



## Internet Banking Policy (Including College Specific Procedures)

Latest DET Update: June 2018  
First Developed in this Format: October 2019

### Purpose |

- To utilise the advantages of internet banking for our school whilst simultaneously enhancing banking security, decreasing transaction speed, improving convenience and lessening environmental impact.

### Rationale |

- Internet banking has become a very common banking practice that provides several distinct advantages, whilst at the same time offering high levels of security and convenience.

### Definitions/Guidelines |

#### Electronic Receipting

- Schools are able to accept and process alternative receipting methods to cheque and cash, namely credit/debit cards (EFTPOS) and direct credit including BPAY. These options require setting up arrangements with each financial institution, and schools are advised to compare rates, e.g. EFTPOS merchant fees that may vary from bank to bank.
- Use of electronic receipting 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.

#### Electronic Payment of Accounts

##### Direct Debiting

- A direct debit facility allows an external source e.g. a regular supplier to remove funds of a pre-arranged amount from the schools Official Account on a pre-arranged date. Typical examples may include annual insurance premiums or monthly lease payments. Direct debit may also be used by suppliers to remove irregular amounts from the school as a result of pre-arranged agreements.
- All suppliers/creditors offering the direct debit facility will require a 'direct debit request' authority. This is usually in a printed form supplied by each creditor for which the direct debit facility is sought. It is important to carefully read and understand the terms and conditions accompanying the direct debit commitment prior to completing and authorising the expenditure. This is essentially a 'service agreement' and should indicate a range of minimum requirements to be provided by the creditor. The authority should be signed by the Principal and a duplicate copy retained.

##### Bpay

- BPAY differs to direct debit in that the school has full control of the payment with regards to the payment date and amount of the expenditure. BPAY is essentially an



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alternative to payment by cheque and employs the use of electronic (Internet), telephone or 'pay in person' for transfer of funds from the Official Account to the supplier. Complete documentation must be retained as with any other payment.

- The financial institution the school uses for its official account will require a formal registration and authorisation from the school. When the school wishes to pay a creditor(s) by BPAY, pre-registered details are selected by telephone, internet or in person and funds are subsequently transferred. Only invoices displaying the BPAY biller code and reference numbers can be paid using this facility.
- As with direct debit, the school will carefully read and consider the terms and conditions accompanying the facility prior to registration.

### College Specific Procedures

#### Purpose |

- To utilise the advantages of internet banking for our school whilst simultaneously enhancing banking security, decreasing transaction speed, improving convenience and lessening environmental impact.
- To ensure that Bayside P-12 College Council complies with the Education and Training Reform Act 2006 and the Education and Training Reform Regulations 2007 Section 36 (1) and the Financial Management Act 1994.

#### Rationale |

- Internet banking has become a very common banking practice that provides several distinct advantages, whilst at the same time offering high levels of security and convenience.

#### Electronic Receipting

- The College is able to accept and process alternative receipting methods to cheque and cash, namely credit/debit cards (EFTPOS) and direct credit including BPAY. These options require setting up arrangements with each financial institution, and the College is advised to compare rates, e.g. EFTPOS merchant fees
- Use of electronic receipting allows the College to increase the options and convenience provided to parents/carers and debtors, as well as improves security by reducing the amount of cash handled and kept on the premises.

#### Direct Deposit

- Direct Deposit via an internet banking facility provides the College with the freedom and flexibility to pay creditors (creditor, school level payroll employee) by nominating their BSB and account number at the time of the transaction.
- A business banking package that has a two user authorisation of payments (such as Commonwealth Banks "CommBiz") is used as it contains a greater degree of security and access controls.
- A personal banking package, such as Commonwealth Bank's "Netbank", is not recommended as an appropriate school internet banking package due to its primary function being to service personal rather than business based banking. This form of internet banking lacks adequate security (e.g. single user authorisation) and internal control measures to minimise financial risk and unauthorised access.



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- The lack of a secure business banking package raises the risk for schools that use this method of payment. Data security is minimal and is totally reliant on the internal control procedures developed and implemented by the school to monitor the authorisation and, accuracy of transactions.

### College Purchasing Card

- The College Purchasing Card Facility has been approved by the Minister as an addition to the Department endorsed purchasing practices in place in schools, and it can be used by College based staff for making payment for goods and services on the College's behalf.
- Some of the benefits associated with the use of purchasing cards are better cash flow management, a reduced level of documentation, enhanced purchasing processes, ability to make on line purchases and improved internal controls. An obvious area of advantage is that of remote access to funds e.g. camps.
- A purchasing card is not intended to replace the existing purchasing practices. It is offered as an enhancement to current methods of payment for purchases. Therefore the normal procurement procedures, including quotations, purchase orders (approval to purchase) and payment thresholds must be followed.
- The financial delegation traditionally held by the Principal to incur and pay for college related expenditure is extended to the cardholder. This ensures that:
  - Financial accountability and responsibility for transactions remains with the Principal.
  - Reporting requirements will enable the Principal, as authorisation officer, to oversee all cardholder spending.
  - Where the Principal is the cardholder, the College Council President must be the authorisation officer for that card.
  - The College Purchasing Card carries a liability for Council – not an individual liability for the cardholder. Therefore the College Purchasing Card does not impact on a cardholder's personal credit rating.
- If the College Purchasing Card is found to have been used by an unauthorised person, the Council is not liable for those costs, provided the bank is immediately notified of its loss or theft of the card.
- Each College Purchasing Card held will not attract card fees as the card is exempt from government charges.
- The College will receive a monthly statement per card; with the total monthly spend being directly debited from the College Official account on a cyclical basis.
- College Purchasing Card monthly statements and associated documentation are required to be tabled at College Council meetings on a regular basis.
- Prior to taking up the College Purchasing Card program, the Principal and Business Manager are required to attend a Purchasing Card briefing.

### Implementation |

- College Council, after careful consideration of internal controls, has authorised the use of internet banking at our College for Direct Credits and the 'Pay Anyone' CommBiz facility.
- In doing so, College Council requires that all actions related to internet banking are consistent with DET's [School Internet Banking Guidelines](#).
- The 'Pay Anyone' facility allows the College to pay funds directly into a nominated bank account for creditor payments or local payroll employees but has minimal security so correct internal controls are critical.



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- All creditor payments using internet banking software are simply another form of payment from the College's accounts and must be consistent with DET requirements and be authorised by the College Principal and one other member of council as nominated by the council (e.g. Treasurer)
- All transactions will be properly authorised, vouchers signed and approved for payment 'prior' to the internet transactions being completed.
- All documentation such as purchase order, tax invoice, payee details, CASES21 report and internet transaction will be presented for signing by the College Principal and one other authorised cheque signatory.
- The Business Manager will be the 'Administrator' and have the ability to authorise 'other' users and print an audit log of all transactions.
- Administration staff, including the Business Manager will not have access/authority to approve any on-line direct credit transactions.
- Increased security measures to protect the integrity of internet banking system are

### Pay anyone facility

- Prior to approval of on-line transactions
- Duties will be segregated for security purposes.
- One person to enter the order and invoice details.
- One person to enter the payment details.
- Prepare payment vouchers ensuring key transaction details such as creditor name, account number, BSB and payment amount are correct.
- Tax invoice to be attached to payment voucher and signed 'approved for payment'
- All creditor payment vouchers will be signed by the Business Manager, Principal and one other authorised cheque signatory prior to completion of on-line authorisation.
- Signatories should verify that the details on the tax invoice are identical to the voucher, particularly the BSB and account number.

### Online Authorisation

- The Principal and one other authorised cheque signatory will be advised via e-mail that an internet banking batch awaits on-line approval.
- Both the Principal and one other cheque signatory will use a unique security token login system to access the CommBiz site to approve payments.
- The CommBiz audit report confirming all payment details, transaction amount, recipient's BSB, account number and name will be signed by the Principal and retained on file.

### Direct Debit

- A direct debit facility allows for a regular supplier to deduct funds of a pre-arranged amount from the College Official Account on a pre-arranged date. Typical examples may include annual insurance premiums or monthly lease payments.
- College Council requires all suppliers to provide a tax invoice/statements to the College prior to direct debiting of any funds from the College's account.
- All transactions will be properly authorised, vouchers signed and approved for payment 'prior' to the direct credit transactions being completed.
- Only cheque signatories will have the ability to 'approve' on-line direct debits.



### Monitoring and review of the of the policy |

- This policy will be reviewed as part of the college's three-year review cycle or if guidelines change (latest DET update mid-June 2018).
- Please refer also to the *Financial Management Policy*, the *School Purchasing Card Policy*, *EFTPOS Policy*, the *Archives, Information & Records Management Policy* and the *Fraud & Corruption Policy*.
- Reference [Schools Electronic Funds Management Guidelines](#)

**Date of approval by College Council | 20/11/2019**