Electronic Funds Management Policy

1 **RATIONALE:**

Electronic (internet) banking offers an online facility (via a website) to provide users with the ability to undertake various banking functions, such as checking account balances, transferring funds between accounts, direct debit, direct deposit, BPAY payment/ receipts and EFTPOS (Electronic Funds Transfer Point of Sale). Schools can also engage a third-party company or product to facilitate electronic payments by way of credit and debit card transactions through a secure internet payment gateway.

2 **AIM:**

EFTPOS provides schools with the ability to accept non-cash electronic payments by way of credit and debit card transactions.
Use of EFTPOS allows schools to increase the revenue options and convenience provided to parents/debtors, as well as improves security by reducing the amount of cash handled and kept on school premises.
Use of EFTPOS allows schools to increase payment options provided to creditors as well as improves security by reducing the potential for input error in data management procedures for Accounts Payable at the school.

3 **IMPLEMENTATION:**

The use of electronic payments and receipts will require schools to acquire and retain customer information. Schools must do so in accordance with *Schedule 1 of the Victorian Information Privacy Act 2000*.

Nossal High School approved the use of Commonwealth Bank as the approved software for all internet banking activities as individual authority and security tokens are required.

The appropriate segregation of duties must be in place to ensure and maintain the accuracy and legitimacy of accounts and transactions.

ALL payments through internet banking software must be consistent with Department requirements and must be authorised by the Principal and one other member of School Council nominated by the School Council.

Nossal High School will undertake maintenance and upgrading of hardware and software as required.

All relevant documentation must be filed in a secure location with restricted access

The Electronic Funds Management policy should be reviewed at least once per year to confirm/enhance internal controls.

4 **ELECTRONIC PAYMENT OF ACCOUNTS**

Documentation confirming all transactions related to the account(s) such as purchase orders, tax invoices, payment vouchers, payroll listings, relevant CASES21 reports must be kept by the school.

Electronic payments can be made only from the official account via the following methods -

NOSSAL
High School

DIRECT DEBIT

- all suppliers/creditors offering the direct debit facility will require a 'direct debit request' authority (Service Agreement) from the school. This authority should be signed by the principal and a duplicate copy retained
- the following information is to be retained:
  - all details provided by the supplier relating to the amount, date of direct debit and regularity of the payment
  - original payment approval usually via an application for direct debit form (signed by principal and a designated signatory of school council)
  - schedule and timing of deductions (if not included in the above)
  - all related billing and statement details
  - relevant CASES21 Finance reports
  - Nossal High School will ensure adequate funds are available in the Official Account for the 'sweep' of funds to the supplier.

BPAY

- with BPAY transactions the standard controls related to creating an order, setting up the commitment and determining the date and amount for the transfer must be maintained
- once payment has been made using BPAY, the BPAY receipt number and details of the transaction should be printed from the internet banking website. This printed receipt should then be attached to the original payment approval/invoice
- the following information is to be retained:
  - original signed payment approval and creditor invoice
  - printout of BPAY receipt (if processed through the internet), clearly displaying BPAY receipt reference number and date of transaction
  - If the phone is used to action a BPAY payment, the BPAY receipt number and date of transaction should be noted on the original payment approval/invoice information.
  - principal should verify that the details on the tax invoice are identical to the screen print, particularly the biller code and BPAY reference number
  - relevant CASES21 Finance reports.

DIRECT DEPOSIT

- a business banking package that has a two-user authorisation of payments is to be used to ensure a greater degree of security and access controls.
- personnel with administrative/authorisation responsibilities for Direct Deposit banking must be identified and approved by School Council
  NOTE: The school business manager cannot be nominated as an authoriser even if he or she is a member of the school council
- identification of payment authorisers (the Principal and other designated officer) must be approved by School Council
  NOTE: A single authoriser of payments via internet banking software is a

clear breach of the regulations governing the payment of accounts by schools

- wherever possible segregation of duties will be enforced for the
- the setting up of payee details in CASES21
- the authorisation transfer of funds from the official account to payee account(s)
- alternative procedures for processing, using the direct deposit facility, for periods of business manager/ES and principal leave of absence.

‘PAY ANYONE’ e.g. direct deposit from the school’s official account.

- personnel with administrative/authorisation responsibilities for Pay Anyone banking must be identified and approved by School Council
  NOTE: The school business manager cannot be nominated as an authoriser even if he or she is a member of the school council.
- “Pay anyone” should only be used for one off transaction and only if an alternative method, as itemised above, is deemed less suitable.

5 ELECTRONIC FUNDS RECEIPTING

EFTPOS

- school council should approve in writing the school’s decision for the utilisation of an EFTPOS facility.
- personnel with administrative/authorisation responsibilities for EFTPOS banking must be identified and approved by School Council.
- the principal will be responsible for ensuring that staff operating the merchant facility are made fully aware of security requirements, and that all data obtained through processing EFTPOS transactions remains safe from fraud.
- No “Cash Out “will be permitted on any school EFTPOS facility.
- authorisation and approval of the initial setting up and/or changes to the facility must be minuted and tabled for school council approval and must include recognition of the following:
  - Receipt Header information.
  - Receipt Footer information.
  - Settlement Settings.
  - Refund limit (changed in conjunction with Bank)
  - Maximum transaction limit.
  - NOTE: Schools must not have the ‘Cash Out’ configuration activated.
  - Schools must determine and document if they will accept EFTPOS transactions via the telephone or post and procedures and documentation for processing phone and offline receipts and refund transactions must be implemented.

- a proforma checklist with the following details is to be used when taking payments over the phone
  - cardholders name and address
  - card number, expiry date and security code
  - transaction date
  - identification method and details
  - name of staff member processing the transaction and

- invoice details

- schools must ensure the information collected in order to undertake EFTPOS transactions must only be used for the specified invoice.
- the proforma should be filed in a secure location with restricted access.
- Credit card numbers must be blacked out with the exception of the last four digits (eg **** **** **** 1234)
- the school council must appoint an authorising officer for approval of phone and refund transactions (principal and/or their delegate)
- documentation must be kept by the school confirming all transactions such as merchant copies of EFTPOS receipts, void receipts, refunds, daily EFTPOS reconciliation reports, authorisation details, relevant CASES21 report.
- the appropriate segregation of duties to ensure and maintain the security, accuracy and legitimacy of transactions must be implemented.
- reconciliation of EFTPOS settlement statements with CASES21 transactions must be carried out daily.
- transaction costs may be passed on to the payer considering the bank's EFTPOS fee structure. The amount must be set by School Council and included in the annual Parent Funded Charges and charges for Optional items /activities.
- an EFTPOS and CASES21 receipt must be forwarded to the cardholder as their record of the transaction.
- in the case of the reversal of incorrect EFTPOS transactions the following processes should be followed:
    - void transactions must be processed on the same day as the original transaction. After that period, it must be treated as a refund as per the procedures under 'Refunds' included in these guidelines.
    - all documentation relating to the original transaction must be obtained.
    - the void transaction must be signed by the cardholder.
    - copies of both the original and voided transactions should be retained for audit purposes.
    - the school copy should be signed by the authorised officer and where possible this should not be the operator who processed the original receipt. The transaction details should be recorded in an EFTPOS 'void transaction' register.

In the case of a refund

The following processes should be followed:

- refunds can only be made to the account from which the cardholder made the original payment
- EFTPOS transaction refunds must not be made by cash
- the original receipt is to be produced or the receipt number identified
- the refund request proforma must be approved by an authorised officer (e.g. principal) prior to processing
- a refund request proforma to be completed each time an EFTPOS refund is requested. It should include:
- name of cardholder
- card number
- transaction details
- date
- name of staff member processing transaction
- signature of cardholder and principal.

- if the refund is not performed on the same day as the receipt, the school should not process the refund until they have confirmed the funds have been credited to their official account by the settling bank.

- the cardholder should be given the customer copy of the refund voucher and must sign the merchant copy which is to be retained by the school.

- the EFTPOS refund should be processed on the terminal and CASES21 on the same day. The original receipt and merchant copy of the refund is to be attached to the CASES21 payment voucher which must be checked and approved by the authorised account signatories before being processed on the EFTPOS terminal.

- whilst manual processing is deterred to limit exposure to the risks associated, there may be instances when the EFTPOS facility will be offline, for example when electronic communication with the bank is unavailable.
  - when the system is offline, schools may approve only credit card transactions and only up to their floor limit.
  - an authorisation must be obtained from the bank for all transactions which are greater than the school's floor limit.
  - if a manual card reader is not available (they are not mandatory), the school should complete the proforma used for phone transactions and process the transaction as soon as connection to the financial institution is restored.

- a separate receipt batch (not containing cash or cheque transactions) for EFTPOS receipts which is updated at the end of each day must be created.

- The following EFTPOS information is to be retained:
  - minutes of school council meeting approving the use of the facility
  - EFTPOS policy approved by school council.
  - register of voided/refunded transactions
  - proforma/documents containing transaction details.
  - merchant copies of EFTPOS terminal receipts, voided/cancelled receipts and settlement documents.
  - applicable CASES21 reports
  - daily EFTPOS reconciliation reports and documentation in support of refunds and/or adjustments.

BPAY

By default, BPAY receipting will not be enabled in CASES21. Schools wishing to use the functionality will need to activate BPAY receipting.

- the process of applying receipts to invoices should be done promptly in line with parent nominated allocation of funds to charges.
- where there has been no specified allocation of charges by parents, funds will be allocated in the following order:
  - Extra-Curricular Items and Activities (including Elective charges)
  - Camps, excursions & activities
  - Curriculum Contributions (including Alumni)
  - Other Contributions (Building, Library Music & Sports)

- When a BPay payment creates an overpayment to a parent account the funds will be held in in CASES 21 as "unallocated" until such time as the refund is initiated or the student exits the school

Third party internet revenue collection

- school Council authorisation and approval of the initial setting up of third-party receipting is required and must be minuted.
- documentation must be kept by the school confirming all transactions, void receipts, refunds, reconciliation reports, authorisation details, relevant CASES21 reports.
- the appropriate segregation of duties must be implemented to ensure and maintain the security, accuracy and legitimacy of transactions.
- a website access user register outlining the name of the school user, their unique ID (if one exists) and the website functions they are authorised to perform must be established and maintained.
- funds collected through third party receipting must only be used for the specified invoice.
- statements received from the third-party company or product must be reconciled with CASES21 transaction records within the same month of receipt.

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References	*Finance Manual for Victorian Government Schools* • Section 3 Risk Management • Section 4 Internal Controls • Section 10 Receivables Management and Cash Handling *Internal Controls for Victorian Government Schools* http://www.education.vic.gov.au/school/teachers/management/finance/Pages/guidelines.aspx