. Cash or Stock) and for drafting any amendments to this policy that may be required.
- [REDACTED] (Branch Support Centre) – should:
 - be conversant with this policy and linked policies;
 - support branches with Stock discrepancies caused by incorrect accounting of Stock items and Stock adjustments;
 - provide advice on the management of Special Issue Stamp Stock.
- [REDACTED] responsible for identifying issues in branch (such as Stock not being booked in) and highlighting and addressing these issues.

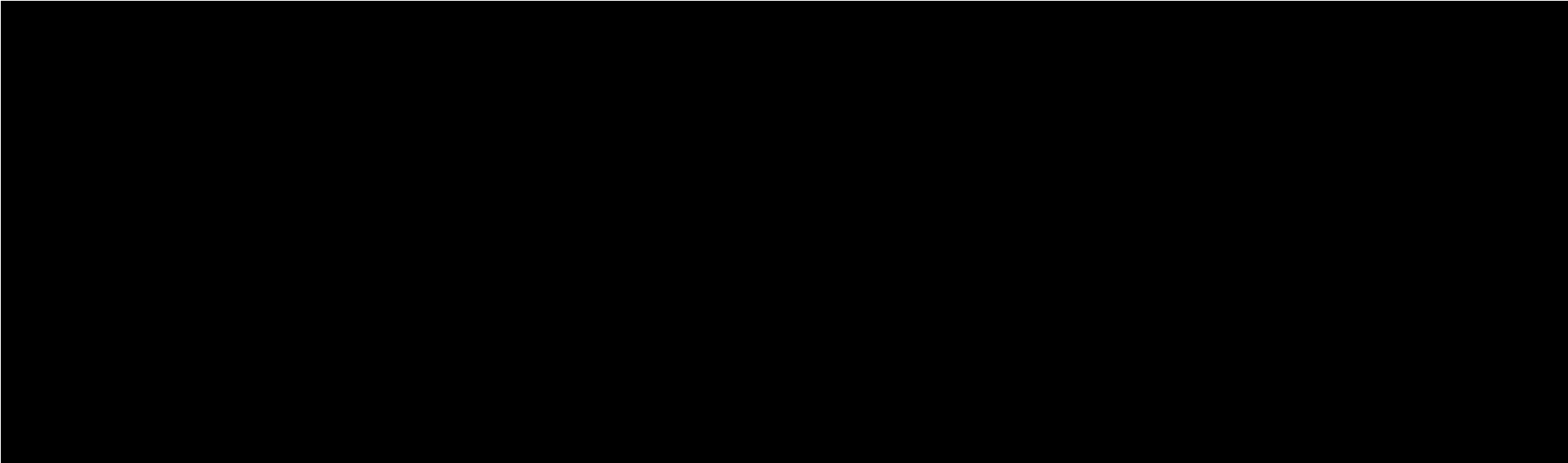








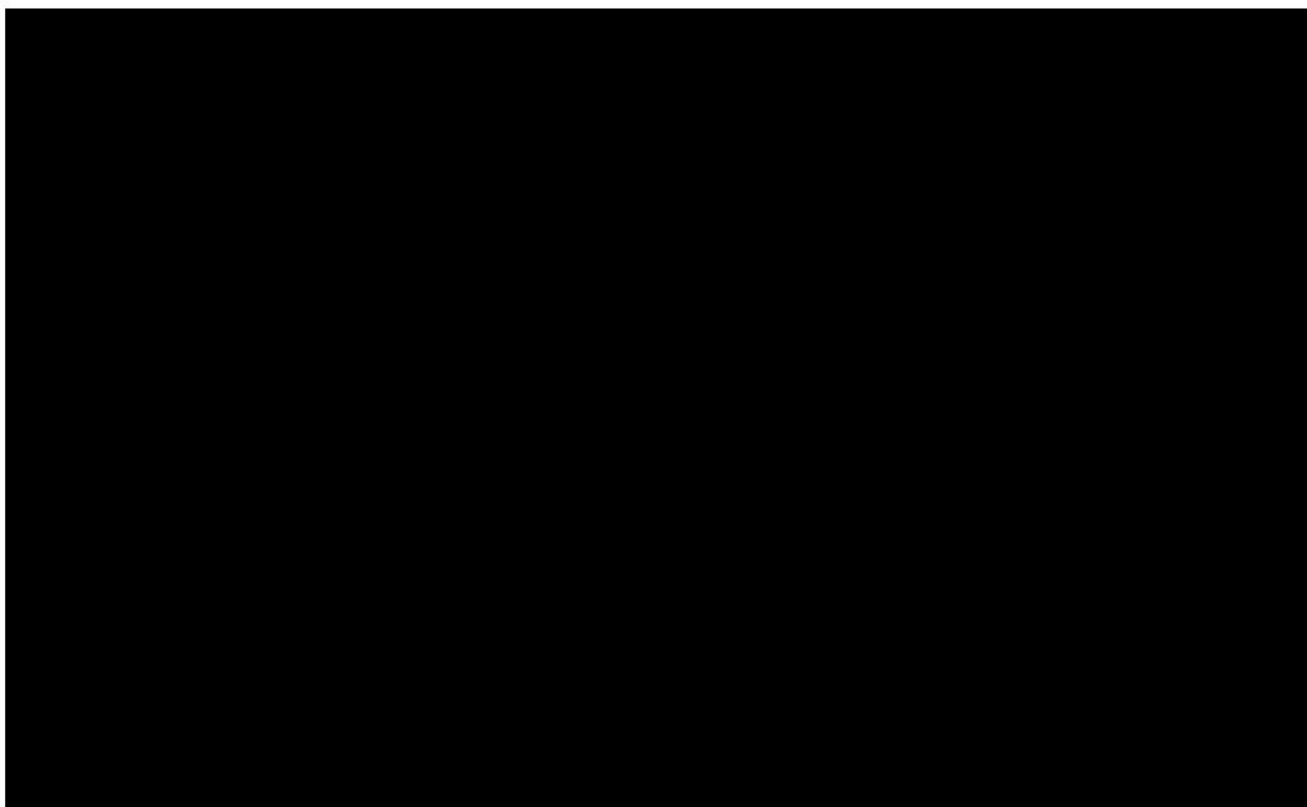




4 Procedures

4.1 Forecasting and planning cash

Post Office aims to meet trading requirements as they vary throughout the year, whilst keeping Cash holdings as low as possible. This ensures that the branch does not need to deal with issues associated with holding excess volumes of Cash and Stock, including additional complexity in day-to-day accounting procedures and increased security risk.



4.3 Stock orders and returns

Standard Stock is ordered by branches [REDACTED]

[REDACTED] are distributed to branches automatically, based on sales and returns figures where possible. Branches can order additional quantities of [REDACTED]

[REDACTED] Post Office will notify branches of the date of expiry and withdrawal of any [REDACTED] [REDACTED] and branches should either destroy these or return them to the [REDACTED] upon instruction.

Any non- deliveries can be reported to the Branch Support Centre.

4.4 Emergency orders

In exceptional circumstances, for example, where there is unexpected demand for Stock or delivery failures, branches can place emergency Stock and Cash orders via the [REDACTED] to ensure that Cash and Stock remains at optimum levels in branch.

4.5 Cash remittance discrepancies

The [REDACTED] receive notifications from the [REDACTED] for inward – i.e., [REDACTED] and from the branch (for outward – [REDACTED] [REDACTED] about discrepancies in remittances and counterfeit notes. In the case of inward discrepancies, they send out notification letters to the branch and outward discrepancies will be raised by the branch. [REDACTED]

[REDACTED] issue Transaction Corrections to the branch to correct inward discrepancies where necessary, according to the Network Transaction Correction policy⁵.

4.6 Foreign Currency remittance discrepancies

The [REDACTED] receive notifications from the [REDACTED] [REDACTED] and from the branch (for outward – [REDACTED] [REDACTED] about discrepancies in remittances, including outmoded, unacceptable and counterfeit notes. In the case of inward discrepancies, they send out notification letters to the branch and outward discrepancies will be raised by the branch. [REDACTED]

[REDACTED] issue Transaction Corrections to the branch to correct inward discrepancies where necessary, according to the Network Transaction Correction policy.

4.7 Stock remittance discrepancies

100% of Stock orders sent to branches are checked for accuracy, in order to minimise discrepancies. However, if the contents of the order do not match the relevant advice note, the branch should contact the [REDACTED] who will provide appropriate support.

⁵ The Network Transaction Correction policy [REDACTED]

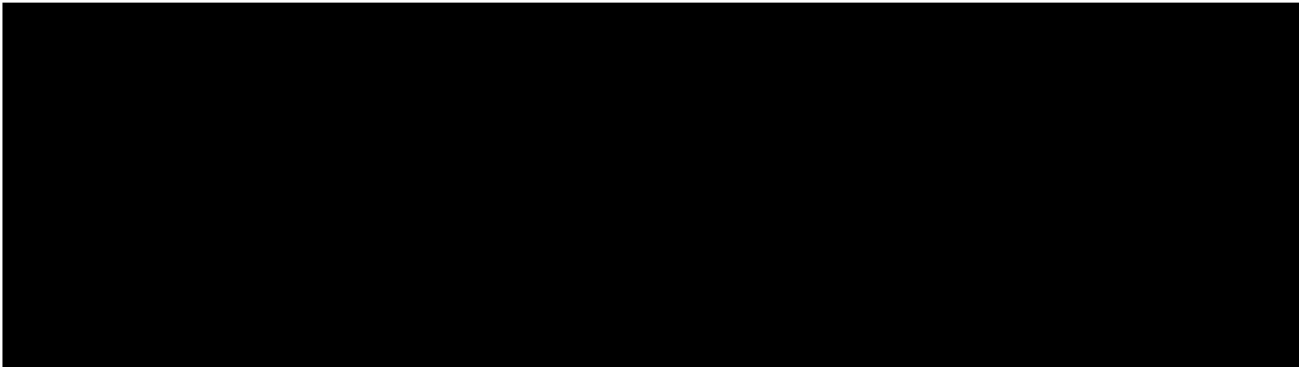
4.8 Requiring more information about, or disputing, a Transaction Correction

Should a branch require more information about a Transaction Correction than is contained in the narrative for that Transaction Correction, the branch can call [REDACTED] for support [REDACTED]

If the postmaster wishes to dispute a Transaction Correction, a dispute can be raised [REDACTED]

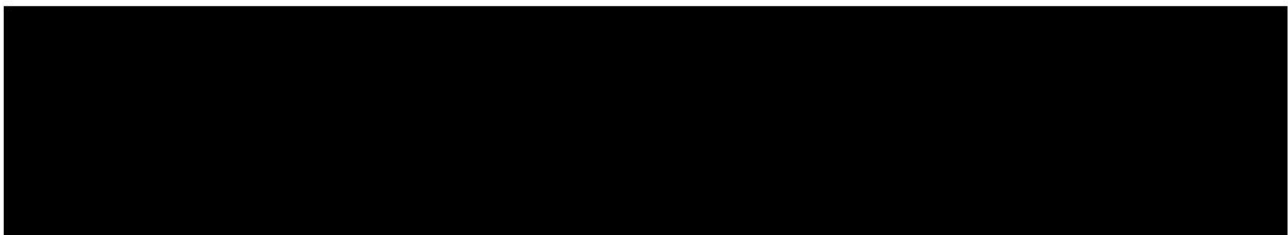
If the Transaction Correction dispute is still not resolved to the satisfaction of the postmaster, the case can be further escalated internally.

Please refer to the Postmaster Accounting Dispute Resolution policy⁶ for more information on the processes in place when a Transaction Correction is disputed.



4.10 Control framework (controls reporting risks and process)

Self-assessment controls are in place around the risk descriptions, in section 3.5 of this policy, and these must be adhered to.



4.12 External assurance

The end-to-end cash operation [REDACTED] is ISO 9001 compliant and is also assured independently each year.

⁶ The Postmaster Accounting Dispute Resolution policy [REDACTED]



5 Where to go for help

5.1 Additional policies

This Policy is one of a set of policies. [REDACTED]

5.2 How to raise a concern

Any postmaster, any postmaster's staff or any Post Office employee who suspects that there is a breach of this Policy should report this without any undue delay.

If a postmaster or any postmaster's staff are unable to raise the matter with the area manager of the relevant branch or if a Post Office employee is unable to speak to her or his line manager, any person can bring it to Post Office's attention independently and can use the Speak Up channels for this purpose. Any person can raise concerns anonymously, although disclosing as much information as possible helps ensure Post Office can conduct a thorough investigation.

For more details about how and where to raise concerns, please refer to the current Speak Up Policy [REDACTED]

Please note that a postmaster may also contact the National Federation of Sub-Postmasters (NFSP) for help and support, by contacting their helpline on 01273 452324 or by emailing admin@nfsp.org.uk.

5.3 Who to contact for more information

If you need further information about this policy or wish to report an issue in relation to this policy, please contact the [REDACTED]

6 Governance

6.1 Governance responsibilities

The Policy sponsor, the Group Chief Retail Officer of Post Office, takes responsibility for policies covering their areas.

The Policy Owner is the [REDACTED] who is responsible for ensuring that the content is up to date and is capable of being executed. As part of the review process, they need to ensure that the minimum controls articulated in the policy are working or to identify any gaps and provide an action plan for remediation

Additionally, [REDACTED] are responsible for providing appropriate and timely reporting to the Risk and Compliance Committee and the Audit, Risk and Compliance Committee as required.

The Audit, Risk and Compliance Committee is responsible for approving the Policy and overseeing compliance.

The Board is responsible for setting Post Office's risk appetite.

7 Document control

7.1 Document control record

Summary

GE policy sponsor	Standard owner	Standard implementer	Standard approver
Martin Roberts (Group Chief Retail Officer)	[REDACTED]	[REDACTED]	R&CC/ARC
Version	Document review period	Policy – effective date	Policy location
4.0	Annual	05/2024	Postmaster Support Policies [REDACTED]

Revision history

Version	Date	Changes	Updated by
0.1	13th February 2021	Draft Version	[REDACTED]
0.2	15th February 2021	Amendments following review by [REDACTED]	[REDACTED]
0.3	2nd March 2021	Amendments following legal and SME review	[REDACTED]
0.4	8th March 2021	Amended risk appetite statements	[REDACTED]
0.4.1 & 0.4.2	9th and 19th March 2021	Amendments following operational review	[REDACTED]
0.4.3	29th March 2021	Amendments following ARC review	[REDACTED]
1.0	30th March 2021	Final Version approved by ARC	[REDACTED]
1.1	27th April 2021	Second legal review Alignment with other postmaster support policies	[REDACTED]
1.2	4th May 2021	Risk appetite amendment	[REDACTED]
1.3	11th May 2021	Updated TC Disputes contact number in 4.7	[REDACTED]
1.4	25th May 2021	Added linked policy statement to front page Added reference to the Group Investigations Policy to section 3.3 Who Must Comply? Updated link to section 5.1 Added footnotes to link to other policies referred to in this policy.	[REDACTED]
1.5	17th February 2022	Annual Review 2.2 Addition of section stating that a postmaster may authorise someone to act on their/its behalf 2.5 and 3.5 [REDACTED]	[REDACTED]

		<p>3.1 Updated risk appetite statements to include Operational statements</p> <p>3.4 Updated job role responsibilities</p> <p>Minor changes to wording in 3.5 Minimum Control standards</p> <p>Revised section 4.5 to reflect new disputes process around cash discrepancies.</p> <p>5.2 Added reference to NFSP</p>	
2.0	1 st April 2022	Amended version number following approval	
2.1	10 th May 2022	2.5 and 3.5 [REDACTED]	
2.2	5 th July 2022	6.1, 7.1 Updated policy sponsor Font updated to Nunito Sans	
2.3	14 th November 2022	<p>Annual Review</p> <p>2.3 Extra principle added about root cause</p> <p>3.4, 3.5 and 4.4 Changed the responsibility for stock orders and missed deliveries from BSC to [REDACTED]</p> <p>amended sample stock order checks from quarterly to bi-annually and Clarification given to the point about stock orders being picked within 48 hrs</p> <p>4.4 Added in emergency order contact details</p> <p>5.2 Added Speak Up contact details</p>	
3.0	27 th January 2023	Updated to full version number following approval at ARC	
3.1	8 th December 2023	<p>Updated owner</p> <p>3.1 Amended risk exception statement</p> <p>3.2 Updated framework policy name – Contract Termination Decisions Review</p>	
3.2	18 th March 2024	<p>Annual Review</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>2.5 Risks updated</p> <p>3.4 Moved two stock responsibilities from BSC to [REDACTED]</p> <p>3.5 Minimum Control Standards changed to Policy Required Operational Standards</p> <p>4.2 Added in a note on stock levels branches are advised to keep</p> <p>4.4 Replaced BSC [REDACTED]</p> <p>4.5 Removed reference to the Decision Review Panel</p> <p>4.6 Additional section on Foreign Currency discrepancies</p> <p>4.9 [REDACTED]</p> <p>4.12 New section on external assurance</p> <p>5.2 Added in NFSP contact details</p>	
4.0	21 st May 2024	Updated to full version number following approval at ARC	

7.2 Oversight committee

Oversight Committee: Risk and Compliance Committee and Audit, Risk and Compliance Committee

Committee	Date approved
POL R&CC	7 th May 2024
POL ARC	21 st May 2024

Next review: 31 MAY 2025

7.3 Company details

Post Office Limited and Post Office Management Services Limited are registered in England and Wales. Registered numbers 2154540 and 08459718 respectively. Registered Office: Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ.

Post Office Management Services Limited is authorised and regulated by the Financial Conduct Authority (FCA), FRN 630318. Its Information Commissioners Office registration number is ZA090585.

Post Office Limited is authorised and regulated by Her Majesty's Revenue and Customs (HMRC), REF 12137104. Its Information Commissioners Office registration number is Z4866081.

VAT registration number GB 172 6705 02. Registered office: Finsbury Dials, 20 Finsbury Street, London, England EC2Y 9AQ

