



APRA

Data Collection Solution (DCS)

Responses from survey

July 2018

In February this year, APRA began an extensive program of industry engagement around its plans to replace long-time data collection tool, Direct to APRA (D2A). As part of its efforts to better understand industry's preferred design and implementation approach for the new system, APRA asked stakeholders to complete an online survey.

The following is a collection of some of the non-confidential, un-edited responses provided to APRA's online survey. Some organisations provided their name, others were not identifiable.

Q1. What design features and functions in the new system would benefit your organisation?

ACA Health Benefits Fund Limited

- Better process of uploading data to APRA than structured copy and paste which is a very tedious process. Also better validation process and training

RAA Insurance Limited

- Remote access to the new system including lodgement
- Software not being PC machine specific
- Ability to import data more readily from various sources as opposed to manual entry
- Better linking including pre population and rounding improvements to return forms. For example (autofill) within the return based on prior periods (eg GRF 116 and GRF 117 forms)
- Validation improvements which gives better direction as to why the validation (explanation only) has appeared

- Secure storage of data
- Provide tools that provide comparative data on return forms from prior periods and financial years
- Security permissions based on function (ie Compliance, Financial Reporting, Company Secretary)

NIB Health Funds Ltd

- Automated file loads
- Alignment of standard templates and transmission templates
- Inbuilt validations with detailed error identification
- Ability to override validations with submissions
 - (potential hierarchy of errors, ones which stop submission, ones which are tolerated)
- Ability to make manual adjustments
- Ability to comment on submissions – ie. reference known errors (not all ‘errors’ are wrong)
- Test environment for testing loads before submission
- Download ability – ie. APRA A and APRA B industry reports
- Format of the data language – XBRL – use something that can be output from common tools (potentially XML, json)
- End to end encompassing – create the returns, validate the returns, amend the returns, review returns, submit returns and receive data back from APRA

Australian Unity

- Improve integration with MS Excel. Functionality such as import export to and from Excel and to be able to copy and paste into and from fields.
- Maintain function of not copying and pasting for APRA Reports 601, 603 and 604 and cease requirement to copy and paste into APRA Report 602.
- Increase thresholds regarding validation rounding errors.
- Increase flexibility with special characters, alpha and numeric in applicable fields.
- Logic check formulae are shown on the form itself.
- Logic check errors should be displayed on the same screen and not as separate tabs. Currently in D2A, the error message window cannot be opened side by side with the main APRA form making it difficult to correct errors.
- Individual forms are available rather than grouped into “quarterly return”. This will enable us to submit forms as they are completed and it will be easier to keep track of our progress, particularly for quarter end reporting.
- Data definition and paragraph reference linked to APRA standards.

HSBC Bank Australia Limited

- We recommend that APRA provide a dashboard in the system to view the reporting requirements due dates.
- We suggest the ability to take screenshots from the system.
- We suggest the inclusion of a row scroll feature.
- We’d like to include functionality to filter or export to Excel PDF.
- In the current system when we save updates submissions, the system asks ‘do you want to save’ and the resulting screen is displayed in code as opposed to the visual screen result.

- In the current system we find that many core organisational details need to be re-keyed eg: Name, ABN, etc. We suggest the core company details are maintained and linked through the logon access level so there is no need to input this data.
- The requirement for a separate Input and Authoriser function to facilitate a segregation of duties model that will enable stronger governance and assist in control monitoring.
- We suggest improved guidance on the field labels. For example, when removing a person under Fit & Proper, a resulting question of 'are they fit & proper' must always be answered 'no' for terminations.

Sharyn Long - Chartered Accountant

- Automatic download of forms Ability to load directly from excel into forms, regardless of format
- Provide common templates for upload to all funds and service providers
- Web based forms
- Ability to extract separate forms and add comments for ease of presentation to trustees Consistent definitions across all returns so the same data
- One stop shop for all lodgements across APRA, ABS, ASIC & ATO XBRL is clumsy and requires additional upload and checking so would not use this
- Logical order to the presentation of the forms
- Timely feedback on form lodgement and queries instant validation queries
- Automated uploads

QSuper Limited

- QSuper is comfortable with the proposed benefits for stakeholders. We understand the new solution will adapt as reporting requirements, data analytics and new technology continues to evolve.
- QSuper is comfortable that the new solution will be less dependant on manual data entry, allows less duplication and the new system will not change the data collected.

Q2. How can APRA best ensure these benefits are delivered?

ACA Health Benefits Fund Limited

- By enhancing in the new Data Collection Solution and education

RAA Insurance Limited

- System is tested by stakeholders including state based and regional insurers
- Ability to parallel both the new software and the old software to be able to evaluate the time a return takes under both basis
- Continue to consult with industry and take into account the feedback
- While we are encouraged by sharing as a state based insurer we want to ensure shared data is only on permitted information as we could be exposed if data to a class is made available publicly.
- Correspondence stored within platform from both APRA and validations and verifications
- Reporting form instructions more specific and linked directly to fields within returns and to be more intelligent
- Clear communication plan with timelines that can accommodate both large and small entities with various resource capability
- Potential for roll outs based on company yearend dates (other regulatory reporting requirements)
- Simplify current return forms and reduce duplication
- Provide an excel model of linkages, validations that can be used as the basis of importing into the new solution
- Continually look to more closely align with AASB accounting requirements
- Continued communication of the alignment with ASIC and implications of the intended use of the APRA system by other third parties
- Reduce duplication of non-confidential data between agencies (APRA & ASIC) through data sharing

NIB Health Funds Ltd

- Through continued engagement
- By testing tools with businesses
- Clear documentation of the errors checked for by validations

Australian Unity

- Regular communication
- Webinars
- Training workshop for users
- Plenty of research by APRA to find solution suitable for everyone.
- Question and Answer sessions
- Parallel runs on old and new system
- Sufficient time for testing and solicit early prototype testing

HSBC Bank Australia Limited

- HSBC participated in the industry sessions with APRA and AFMA and we support the items discussed as part of these working groups. We suggest a continuance of this industry engagement throughout the testing phase of the new system.

Sharyn Long - Chartered Accountant

- Consistency between reporting and definitions and making definitions clearer for all involved and ensure they reflect current accounting standards Forms easier to read Full disclosure of requirements

QSuper Limited

- The consultation approach being followed by APRA will assist in ensuring these benefits will be delivered.

Q3 Would you change any of the design principles? Do any of the design principles raise key questions for your organisation?

ACA Health Benefits Fund Limited

- It would help if an error exists to provide specific details instead of only providing the state.

RAA Insurance Limited

- As a minimum we require the solution to meet reporting requirements irrespective of entity size and demographic and to also simplify and streamline current requirements

NIB Health Funds Ltd

- Easy, standardised delivery of APRA A, APRA B, FSR datasets.
- Creating a win-win in terms of easy submission, easy to receive data
- The XML tool provided data in database format, it would be great to receive it back in a similar format for easy consumption of data

Australian Unity

- Agree with the design principles.
- Emphasis should be placed on the “Neutral to entity size” principle. Consideration should be taken into account of the limited resources which smaller entities have access to and that their systems and system automation are less sophisticated than other large corporations. The new system should require very minimal effort for installation, transitioning and implementation.
- Important to be kept informed regarding early system design and development and possible integration methods with the proposed system.
- Improvement of communication of changes upgrades in software versions as this results in AUSkey portals not working and having to engage IT for emergency fixes upgrades
- Consideration should be given to having an alternative channel if there are issues with the new channel.

HSBC Bank Australia Limited

- Refer to Q1

Sharyn Long - Chartered Accountant

- SBR needs to be more efficient and user friendly Buying an off the shelf system will make it more complex to meet all the reporting requirements that you currently have, we think it will add to the complexity of the system

QSuper Limited

- We are comfortable with the six guiding principles for solution design. As it is APRA's intention to implement a minimally customised commercial off-the shelf solution, our concern is with the security of the data using these systems and whether a cloud solution is part of the design. The security of the data is of paramount importance for QSuper.

Q4. Which use case(s) best reflect your organisation's operations?

- Manual data entry (4 responses)
- Structured copy-and-paste (5 responses)
- XBRL (3 responses)
- Other (1 response)

Q5. What technical or organisational factors led you to adopt that use case?

ACA Health Benefits Fund Limited

- Our organisation was informed that this is the only operation currently available for D2A

RAA Insurance Limited

- We are a niche based insurer - single state restricted to general lines personal insurance so the effort to import or copy from an entity system is more work than to direct key into D2A

NIB Health Funds Ltd

- Ease of implementation
- When PHI was moved to D2A we were notified then that D2A would be replaced therefore it has not received a lot of investment in automating or implementing further than basic requirements.

Australian Unity

- Reports are prepared in Excel so copy and paste structure is easiest to set up.
- Limited staff resources to automate the other forms with manual data entry.
- Currently there is no copy and paste required for APRA Report 601, 603 and 604 and we would want to maintain that function.
- Cease the requirement to copy and paste in APRA 602 as we would prefer not to have to copy and paste in this report

HSBC Bank Australia Limited

- With regard to the Fit and Proper updates we are required to use the manual data entry option. For the financial regulatory reports we utilise the services of a vendor's software to provide efficiencies due to the large volumes of reports.

Sharyn Long - Chartered Accountant

- Ease of use due to having to compile information from a lot of different sources in different formats and is more user friendly than XBRL system that basically required the forms to be completed in the same way and then loaded to entity system and then to generate XBRL load file

QSuper Limited

- In some instances, manual data entry is required as we have some limitations with the XBRL import.

Q6. How challenging will your organisation find it to switch from D2A attribute codes to SBR?

ACA Health Benefits Fund Limited

- Not very challenging provided that rollout plan is well implemented including education

RAA Insurance Limited

- Implementation timeline with limited resources and competing regulatory reporting.
- Capacity and support from our IT area including security provisions

NIB Health Funds Ltd

- No feedback on this point.

Australian Unity

- Due to our scale and size, it will be very challenging to switch to SBR.
- There will be resourcing and capacity issue for us to learn and transition to SBR.
- Data extraction points will need to be updated to comply with the SBR format with potential integration requirements with APRA.
- We will need to determine impacts to our current data extracts (unknown at present) and engage with our health application vendor if changes are required to the current extract programs.

HSBC Bank Australia Limited

- HSBC Australia is part of the global HSBC group and we would be required to coordinate any technical build through our global channels. We note that we currently do not use SBR in Australia and we therefore anticipate it would be a significant IT build to implement.

Sharyn Long - Chartered Accountant

- Organisation procedures and practises are adaptable so would be okay. Experience significant delays with SBR for tax returns at present therefore this would need to be significantly upgraded to assist with this

QSuper Limited

- There would be no concerns for QSuper to switch from D2A attribute codes to SBR. This is due to the D2A codes not being embedded within the current systems.

Q7. Would your organisation consider adopting a machine to machine upload facility?

ACA Health Benefits Fund Limited

- Need more details on machine to machine upload

RAA Insurance Limited

- We would consider whichever approach is the most beneficial to a niche based organisation of our size

NIB Health Funds Ltd

- Yes, generally. A solution like this would require IT development

Australian Unity

- Web based is preferred. Installing to machine makes it inflexible, e.g. staff changes and computer change.
- Given the scale of our business, resourcing and system constraints, it will be difficult to implement.

HSBC Bank Australia Limited

- Yes our preference is to utilise an upload facility as we could implement via our existing vendor.

Sharyn Long - Chartered Accountant

- As long as lodgements can be completed from any machine and from anywhere and does not require additional hardware Also needs to be more efficient and cost effective

QSuper Limited

- We will keep our options open.

Q8. What are the most likely implementation challenges for your organisation?

ACA Health Benefits Fund Limited

- Make time for the implementation

RAA Insurance Limited

- Small organisations have limited resources to implement changes and the burden of responsibility rests with few people
- Implementation timings and competing priorities
- IT team with licenses and security considerations
- Transition from D2A to new solution

NIB Health Funds Ltd

- Prioritisation and resourcing conflicts with other projects o Reporting requirements and implementation of PHI reforms
- With the purchase of GU Health nib is now reporting from two instances of WHICS to report from
- Designing a workflow and approval process

Australian Unity

- Allocating resources and create capacity to implement.
- One-off effort to make changes to spreadsheets to accommodate the new system
- System changes

HSBC Bank Australia Limited

- Following on from our answer in Q6, we anticipate implementation challenges in obtaining the required IT resources and funding within a limited timeframe.

Sharyn Long - Chartered Accountant

- Tight lodgements deadlines in the initial periods Ensuring all data providers provide data in consistent formats for upload

QSuper Limited

- It is important to provide sufficient time for implementation as superannuation funds have many competing priorities, provided we have received clear guidance. It is our view a period of twelve months would be adequate time to prepare for implementation. This is of course dependent on no other legislative changes being imposed in the time-period.

Q9. What information and support are required (and by when) for your organisation to commence transition from late 2019?

ACA Health Benefits Fund Limited

- Education

RAA Insurance Limited

- Up to date, clear and concise Instruction Guides to Reporting Forms
- Clear and communicated implementation timelines
- Parallel testing environments with D2A and new solution

NIB Health Funds Ltd

- An overarching project plan, including consultation periods, detailed technical specs, testing periods etc

Australian Unity

- Workshop and training sessions
- User manual / best practice guide with screenshots
- Technical solution to be reviewed by our IT department prior to final solution
- Prototype / UAT – June 2019
- Require time for testing and parallel runs so we would like to have a prototype to commence UAT no later than June 2019, in order for sufficient time to retest if issues were identified.
- Consideration must be given to actual submissions being done at the same time as testing the new SBR

HSBC Bank Australia Limited

- We would prefer to run both systems parallel for a period and apply a phased approach for submitting returns in to the new system.

Sharyn Long - Chartered Accountant

- Would need to start planning in early 2019 to ensure that able to establish systems
- Need to know the details of what the system will look like by early 2019 to get all data providers on the same page

QSuper Limited

- It is important for APRA to maintain the ongoing engagement with the industry. It is our view if we are receiving clear guidance from APRA, a period of twelve months would be adequate time to prepare for implementation. This is of course dependent on no other legislative changes being imposed in the time-period.

Q10. Which broader industry changes will have the most impact on your organisation's ability to address changes in how APRA collects data?

ACA Health Benefits Fund Limited

- Changes to private health insurance legislation

RAA Insurance Limited

- Potential ASIC project on collection of financial services data and how this utilises APRA's system solution

NIB Health Funds Ltd

- PHI reform will potentially require assistance from similar resources, including implementation and new reporting requirements

Australian Unity

- PHI reforms – resourcing constraints
- Internal Data Centre transition project – IT resourcing constraints
- ASIC and ATO changes

HSBC Bank Australia Limited

- With the upcoming EFS reporting changes, we believe it would be sensible to align these changes with the implementation of the new system.

Sharyn Long - Chartered Accountant

- Changes in accounting standards
- New and different investment structures

QSuper Limited

- It is important for APRA to maintain the ongoing engagement with the industry. It is our view if we are receiving clear guidance from APRA, a period of twelve months would be adequate time to prepare for implementation. This is of course dependent on no other legislative changes being imposed in the time-period.

Q11. How would your organisation like to be engaged now and in the subsequent design and implementation stages?

ACA Health Benefits Fund Limited

- Interested

RAA Insurance Limited

- Consult like participants in Industry – eg all state based motoring club niche general insurers as a separate group

NIB Health Funds Ltd

- Consultation – we support open consultation and will commit to testing and provide feedback
- Noting nib previously assisted in the introduction to D2A which helped APRA to build a bridging tool that suiting industry needs
- Communication
- Testing
- Formed working group, technical reps from each fund.
- Agile approach or small milestones

Australian Unity

- Regular communication and feedback submission similar to this one, webinar, training workshop for users, prototype testing

HSBC Bank Australia Limited

- We believe engagement via the industry working groups is useful with APRA and AFMA.

Sharyn Long - Chartered Accountant

- Would like to provide feedback and review of design stages to ensure timely implementation

QSuper Limited

- We would like QSuper to be engaged now and in the subsequent design and implementation stages.

Q12. Where in your organisation do you believe the most significant change impacts will be felt from the replacement of D2A?

ACA Health Benefits Fund Limited

- Personnel responsible for APRA reporting which is the Assistant Manager of the Fund

RAA Insurance Limited

- Finance team which lodges current returns.
- Any other teams impacting as a result of the co-ordination of ASIC's current collection data project
- IT team with licenses and security considerations
- Teams involved in audit and breach reports who would need to change platforms and reporting methods

NIB Health Funds Ltd

- Business Intelligence Team – for the completion of the returns
- IT – if the format or output of the returns requires development
- DWH – if the download of APRA data is available as part of the tool.

Australian Unity

- Finance team
- System and IT
- Actuary team

HSBC Bank Australia Limited

- The majority of the tasks fall within the remit of our Finance team, given the volumes of returns.

Sharyn Long - Chartered Accountant

- Time and costs associated with learning new product
- Educating stakeholders & trustees on new forms

QSuper Limited

- The greatest impact will be on Finance Reporting (responsible for collating the information) and Information Technology area (implementing the system).

Q13. How could APRA work with industry to lessen the burden of moving to the new system?

ACA Health Benefits Fund Limited

- Maintain regular and consistent update on the new system's progress

RAA Insurance Limited

- Reduce the supervisor levies to those industries and industry participants that have a lesser requirement of the new system by basing fees on saved data key strokes
- Consideration of the indirect costs passed on to the niche insurers
- Consult like participants in Industry – eg all state based niche motoring club general insurers as a separate working party group

NIB Health Funds Ltd

- Continued consultation
- Communication
- Staggered approach
- Test environments ahead of launch
- Training sessions
- Industry technical working groups - funds

Australian Unity

- Pilot run and participating ADIs share their learning in workshops.
- Sufficient time before go-live, preferably 6 months transition phase. During the transition phase, we have the option of using either D2A or the new system, i.e. parallel run.
- Question and Answer session and help desk support

HSBC Bank Australia Limited

- We'd recommend introducing an interactive instruction guide on how to use the new system and web training sessions for new users.
- Additionally the use of a testing environment would provide organisations the opportunity to test submissions and uploads prior to the final release.

Sharyn Long - Chartered Accountant

- Providing full information and plenty of time for implementation
- Extending due dates for lodgement for an initial period following implementation

QSuper Limited

- It is important for APRA to maintain the ongoing engagement with the industry.

Q14. What are the current annual costs for your organisation in reporting data through D2A?

ACA Health Benefits Fund Limited

- Time mainly because of the structured copy and paste operation. So would be one week's salary of the Assistant Manager

RAA Insurance Limited

- Internal staffing time and resources
- External audit fees due to signoff of annual returns and associated requirements
- IT support and licensing considerations

NIB Health Funds Ltd

- Collectively one week of 1 FTE company wide.

Australian Unity

- \$300k annually (primary driver relates to people effort of preparing and reviewing data for submission)

HSBC Bank Australia Limited

- It is difficult to estimate a specific or accurate annual reporting cost through D2A. A ball park estimate that includes the current vendor licencing fee is approximately \$200k pa.

Sharyn Long - Chartered Accountant

- Cost recovery from clients, super funds currently face significant costs of reporting, which comes from members retirement savings

QSuper Limited

- D2A forms a minimum cost in respect to the current annual costs for QSuper in reporting data. There are substantial costs in collating the information to provide to APRA. In addition, there is a small IT component cost.

Q15. What investment has your organisation made in integrating D2A with internal reporting systems?

ACA Health Benefits Fund Limited

- None

RAA Insurance Limited

- Limited at this stage as the D2A software use is limited to periodic reporting and responsible person returns and the ability to export from our financial reporting is impacted by technology.
- We would consider implementing an APRA ledger in our financial reporting system if the benefits and import functionality warranted.

NIB Health Funds Ltd

- None.
- We downloaded the AusKey, Finance manages licences.
- nib worked closely with APRA on a conversion tool (excel based) which has been used for structured copy and paste since.

Australian Unity

- Limited investment made in relation to the integration. However, automation and streamlining of data capture have been made where appropriate.

HSBC Bank Australia Limited

- Our current costs include an annual licence fee of \$100k pa.

Sharyn Long - Chartered Accountant

- Significant investment in products used to automate process which was not successful / Significant time in setting up template spreadsheets and incorporating different date into the current format

QSuper Limited

- As outlined above, there are substantial costs in collating the information to provide to APRA. For QSuper, there has been over 40,000 data points so this has required substantial investment. /

Q16. To reduce your implementation costs, would you consider partnering with a third-party provider that is servicing many entities in the industry or are you more likely to develop a bespoke solution in-house?

ACA Health Benefits Fund Limited

- In house approach

RAA Insurance Limited

- More than likely remain in-house unless we can utilise the relationships with state based motoring insurance organisation like RACWA, RACTI, RACQI

NIB Health Funds Ltd

- nib is more likely to develop a bespoke solution in house.
- The updated solution would need to take into account current internal review and approval process for APRA.

Australian Unity

- Third-party provider.

HSBC Bank Australia Limited

- As above we currently use a third party vendor and expect to continue with this structure under the new system.

Sharyn Long - Chartered Accountant

- Yes would consider this if it was cost effective

QSuper Limited

- We will keep our options open.