Introduction
Schools are able to accept and provide alternative payment methods to cash or cheque by utilising Electronic Funds Transfer Point of Sale (EFTPOS) facilities.

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

Prior to introducing EFTPOS, the School Council should give consideration to:

- The cost and benefits for the school of using EFTPOS
- Accounting for payments and refunds
- Fraud prevention
- Information Privacy
- EFTPOS Security Controls

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. Staff authorised to process transactions should be minuted at School Council and entered into a Register.

The introduction of EFTPOS as a means of collecting funds 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.

If School Council recommends the utilisation of an EFTPOS facility, appropriate procedures and practices in the form of a school EFTPOS policy, need to be prepared and formally minuted at School Council prior to using the facility.

To assist in the preparation and development of appropriate school procedures, practices and a policy, consideration of the following information is recommended.

Internal controls
Schools should refer to the publication, Internal Control for Schools, which can be accessed at: http://www.education.vic.gov.au/management/financial for information regarding internal control measures applicable to receipting.

The internal controls that need to be considered in relation to EFTPOS include:

- Proper authorisation and approval of the initial setting up of the facility by School Council
- Appointment by Council of an authorising officer for approval of phone and refund transactions (Principal and/or their delegate)
- Physical security of EFTPOS machines
The number of terminals that will be installed and their locations and refund limits

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.

Establishment of an EFTPOS facility

The set up of EFTPOS in a school is done in conjunction with a financial institution and schools are advised to compare banks’ EFTPOS facility features and fees as these will vary between institutions.

Schools should keep in mind that any EFTPOS fees charged may be dependant on the school’s volume of anticipated transactions.

Schools should also determine if any transaction costs will be passed on to the payer, or whether a minimum number of transactions are required to ensure the viability of the EFTPOS facility. Schools should determine if they will implement a minimum or maximum dollar value for transactions after giving consideration to the bank’s EFTPOS fee structure.

There is no requirement for a school to set up their EFTPOS facility through the financial institution where the school’s Official Account is being operated. It should be noted though, that a competitive fee structure is available for EFTPOS through the Whole of Government Banking contract currently held by Westpac.

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.

Schools should consider if the use of a mobile terminal would be of benefit to school operations, for example, for use in the school uniform shop or at an annual book collection day located separately to the administration building.

Appropriate procedures should be implemented to ensure the security of the terminals during operation and when they are not in use. Arrangements in relation to access to passwords for mobile terminals would also need to be a consideration.

Phone/Mail EFTPOS Transactions
Schools must determine if they will accept EFTPOS transactions via the telephone or post.

The school must be approved by the bank as an authorised mail/phone merchant prior to processing transactions of this nature.

Only transactions on credit cards can be accepted via telephone or post; transactions on debit cards require the cardholder to be present at the point of sale.

Before School Council approves the use of phone or mail transactions for receipt of monies, consideration must be given to how the identification of the cardholder will be established, and what documentation will be required to be completed as a record of the phone transaction.

It is recommended that schools develop a pro-forma to be completed containing information such as:

- 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 its intended purpose in accordance with the Victorian Information Privacy Act 2000. The pro-forma should be filed in a secure location with restricted access. The name of the cardholder should be the same as the name on the invoice. If the names are different a query should be raised with the debtor as to the reason for the difference. Once satisfied that the transaction is valid the Principal or authorised officer should sign the form to approve the transaction including verification of the identification.

Full card details including card number, expiry date and security code (when required) should be obtained and confirmed by discretely reading them back to the customer and the transaction should be processed while customer is on the phone.

Both an EFTPOS and school receipt should be forwarded to the cardholder as their record of the transaction.

**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.

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
A 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.

Refunds
If an EFTPOS refund transaction has been processed and the receipt entered on CASES21, the following refund guidelines should be applied:

- Before a school processes a refund, the original receipt is to be produced or the receipt number identified, and the refund must be approved by an authorised officer.

- Schools should develop a 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.

- The document should be filed securely with limited access.
- 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.
- Refund can be made by cheque following normal processes, or via the EFTPOS terminal to the cardholders account (Principal authorisation required in this instance).
- Refunds can only be made to the account of the cardholder that made the original payment. EFTPOS transaction refunds should not be made by cash.
- Cardholders should be notified that it could be 2-3 business days before the refund may reach their account.
- 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.

The refund should be recorded in the EFTPOS register.

Manual transactions
There may be instances when the EFTPOS facility will be off-line, for example when electronic communication with the bank is unavailable.

In these instances the bank will have set a transaction floor limit for each school, which is the maximum off-line transaction allowed to be undertaken without contacting the bank for authorisation. When the system is offline, schools may approve only credit card transactions and only up to their floor limit.

Debit card transactions must not be performed when the school’s EFTPOS facility is off-line as a zero floor limit applies to debit cards.

An authorisation must be obtained from the bank for all transactions which are greater than the school’s floor limit.

If School Council deems that its floor limit is too high/low the school should negotiate a more suitable limit with the bank.

If the bank has provided a manual card reader this should be used to complete off-line credit card transactions with reference to any instructions provided by the financial institution. If a manual card reader is not available (they are not mandatory), the school should complete the pro-forma used for phone transactions and process the transaction as soon as connection to the financial institution is restored.

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.

Torquay College shall:

- Schools use a separate receipt batch (not containing cash or cheque transactions) for EFTPOS receipts which is updated at the end of each day
- The Settlement* on the terminal is also performed at the same time as the batch is updated. The daily total on each should match (unless adjustment is required due to processing of a refund)
- On the Bank Reconciliation, the batch total for that date (less any refunds) should match the direct credit amount paid by the bank.

Using this option provides schools with clear and current information regarding EFTPOS transactions in case of any enquiries.

It is also an effective internal control measure reducing the risks of fraud or misappropriation of funds.
*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. As a result, one or more Settlements may cross over one or more batches containing EFTPOS transactions making it difficult for schools to reconcile the EFTPOS transactions on their Bank Reconciliation. It is **strongly recommended** that schools perform settlement each day at a time determined by the school.

**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 approved school users
- Register of voided/refunded transactions
- Proforma/documents containing transaction details
- 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.

This policy was last ratified by Torquay College in February 2017