Cash Management – Banking
C2.1: Central Banking Arrangements

Statement of Intent

The whole of government central banking arrangements facilitate effective cash management through the provision of a competitive fee structure and access to a wide range of banking products and services, while reducing internal operating costs due to centralised processes and infrastructure. This section provides information regarding the central banking arrangements.

| Main FeaturesSection 38 of the Financial Management Act requires every Accountable Officer and every employee of an agency to comply with the Treasurer’s Directions.Central Banking Arrangements * The Northern Territory Government’s banking arrangements are centralised under a whole of government Banking Contract.

Banking Products and Services* Agencies are to only use those banking products and services provided under the central Banking Contract.
* An agency is to seek prior approval from the Under Treasurer to use banking products and services not included in the central Banking Contract.

Payment of Bank Fees and Charges* Payment of fees and charges associated with the provision of banking products and services is the responsibility of the agency receiving the benefit of the product or service.

For authoritative instruction and guidance, reference should be made to related Treasurer's Directions and associated commentary.  |
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Authorities

Financial Management Act

References

Related Treasurer’s Directions:

F3.3 Framework – Legislative Structure: Delegations

C1.1 Cash Management – Introduction: Overview

C2.2 Cash Management – Banking Arrangements: Bank Accounts

C3.1 Cash Management – Transaction Management: Receipting

C3.2 Cash Management – Transaction Management: Payments

Central Banking Arrangements

| C2.1.1The Northern Territory Government’s banking arrangements are centralised under a whole of government Banking Contract. |
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Banking services for all Territory agencies are managed under a central Banking Contract. This arrangement facilitates effective cash management and is a key fiscal strategy for the Territory.

The central Banking Contract is a legally binding agreement between the Northern Territory Government and the banking provider. The central Banking Contract establishes performance criteria, describes the fee structure and specifies the products and services available under the central Banking Contract. The banking provider is responsible for the provision of the products and services specified in the central Banking Contract.

Treasury is responsible for whole of government banking policy and Department of Corporate and Information Services (DCIS) manages the central Banking Contract and day-to-day operational banking functions.

The Financial Management Act provides the legislative basis for banking arrangements. Treasurer’s DirectionsC1.1 C2.2, C3.1, C3.2 and F3.3 provide instruction and guidance in relation to bank accounts, receipting, payments and delegations by the Treasurer.

Banking Products and Services

| C2.1.2Agencies are to only use those banking products and services provided under the central Banking Contract. |
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1. The central Banking Contract provides access to a wide range of products and services to suit agency requirements. Agencies may utilise the banking products and services provided under the central Banking Contract that are relevant to agency needs. Agencies are not permitted to use banking products and services from alternative providers without first consulting with DCIS and prior approval provided by the Under Treasurer.

A list of the key products and services provided under the central Banking Contract is at Appendix A.

| C2.1.3Each agency is to seek prior approval from the Under Treasurer to use banking products and services not included in the central Banking Contract. |
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1. The central Banking Contract does not limit the Territory’s right to obtain banking products and services from the banking provider or alternative providers where those products and services are not included in the central Banking Contract.
2. DCIS is responsible for liaison with the banking provider and alternative providers regarding the establishment of new banking products and services.
3. Agencies must consult with DCIS where there is a requirement to use banking products and services provided by the banking provider or an alternative provider that are not included in the central Banking Contract
4. Approval from the Under Treasurer is required prior to negotiations commencing with the banking or alternative provider.

Payment of Bank Fees and Charges

| C2.1.4Payment of fees and charges associated with the provision of banking products and services is the responsibility of the agency receiving the benefit of the product or service. |
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1. Fees and charges relating to the operation of agency bank accounts and banking products and services provided under the central Banking Contract will be charged at the rates designated in the central Banking Contract.

Transaction fees relating to the provision of banking products and services to an agency will be automatically debited to the agency. Examples of services for which transaction fees are charged include:

* + account keeping;
	+ electronic debits;
	+ electronic credits;
	+ stop payments; and
	+ deposit books.

Banking products and services that also attract fees and charges include:

* + merchant facilities – terminal rental and merchant fees for credit card, debit card and Electronic Funds Transfer Point of Sale (EFTPOS) transactions;
	+ BPay – transaction and merchant fees; and
	+ pay online – establishment, transaction and merchant fees.

Appendix A: Key Central Banking Contract Products and Services

Payment Products

Corporate credit cards – a payment method that allows for the direct payment for goods and services by agencies.

Payments service – an automated service for processing agency payments to suppliers and others, through either electronic funds transfers (EFT) or cheques.

Receipting Products

BPay – receipting facility for receipts from customers either over the phone or online.

Direct debit facility – processes electronic receipts directly to agency bank accounts from registered customers’ bank accounts.

Express business deposits – facility that provides for the safe, secure and efficient deposit of money with the Territory’s banking provider.

Merchant facilities – an automated receipting product used for processing credit card and EFTPOS receipts.

Pay online – online payment/ receipting facility for customers relating to invoice/billed amounts.

Phone interactive voice response (IVR) – automated voice response system for credit card receipts from customers over the phone.

Other Products and Services

Online banking – electronic banking software, comprising direct entry transmission, account information and domestic/international EFTs.

Safe custody – facility that provides for the secure storage of important and confidential documents.

Set-off and sweep facilities – facility that aggregates credit and debit balances in agency bank accounts on a daily basis enabling the investment of surplus funds.