



Kalinda Primary School No. 5121

## ***Electronic Funds Management Policy***

### **RATIONALE**

Electronic (internet) banking offers an online facility (via a website) which provides 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).

### **AIMS**

Use of EFTPOS to allow the school to increase the options and convenience provided to parents/debtors, as well as improved security by reducing the amount of cash handled and kept on school premises.

#### ***Internal controls***

- Appointment by Council of an authorising officer for approval of phone and refund transactions (Principal and/or Business Manager)
- Physical security of EFTPOS machines
- Documentation kept by the school confirming all transactions such as merchant copies of EFTPOS receipts, voided receipts, refunds, daily EFTPOS reconciliation reports, authorisation details, relevant CASES21 reports
- The appropriate segregation of duties to ensure and maintain the security, accuracy and legitimacy of transactions
- Establishment of an EFTPOS user register outlining the name of the school user, their unique ID (if one exists) and the EFTPOS functions they are authorised to perform
- Staff familiarisation with the EFTPOS facility's functionality and User Guide provided by Financial Institution
- Register of void or refund transactions
- Procedures and documentation for processing phone and offline receipts and refund transactions
- Procedures for the use of mobile terminals around the school
- Setting of minimum and maximum refund transaction limits
- Reconciliation of monthly EFTPOS statement received from the school's financial institution with CASES21 transaction records
- Reconciliation of daily EFTPOS settlement statements with CASES21 transactions.

#### ***EFTPOS Terminals***

School EFTPOS terminals should be connected to the bank via phone connection and not via the internet. Connection via a phone line ensures that schools are not collecting or storing customer data in a manner that makes them susceptible to fraudulent transactions.

Terminals should be located in a secure location which will allow for no unauthorised usage, and ensure privacy for PIN transactions.

## **Processing Transactions**

Schools should only process transactions to accept school invoice payments i.e. family charges, sundry debtors, trading operation payments etc. Schools are not to undertake transactions which provide 'cash' to the customer as part of the transaction.

The maximum amount of a credit/debit card transaction is determined by the cardholder's limit unless School Council determines a maximum transaction limit for the school.

Banks allow customers the option of using a "Pen" (Signature) or "PIN" (Personal Identification Number) to authorise transactions.

When processing a credit card transaction that requires a signature for authorisation, schools should ensure that the signature obtained on the merchant receipt matches the signature on the card and that the signature panel has not been altered in any way.

When processing a credit card transaction that requires the entry of a PIN, customers should be able to enter their PIN without risk of disclosure, and the PIN should never be recorded by the school

Schools should ensure that the card number that is embossed on the card is free from alteration and that the card has not expired.

Receipts should be entered onto CASES21 at the time the EFTPOS transaction is processed and both original receipts (EFTPOS and CASES21) issued. In circumstances where this is not possible, a manual school receipt can be issued at the time, with the CASES21 receipt forwarded when it is entered on to the system. An authorised officer should reconcile all manual receipts to CASES21 to ensure all funds received by the school are receipted.

The school should always print both the merchant and customer copies of the receipt for both credit and debit card transactions, and retain the merchant copy for audit purposes.

## **Incorrect Transaction Processing**

If it is determined at the time of the transaction and **prior to entering the receipt on CASES21**, that an error has occurred, for example an incorrect amount is processed, schools should "void" or "refund" the transaction **via the EFTPOS terminal**. Schools should refer to the instructions provided in the EFTPOS facility user guide to ensure that this is processed correctly.

Key internal controls relating to the reversal of incorrect EFTPOS transactions include:

- 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.

## **Banking**

There are three factors schools will need to consider when determining how to process EFTPOS receipts in CASES21 Finance either via a normal receipt batch that contains cash and/or cheques, or as a separate EFTPOS only receipt batch. These factors are:

- A Settlement\* must be run on the EFTPOS terminal at the end of each day
- The volume of EFTPOS transactions undertaken by the school
- How often banking is undertaken.

Below is the option that Kalinda Primary School adopts to process their EFTPOS receipts.

- EFTPOS receipts in a separate receipt batch daily.
- Automatic settlement\* on the terminal. The *EFTPOS batch* total should match the Settlement\* total
- On the Bank Reconciliation, the EFTPOS total for that date should match the direct credit amount paid by the bank.

*\*The Settlement process is where the days EFTPOS transactions are closed off for the day and a total is determined. If the Settlement is not performed by the school each day, the bank will "force Settlement" at a time determined by them.*

**Information to be retained by school**

Schools should retain the following information in relation to use of an EFTPOS facility:

- Minutes of School Council meeting approving the use of the facility
- EFTPOS policy approved by School Council
- Register of voided/refunded transactions
- Merchant copies of EFTPOS terminal receipts, voided/cancelled receipts and settlement documents
- Applicable CASES 21 Reports
- Daily EFTPOS reconciliation reports and documentation in support of refunds and/or adjustments.
- Current authorised users of the EFTPOS terminal as per the EFTPOS authorised user register.

**RESOURCES**

It remains the responsibility of School Council to provide the necessary human and physical resources for the achievement of the goals and implementation steps noted above.

**EVALUATION**

The EFTPOS Policy is to be reviewed annually and endorsed by School Council as required for audit purposes.

This policy was ratified by School Council 18/02/2019

Review February 2020