



29 April 2020

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Dear Glen,

**Your Official Information Act request OIA 1920-0685**

I write regarding your Official Information Act (Act) request, received by the Department of Internal Affairs (Department) on 9 April 2020.

**You have requested:**

Your "FIN110 Supplier Maintenance" form states that one of the following is required for proof of bank account:

"Any of the following:

- A pre-printed deposit slip which includes the full bank account number (bank, branch, account number and suffix) and the account holder's name.
- A bank statement which includes the full bank account number (bank, branch, account number and suffix) and the account holder's name.
- A letter from the bank which includes the full bank account number (bank, branch, account number and suffix) and the account holder's name. This must be signed and stamped by the bank.
- An internet printout which includes the full bank account number (bank, branch, account number and suffix) and the account holder's name and the web address along the top or bottom of the page. This does not need to be signed and stamped by the bank unless all of the above is not provided on the printout.
- ATM printout must show the bank logo and the full bank account number (bank, branch, account number and suffix) and the account holder's full name.
- Hand-written bank account evidence as long as it includes the full bank account number (bank, branch, account number and suffix) and the account holder's name. This must be signed and stamped by the bank."

1. Can you please supply any policy documents regarding these requirements and advice given by your auditors.

2. Can you please let me know why services such as TransferWise Borderless accounts which use the BNZ as a clearing bank are not acceptable to receive money?
3. If TransferWise accounts are in fact acceptable can you tell me why your purchasing refuse to accept internet printouts of TransferWise bank statements or a letter from TransferWise stating that the account has been issued to the suppliers company.

**Response to your request in the order requested:**

**1. Can you please supply any policy documents regarding these requirements and advice given by your auditors?**

It is the Department's responsibility to implement internal controls as precautions to safeguard the business operations and mitigate risk of fraud and irregularities. The procedure to verify a bank account is part of the Department's process to prevent both internal and external fraud regarding unauthorised setup or changes in bank accounts.

The bank account verification check is used as an indicator of the existence of a supplier account or the identity of the account holder. This provides the Department with more certainty that the account we are crediting belongs to the intended recipient of the payment, to prevent payment to unauthorised parties.

It is in both the Department and the suppliers' best interests to ensure the supplier bank account is setup correctly and that payments are made or credited to the rightful account for the goods and services delivered.

The requirements are available on the Department's website under the heading "Maintaining your details". Refer to the link below.

<https://www.dia.govt.nz/Purchasing#Details>

A supplier will normally receive a form from the Purchasing team to setup or maintain their details, which includes the acceptable bank verification requirements. Please refer to the FIN110 – Supplier Maintenance form in Appendix A.

Audit New Zealand, the Department's auditor also requires assurance that the Department has an adequate management control environment and internal controls to support the preparation of financial statements and mitigate the risk of fraud (internal and external) and material mis-statements. The auditing standards require the auditor to obtain sufficient audit evidence as part of the audit work. Although there is no specific reference or discussion about bank account verification or change in creditor master files, they consider this is a good control step and evidence of best practice across the public sector.

**2. Can you please let me know why services such as TransferWise Borderless accounts which use the BNZ as a clearing bank are not acceptable to receive money?**

TransferWise is not a bank but a business that is *“a free online international business account used to send, spend and receive in multiple currencies with the real exchange rate”*<sup>1</sup>. It banks with BNZ and allocates bank account numbers to clients.

The Department have not made a payment through TransferWise as supplier’s nominated bank account in the past. The Department has received a request from a supplier to use TransferWise to receive payment, however, the physical address stated in the TransferWise statement is not the account holder’s address and the internet printout provided by the supplier was not from a bank website. The Purchasing team requested the supplier to provide an overseas or New Zealand bank account and verification instead.

The Department cannot comment on whether TransferWise Borderless accounts which use the BNZ as a clearing bank is acceptable to receive money. Based on the Department’s internal controls, we believe there is a potential risk in protecting the supplier from completing the transaction where there is a third party involved in the payment.

**3. If TransferWise accounts are in fact acceptable can you tell me why your purchasing refuse to accept internet printouts of TransferWise bank statements or a letter from TransferWise stating that the account has been issued to the suppliers company.**

The Department’s internal control process reflects our own operational approach from a fraud risk mitigation perspective. However, if the supplier wishes to accept the risk and still prefers to use the TransferWise account, please liaise with the Department to amend the payment details. The Purchasing team will call the supplier and confirm in person the details provided and setup the account accordingly.

If you have any feedback or questions about the Department’s response, please let us know at [OIA@DIA.govt.nz](mailto:OIA@DIA.govt.nz).

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or Freephone 0800 802 602.

Yours sincerely



**Sharyn Mitchell**

Chief Financial Officer

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<sup>1</sup> <https://transferwise.com/gb/business>

## Appendix A – FIN110 Supplier Maintenance

### New Supplier Set-Up

Send banking verification to [Purchasing@dia.govt.nz](mailto:Purchasing@dia.govt.nz)

P2P Setup Details	
Requestor	
Date	
Branch	
Organisation	<input type="checkbox"/> 1100 – DIA <input type="checkbox"/> 1200 - CROWN
Account Group	<input type="checkbox"/> Domestic <input type="checkbox"/> Foreign

Supplier Details			
Supplier Name:		Legal Trading Name:	
Physical Address:		PO Box Address:	
Supplier contact email:		GST Number:	
Payment terms	<input type="checkbox"/> Immediate <input type="checkbox"/> 20 <sup>th</sup> of following month <input type="checkbox"/> 1 <sup>st</sup> of following month <input type="checkbox"/> 15 <sup>th</sup> of following month <input type="checkbox"/> 7 days from date of invoice <input type="checkbox"/> 14 days from date of invoice		

Payment information	
Can this Supplier accept Credit Card?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Foreign Suppliers			
BSB or Routing No:		Swift Code	
Account No. or IBAN:		Bank Name:	
Branch Name:		Account Name:	
Branch Address:			

### Acceptable bank verification

Evidence type	Acceptable evidence
Bank account	<p>Any of the following:</p> <ul style="list-style-type: none"> <li>- A <i>pre-printed deposit slip</i> which includes the full bank account number (bank, branch, account number and suffix) and the account holder's name.</li> <li>- A <i>bank statement</i> which includes the full bank account number (bank, branch, account number and suffix) and the account holder's name.</li> <li>- A <i>letter from the bank</i> which includes the full bank account number (bank, branch, account number and suffix) and the account holder's name. This must be signed and stamped by the bank.</li> <li>- An <i>internet printout</i> which includes the full bank account number (bank, branch, account number and suffix) and the account holder's name and the web address along the top or bottom of the page. This does not need to be signed and stamped by the bank unless all of the above is not provided on the printout.</li> <li>- <i>ATM printout</i> must show the bank logo and the full bank account number (bank, branch, account number and suffix) and the account holder's full name.</li> <li>- <i>Hand-written bank account evidence</i> as long as it includes the full bank account number (bank, branch, account number and suffix) and the account holder's name. This must be signed and stamped by the bank.</li> </ul>