



BANKING SERVICES

Refer to 2005 Deed Glossary for Defined Terms

The fundamental requirements of banking services are outlined in the Deed. In particular, a Scheme Agent must:

- use the bank and bank accounts established by the Nominal Insurer and interact electronically with the bank regarding receipts, payments and reconciliation files
- use separate bank accounts for receipt and payment of funds
- not withdraw or transfer funds from the receipts account
- be responsible for the bank reconciliation process on all Payments/ receipts Accounts
- ensure that all receipts are banked to the receipts account in a timely manner as specified in the Deed and offer electronic services for Employers to pay amounts owing, such as BPAY or EFT, as well as more conventional means, such as cheque
- ensure that payments are only for Approved purposes and are in the form of electronic funds transfers or bank cheques, except in emergency situations when manual/corporate cheques may be used
- ensure there are effective internal controls over receipts and Payments to ensure potential errors and fraud are eliminated

Westpac has been appointed as the exclusive banker to the Nominal Insurer and the Workers Compensation Insurance Fund (WCIF) and will provide services to all Scheme Agents.

The arrangement between the Nominal Insurer and Westpac specifies what services will be provided. The cost of those services that will be met by the Nominal Insurer and those that the Scheme Agent is required to pay from its own funds, are detailed in the appendices to this Document.

If a Scheme Agent wishes to use services outside these arrangements, the Nominal Insurers prior Approval is required and the Scheme Agent will meet the cost of these services from its own funds.

The total of payments made by an agent from all of their WCIF Payments Accounts are not to exceed \$10 million per day. Westpac will reject files that exceed this limit. Accordingly scheme agents are required to closely monitor payment levels especially in high payment periods such as when BAS payment are due to ensure the limit is not exceeded.

A Scheme Agent is required to appoint at least two verifying officers who are acceptable to the Nominal Insurer to operate the Scheme Agent's WCIF accounts, including approving corporate/manual cheque signatories. Verifying officers must ensure that appropriate persons operate the account and proper Records are kept of those persons, including the dollar limits on payments that they are permitted to approve. If these persons leave the employ of the Scheme Agent, verifying officers are to remove their access to accounts and ensure Westpac is advised immediately. If a verifying officer leaves the employ of a Scheme Agent, the Scheme Agent Principal is to advise the Nominal Insurer immediately and nominate an acceptable replacement officer.

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Minimum operational requirements

The minimum operational requirements are for the banking arrangements as defined in Schedule 11, Subsection 3.1.1(c) of the Deed. In particular a Scheme Agent must:

- Ensure that systems are set up to meet the banking needs outlined in the Deed and Operational Document Set, including establishing and being able to operate receipts and Payments Accounts of the WCIF with the banker to the Nominal Insurer.
- If payment files are to be transmitted to Westpac using any mechanism other than Westpac's Corporate on Line system, implement a fully tested, point-to-point link between the Scheme Agent's data centre, where the Workers Compensation IT system is located, and Westpac, which complies with the security needs of both Westpac and the Nominal Insurer regarding the functions for which the system will be used. At a minimum, this connection will be used for:
 - (i) transmitting files to the Westpac Payments Processing System (PPS)
 - (ii) receiving transaction files from the Payments and receipts Accounts (including EFT Premium payments from Employers).

The Westpac XCOM/PGP banking server deployed on a Scheme Agent's premises is regarded as meeting this requirement. An un-encoded Internet transmission of files does not meet this requirement.

- Test the ability of the Claims, Policy and financial systems to produce a file in the format required by the PPS for the production of EFTs, bank cheques and related remittance advices. Apart from emergency payments all payments and remittance advices must be made via PPS.
- Establish appropriate policies for the reconciliation of bank accounts, including EFTs of Premiums made by Employers to the Scheme Agents' accounts.

The above requirements refer to the banking arrangements only. Internal control requirements are set out in the Deed.

Contractual Banking Arrangements

The Nominal Insurer holds the contract with Westpac for banking services. As such the Nominal Insurer is responsible for transactional banking facilities such as the opening of all bank accounts and for arranging additional banking product modules such as Payment Processing Service, BPAY and Direct Debit services (including obtaining vendor numbers). All requests for banking services are to be lodged with the Fund Financial Controller who will arrange for Westpac to assist with the implementation of new banking products.

Direct Debit Facilities

Direct Debit Agreement

Where a Scheme Agent requires the use of a direct debit facility the Scheme Agent must execute a "Direct Debit Request Service Agreement" with Westpac. The Nominal Insurer has negotiated a standard Direct Debit Request Service Agreement with Westpac and it is this standard agreement that is executed by the Scheme Agent and Westpac. (Refer Appendix 3)

The Scheme Agent is to strictly comply with the terms and conditions in this Agreement.

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The Scheme Agent must immediately inform the Nominal Insurer of:

- any non-compliance, or likely non-compliance, with the Agreement; and
- any complaints, queries or requests received from Westpac or an Employer in relation to the Agreement

Direct Debit Request

Where Direct Debit facilities are used by Scheme Agents to access an Employer's nominated bank account for the payment of Premiums, before any withdrawals from the Employers account are made the Scheme Agent is to ensure that:

- a standard Direct Debit Request Form as contained in appendix 3 is provided by the employer. Any changes to the standard Direct Debit Request Forms are to be approved by the Nominal Insurer and by Westpac.
- approval is obtained from a person who has the Employer's authority to agree to such a transaction. Approval must be in the form of a Direct Debit Request Form manually signed by the Employer or a person authorised to sign on behalf of the Employer;
- details of the transaction including the date(s) of the withdrawal(s) and amount(s) are provided to the Employer; and,
- the Employer is aware that if insufficient funds are available in their bank account to meet the Direct Debit then as detailed in the Premium and Debt Collection Manual, the remaining premium is due in full and late payment fees will be charged.

Fees and charges - Unauthorised withdrawals

If the Scheme Agent makes an unauthorised, incorrect or mistaken withdrawal from an employer's bank account, the Scheme Agent is responsible for reimbursing all fees and charges incurred by the employer, together with any fees levied by Westpac on the Nominal Insurer, in reversing the transaction from their own funds not those of the Nominal Insurer.

Fees and charges – disputes and queries

The Scheme Agent is responsible for any amount that is paid to or withdrawn by Westpac in connection with a dispute or query under clause 2 (c) of the Debit User Agreement, and is to immediately reimburse the Nominal Insurer for any such amount that is paid to or withdrawn from the Nominal Insurer's funds.

Requirement for managing information

The Scheme Agent is required to ensure that the employer's bank account details are managed with due probity and security.

The Scheme Agent must take all necessary care in ensuring the bank account and debit amount details provided by Employers are correct.

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User identification numbers

The Scheme Agent is to notify the Nominal Insurer's Fund Financial Controller within 7 days of receipt of all user identification numbers issued by Westpac to the Scheme Agent.

Westpac issues user identification numbers for the following facilities:

- Direct entry
- Direct debit
- Merchant

Bank fees and charges that will be met by the Nominal Insurer

The fees and charges that will be met direct by the Nominal Insurer will be adjusted over time to ensure that appropriate levels of service are provided to Workers and Employers.

A Scheme Agent is required (under the *Premium and Debt Collection Manual*) to charge the Employer with the appropriate dishonour fees.

If a Scheme Agent allows payments to be made by Credit Card including via BPAY or Direct Debit, all associated credit card fees and charges are to be met by the Scheme Agent, not by the Nominal Insurer. A service fee is not to be levied on Employers who elect to pay by Credit Card.

Refer Appendix 1 for the services that are currently covered by the Nominal Insurer.

Refer Appendix 2 for the services that are not currently covered by the Nominal Insurer. The costs of these services are to be arranged between the Scheme Agent and Westpac. Where Westpac charges the Nominal Insurer for these services, the Nominal Insurer will invoice the Scheme Agent on a monthly basis.

Corporate on Line

As part of the move from Westpac's standalone PC based DeskBank system to their internet based Corporate on Line (CoL) system, the Nominal Insurer has determined that the Scheme Agents will no longer be able to access the Nominal Insurer's banking facilities from a CoL system managed by a Scheme Agent. Rather each Scheme Agent has been established as a separate CoL "office" of the Nominal Insurer. This has enabled the Nominal Insurer to apply the following minimum governance requirements to its accounts:

- A person can only be either an "Administrator", "Authoriser" or "Creator" in the CoL system. They cannot occupy more than one of these roles.
- Two administrators are required for all administration tasks, one to prepare/authorise the task and another to also authorise the administration task. One of these persons can be primary administrator and the other person either a primary or a secondary administrator.
- Two authorisers are required to approve all payments. One of these persons can be primary authoriser and the other person either a primary or a secondary authoriser.
- A user can be restricted to particular transaction types (payments, receipts, account balances) and particular bank accounts.
- As COL is an Internet based system a person with a CoL role can be based in any office of the Scheme Agent's in NSW or other state

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The cheme Agent Principals are required to approve of all persons who they wish to be creators or authorisers in the CoL system and the functions (CoL facilities) they can access. Additionally in the case of authorisers the Scheme Agent principal is to also advise if the person is to be a primary or secondary authoriser and the financial limits that are to apply to that person including:

- Payment daily limit
- Payment transaction limit for an on line payment. (The maximum amount of a payment that can be made)
- Import daily limit – (The total amount of PPS/EFT files for a day that can be authorised.)
- Import individual transaction limit (The maximum amount that can be included for a particular transaction in a PPS/EFT file.)

While the Nominal Insurer is not a NSW Government agency it has been determined that the governance principles applied to such agencies are a good governance framework and accordingly have been adopted by the Nominal Insurer. These principles are:

- *Enforce strict “separation of duties” between Corporate Online (COL) Creators and approvers of payments.* The Nominal Insurer will incorporate this in its COL set up.
- *Users should have time limits placed on their access . User access for holidays/other leave should also be suspended.* All persons will only be allowed to access Col between 7:00am to 7:00pm Monday to Friday. If a Scheme Agent considers access is needed outside of these hours Approval of the Nominal Insurer is to be obtained. Administrators will be required to suspend a user when they are on more that 5 days leave
- *Users should not access COL from offices other than those approved by NSW Government.* A Scheme Agents premises including offices of related companies are considered Approved sites to access the Nominal Insurers COL system. As part of the Scheme Agents regular communication to staff, users are to be advised that they cannot access the Nominal Insurers COL functionality from other premises including from home.
- *Enforce payment templating so that payment creators can only create Payments to authorised vendors.* A Scheme Agents control over who Payments can be made to is primarily controlled through their claims and policy systems that record vendors/injured Workers BSB and account number for electronic payments and name/address details for Payments made by Westpac Bank Cheque. The Scheme Agent contract requires that appropriate internal controls be in place over Payments and this includes ensuring that appropriate controls are in place over these payment details. A Scheme Agents external auditors will as part of their audit, ensure that appropriate internal controls are in place over Payments
- *Mandatory use of token security within COL for Payment authorisation.* All authorisers of Payments are under the Nominal Insurer’s CoL setup required to use a token.
- *Create and enforce token management policy.* Scheme Agents are required to ensure that:
 - Tokens are stored by Administrators/Authorisers in a locked desk drawer when not in use
 - Passwords that are used in conjunction with the token are not to be written down
 - Tokens are not to be taken outside of Scheme Agent offices
- *Create and enforce policy on the payment authorisation process, with emphasis on payment and payment file validation.* This should be multi level and linked to segregation of duties. A Scheme Agent will be required to have a person prepare a Payment and two other persons authorise it. For payment files imported into the COL system a Scheme Agent is required to implement appropriate procedures and cross checks to ensure that the Payment files have not been inappropriately amended since the file was created in the Scheme Agent’s claims and/or policy system.

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- *Maintain payment limits within Col at the lowest practical level.* AScheme Agents daily payment limit is currently set at \$10 million per agent. This amount meets normal needs with occasional need to adjust payment timing such as during payment peaks such as those arising from GST payments to the ATO, to ensure that the cap is not breached. In addition individual payment authorisation limits apply to each payment authoriser based on advice from the Scheme Agent Principal including:
 - Total Daily payment limits
 - Payment transaction limit
 - Import file total daily limit
 - Import file individual transaction limit
- *Users to check COL website digital certificate before proceeding, ensuring validity of the COL website and the encrypted connection.* As part of a Scheme Agent's regular communication to staff on IT matters, a Scheme Agents principal is to ensure staff are advised of these requirements.
- *Users to understand that all activity logging on COL is centralised, detailed and unmodifiable.* As part of a Scheme Agent's regular communication to staff on IT matters a Scheme Agent Principal is to ensure staff are advised of these requirements.
- *Other IT practices not specifically related to COL, that the Government guidelines consider should be introduced. These include:*
 - *Promulgate a "PC use policy" covering appropriate uses; password (i.e. no password sharing) and Internet download policy etc. Where practical, these should be enforced using technology and business practices (e.g. the use of a Standard Operating Environment preventing normal users installing software).*
 - *Conduct training of COL users that included general PC security around phishing, recognising secure sites and PC use policy.*
 - *Enforce prudent security standards around the currency of rule sets on border/perimeter internet and internal firewalls, Intrusion Prevention, Anti Virus and Anti Malware so as to minimise any "attack surface" to the government from the outside*
 - *Inclusion of these controls and the threat model in subsequent security audits and maintenance of the currency of those threats/risks and mitigants.*
 - *Appropriately published and sanctioned disciplinary actions for breach of these controls.*

A Scheme Agent is to ensure that these issues are appropriately addressed in their general IT controls. These controls will be audited on a regular basis.

References

Premium and Debt Collection Manual

2005 Deed Schedule 2

2005 Deed Schedule 11

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Appendix 1

COSTS MET BY THE NOMINAL INSURER

Transactional Banking
Bank Generated Transactions
Electronic Credits to accounts
Electronic Debits to accounts
Cheques Deposited
Cheques Written
Depositor Identified Branch Deposits
Paper Withdrawals done at Branches
Paper Deposits lodged at Branches
Account Maintenance fee (per account)

Direct Pick-Up Service
Non Armored Vehicle Service fee approved by the Nominal Insurer on a case by case basis

Receivables Products
BPAY *
Debit account payment – Westpac and other banks
BPAY Establishment
Direct Entry Receivables
Direct Entry Returns
Direct Entry Debit transactions
Direct Entry Debit Establishment – new facilities
Inward Cheque Dishonours

** In the event any credit card service was to be utilised, all associated credit card fees and charges are to be met by the Scheme Agent and not passed on, nor is a service fee to be levied for these or associated transactions.*

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Payment Services

Direct Entry payments - to Westpac account or other Bank
Direct Entry Credit Establishment
Direct Entry Transmission
Direct Entry Credit Transactions (payroll)
Direct Entry Credit Transactions
Recall Items
Late Processing
Direct Entry Exceeded Limit
Direct Entry Returns
Incomplete Items/file
Recall Files
Rejected Direct Entry Item
Extend Payment cutoff
Extend file cutoff

Payment Processing Services (PPS)

Establishment
Setup Artwork / Layouts etc Additional Remittance Format layouts
Service Service Description
Cheques ²
Next Day Mail Cheque with single page remittance advice File received between 8:30 am and 5:00 pm the day prior
Next Day Mail – Overseas postal address Cheque with single page remittance advice File received between 8:30 am and 5:00 pm the day prior
Return to Customer Cheques (Next day) Cheque with single page remittance advice File received between 8:30 am and 5:00 pm the day prior
Additional Remittance Pages Per page
Direct Credits
Electronic Payments No remittance
Mail, Fax or email (text or PDF) Remittance (including payments) Single or multiple pages
Ancillary
Stopped Cheque Per transaction
Unpresented cheque report

¹ The cheques will be black-and-white and dispatched direct by Westpac, not returned to the Scheme Agent unless approved by the Nominal Insurer. (Refer note below on return of cheques to Scheme Agent). Any other inserts with the cheque are to be negotiated direct with Westpac and are at the Scheme Agent's cost.)

Return of cheques to Scheme Agent

Approval to return bank cheques to a Scheme Agent will be given where payment is to an organisation that requires the cheque to be attached to an application form, such as the NSW Police or Centrelink. To ensure appropriate internal control, these cheques must be returned, processed and dispatched by a department within the Scheme Agent's organisation that is not the department that initially processed and/or approved the payment.

If a Scheme Agents requires cheques to be couriered back to them they are responsible to pay the fees involved (Refer Appendix 2 - Costs not met by the Nominal Insurer). The Nominal Insurer will be invoiced monthly for these fees by Westpac and will in turn invoice each Scheme Agent monthly to recoup these costs.

To avoid the courier costs the agent can have the PPS cheque addressed to the department in the agent referred to in the first paragraph above.

Bulk-stop payments

A batch can contain anywhere from 500 to 5,000 stops,

Bulk stops must be supplied in a spreadsheet containing the following details.

BSB

account number

amount

serial/cheque number

payee name

issue date

reason for stop – i.e. lost, stolen or destroyed.

The spreadsheet must not contain any presented cheques, as this will complicate the process

Normal service levels do not apply to bulk stops – service levels will be judged on a case-by-case basis. Special bulk-stop pricing only applies for requests containing more than 500 stops.

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Corporate on Line

Establishment Fees
On site training (if required)
Access fee – per user fee (standard user and authenticating user)
Account transaction information
Current data updates – automatic and manual
On-demand export schedules
Data retrieval – per search
Image retrieval request
Stop Payments via Corporate Online
SecureID Tokens including reasonable level of replacements
Support maintenance agreement
Reset Password by Westpac support service (tel 1300 134 291)
Domestic and International EFT Transfers/Payments to Westpac account, other banks and tax payments
RTGS Payments via COL (emergency payments only) - Immediate and same day

Branch Services – Domestic and International

Audit Certificates - Statement of balance and complex preparation
Cheque Encashment Authorities – establishment and annual fee
Deposit Books- Ordinary, Duplicate and Triplicate
Stop Payments
Tracings
Voucher Retrievals
Negotiation of foreign currency cheques / Bank Drafts
Request a draft, repurchase, request a replacement, request confirmation of payment
Telegraphic Transfers – Overseas
Outward Overseas Telegraphic Transfers – –(where Corporate on Line is unable to be used)
Inward Overseas Telegraphic Transfers credited to WCIF receipts account

This is not an exhaustive list but represents commonly used services. Where services are not listed the Fund Financial Controller should be consulted

Appendix 2

COSTS NOT MET BY THE NOMINAL INSURER

Direct Pick-Up Service

All services except **Non Armored Vehicle Service** fees specifically approved by the Nominal Insurer

Receivables Products

BPAY

Credit/Debit Card Payments Westpac and other bank

If any credit card service is utilised all associated credit card fees and charges are to be met by the Scheme Agent and not passed on, nor is a service fee to be levied for these or associated transactions

Merchant Service fee – Westpac and other bank

Electronic tracing fee

Merchant Services – EFTPoS - all services

Stand Alone and Mobile Terminals - all services

Integrated terminals - all services

Batch Advantage - all services

Paper Credit card Transactions (Click Clack Machines) - all services

Merchant Fee (credit card transactions)

Transaction Fee (credit/debit card transactions)

Bill Payment at Westpac Branch by Agency Customer – all services

Bill Payment/Agency Deposit at Australia Post – all services

Locked Box (Remittance Processing Service) – all services

Quick Capture, Quick Batch, Quick Gateway, Quick Voice, Quick Web, Quick Rent and Quick Stream – (all services)

Cancellation fees – facilities used less or more than 3 months

Equipment return fees (EFTPOS)

Ancillary Services

Standalone Terminal Rental

Manual Imprinter Fee

Chargeback Fee

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Payment Services	
Web Presentation (All services)	
Direct Credits	
Web Presentation	
Return to customer remittances	
Invoice Statement Printing (simplex)	
Next Day Mail (including Simplex Black & white)	
Return to customer (next day) (including Simplex Black & white)	
Direct Entry Services	
Duplicate Report including additional pages	
File Confirmation fee	
Pay Deduct	
Installation/License fee	
Transaction fee	

Payment Processing Services (PPS)	
Service	Service Description
Web Presentation	all services
Cheques - Same Day Mail	
Standard/ Urgent Courier	delivery after 1:00 PM on day of printing
Express Post Envelopes	
Amendment to remittances	
Repurchased Cheque	per transaction
Direct Credits - Payments to BPay	per credit

Electronic Services	
New Zealand Direct entry transmission fees	
On line Receipts – EFTPOS data lines	
Westpac hosted service for reconciliation of inward electronic funds transfers – (All services)	
Westpac Extranet – XCOM/PGP – All services including	
Establishment fee *	
File Transfer Service inclusive of XCOM/PGP software	
On-site Support Charges	
* If network equipment to support this service does not already exist, Westpac can assist in providing suitable equipment with a maintenance contract for a fee. Connection fees for Frame Relay are advised on application, for ISDN they are charged by your Telephone service provider.	

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Corporate on Line
On Line Research - all services
Online FX - all services
Account segmentation - all services
RITS (Austraclear) - all services

Branch Services – Domestic and International
Auto Transfers & Replenishments - Establishment and Transaction fee
Bank Cheques - Issue / Purchase, Repurchase and Reissue / Replacement
Bank Statements - Copy of current or historical statement
Bankers Opinion
Deposit Books – Serial Encoded - all sizes
Safe Custody/Document Storage Packet (all services including establishment and annual fees)
Telegraphic Transfers – local
Negotiation of foreign currency cheques / Bank Drafts (all services)
Inward Overseas Telegraphic Transfers - Deposit to account at another local Bank in Australian Dollars

Note: This is not an exhaustive list but represents commonly used services. Where services are not listed the Fund Financial Controller should be consulted

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Appendix 3



"DDR Service Agreement V1.doc"



"Direct Debit Request V1.doc"

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