



## Cash Payment Policy

### Purpose of this Policy

The purpose of this policy is to mitigate the risks associated with accepting cash as payment for tuition and other related fees, goods, and services, and to align with anti-money laundering requirements under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

Sacred heart School is committed to detecting and preventing any money laundering activities and to ensuring that it does not become involved in any arrangements involving criminal or terrorist property. In order to fulfil this commitment, Sacred Heart School has established procedures for assessing the risk of financial crime, for internal reporting of suspicious activities and for making suspicious transaction reports to the relevant agencies if necessary.

### Scope of this Policy

This Policy applies to all employees of Sacred Heart School.

### The Policy

Sacred Heart School will ensure that adequate cash handling and record keeping practices are followed. Where risk factors are identified, Sacred Heart School will ensure that the identities of parents, guardians or other persons making any substantial cash payment to the School are satisfactorily verified.

### Procedures

Sacred Heart School will accept the following payment types for tuition payments, deposits, and fees:

- cheque
- money order or bank draft
- online banking payment –Electronic Funds Transfer)
- cash (up to a maximum amount of \$2,000.00).

Sacred Heart School will accept payment from the following financial institutions:

- The Bank of Montreal (BMO)
- Canadian Imperial Bank of Commerce (CIBC)
- The Bank of Nova Scotia (Scotiabank)
- Royal Bank of Canada (RBC)
- TD Canada Trust (TD)
- All cooperative credit societies, savings and credit unions incorporated under the *British Columbia Credit Union Incorporation Act*
- All banks incorporated, formed, or authorized under the *Bank Act of Canada*

\*If not included in the list above the financial institution used must have policies and procedures in place that meet FINTRAC and Proceeds of Crime (Money Laundering) and Terrorist Financing Act requirements.

<sup>1</sup> For the purposes of this Policy, a single transaction includes multiple payments within a 24-hour period

## **Receiving Cash Payments**

Sacred Heart School will not accept cash payments in excess of \$2,000.00 in a single transaction<sup>1</sup> for any purpose. Additionally, any cash payment in excess of \$1,000.00 will require the School to verify the identity of the individual making the payment and the source of the payment. All parents and guardians are encouraged to pay tuition, deposits, and supplemental fees through our EFT (Electronic Funds Transfer) method.

If any employee is offered funds that he or she knows or suspects are criminal property or may represent terrorist finance, or if he or she receives any unusual request to receive or transfer money, it will be reported immediately, in accordance with the Reporting section of this Policy, to the Principal, Kelly Kozack and/or Karla Kuchma, Bookkeeper (the "Reporting Officers") who will, if appropriate, contact the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC"), police or other relevant agency.

## **Verification Steps**

Before entering into any transaction with a person which involves the payment of cash in excess of \$1,000.00, Sacred Heart School will take reasonable steps to ascertain and verify the identity of that person and the source of the cash.

In the case of individuals, the following information will be collected:

- Full legal name
- Residential address
- Date of birth
- Nature of principal business or occupation
- Contact information
- Relationship to the student
- Amount and currency of funds received

Sacred Heart School will also seek independent verification of identity, for example by requiring production of originals of official documents confirming identity. Suitable documents will include passports, driver's license, birth certificate, health insurance card or other similar record. An employee of the School will verify the individual's identity in the individual's physical presence, while viewing the original identification. When checking such documents, employees will ensure that the documents are current and be alert to any signs that they might have been forged or stolen. A copy of the identification will be taken, and the date of verification recorded.

Sacred Heart School will also seek to verify the source of the cash. The payer will provide independent confirmation of the full name and address of all financial institutions or other entities through which the payer processed the cash, such as a withdrawal receipt from financial institutions. An employee will record the date on which the money was received by the School from the payer and the date the verification was completed.

## **Refund Procedures**

Refunds will be issued only in accordance with the School's refund policy.

Cash payments will be refunded by cheque made payable to the parent or guardian of the student. All requests for a refund in cash following a payment by other means will be reported to the Reporting Officer.

## **Suspicious Transactions**

Employees will evaluate the source of funds that are paid to the school and be alert to unusual patterns of behaviour or activities that may indicate the possibility of money laundering or other terrorist financial crimes. It is not possible to produce an exhaustive list of the matters that might give rise to a suspicion of money laundering or other terrorist financial crime. It is therefore important that employees use their own judgment when looking at any business relationship or transaction. Facts, context and money laundering/terrorist financing indicators need to be assessed to

determine whether there are reasonable grounds to suspect that the transaction is related to the commission or attempted commission of a money laundering/terrorist financing offence.

The following are some possible money laundering/terrorist financing indicators:

- **Transactions:** The parent, guardian or payer engages in multiple transactions conducted below the reporting threshold within a short time period, makes inquiries that would indicate a desire to avoid reporting, or exhibits knowledge of reporting thresholds.
- **Structures:** Payments involving complex or illogical arrangements that make it unclear who is making the payment or appear to be structured to avoid identification or reporting thresholds.
- **Third parties:** Payment of school fees or involvement by companies, trusts, off-shore entities or other third parties with no obvious relationship to student. The parent, guardian or payer appears to be collaborating with others to avoid client identification or reporting thresholds.
- **Assets:** There are reasons to doubt the ability of a person to have a legitimate source for the funds.
- **Identity:** The parent, guardian or payer has taken steps to hide their identity or is difficult to identify. The parent, guardian or payer uses a post office box or general delivery address where other options are available. There are doubts about the honesty, integrity, identity or location of the parent, guardian or payer.
- **Behaviour:** The parent, guardian or payer seems unusually anxious to complete a transaction, is unable to justify why they need to make a payment quickly, requests a cancellation, reversal or refunds of earlier transaction or makes overpayment for no good reason.
- **Documents:** Information or documentation is withheld by the parent, guardian or their representative or appears falsified. Cash payments are made using old, smelly or extremely dirty bills.

## Reporting

Employees of Sacred Heart School will make a report to the Reporting Officer, as soon as reasonably possible, where they have knowledge or suspicion, or where there are reasonable grounds for having knowledge or suspicion, that another person is engaged in money laundering, or that terrorist property exists (“Suspicious Transaction Report”). Your report should include as much detail as possible including:

- Full available details of the people, and organizations involved including yourself and other members of staff if relevant.
- Full details of transaction and nature of each person’s involvement in the transaction.
- Suspected type of money laundering activity or use of proceeds of crime with reasons for your suspicion.
- The dates of any transactions, where they were undertaken, how they were undertaken, and the likely amount of money or assets involved.
- Information on any investigation undertaken to date, including whether the suspicions have been discussed with anyone and if so on what basis.
- Whether any aspect of the transaction(s) is outstanding and requires action to progress.
- Any other information that may help the Reporting Officer judge the case for knowledge or suspicion of money laundering and to facilitate any external report.

Once you have reported your suspicions to the Reporting Officer, you will follow any instructions provided. You will not make any further enquiries unless instructed to do so by the Reporting Officer. Any further transactions or activity in respect of the person in question, whether or not it is related to the matter that gave rise to the original suspicion, should be reported to the Reporting Officer as they happen, unless and until the Reporting Officer has confirmed that no report to the FINTRAC is to be made.

The Reporting Officer will consider all Suspicious Transaction Reports and will make an external report to the FINTRAC (who will undertake any necessary investigation) as soon as is practicable if he/she considers that there is knowledge, suspicion or reasonable grounds for knowledge or suspicion, that another person is engaged in money

laundering, or that terrorist property exists, even if no transaction takes place (“FINTRAC Report”). All FINTRAC Reports will comply with FINTRAC reporting requirements.

### **Record Keeping Practices**

All Suspicious Transaction Reports will be documented, either on paper or electronically. All enquiries that are made within the School in relation to any Suspicious Transaction Report should also be recorded. The School will keep details of actions taken in respect of Suspicious Transaction Reports, including details of information considered by the Reporting Officer in respect of a Suspicious Transaction Report where no external FINTRAC report is made. The School will also keep a copy of any FINTRAC Reports and associated evidence and documentation. The School will retain copies of the information the employee obtained regarding the identification and verification of individuals from whom it received cash payments in excess of \$1,000.00, together with details of all transactions including relevant dates.

All information, evidence and reports with respect to Suspicious Transaction Reports, FINTRAC Reports, and identification and verification of individuals will be kept by the School for a minimum of five years.

### **Cash Handling**

Sacred Heart School has established requirements for cash handling

The following procedures will be followed by employees when handling cash:

- All cash is to be counted by two unrelated individuals, neither responsible for recording the deposit in the accounting system.
- The counters will use preprinted Counter Tally Sheets on which to record the count. The Tally Sheet must be dated and signed by both counters.
- The counters will prepare the bank deposit according to the instructions from the bank. In general, coins should be rolled, cheques should have a list wrapped around them showing the total amount, and banknotes should be bundled according to their amounts.
- Once bundled, the counters will take the deposit to the bank. When transporting the deposit from the school to the bank, it is recommended that the deposit be carried in another nondescript satchel. This is for the security of those transporting the deposit, as well as for the deposit itself. Transportation to the bank should be unscheduled and unpredictable with respect to the time of day. For the safety of the individuals taking the deposit to the bank, both people shall drop off the deposit together. The use of the night depository is recommended.
- A copy of the deposit slip along with the Counter Tally Sheet and any other documentation are to be set aside for the individual who records the deposit in the accounting system.

### **Electronic Deposits**

#### ***Pre-Authorized Debit Instruction – Specific Amount***

i. Pre-Authorized Debit (PAD) instructions (used with Electronic Funds Transfer (EFT) Service) for a Specified Amount

- To accept tuition payments from parents.
- Allows the school to collect a specific payment amount from a family on an agreed upon payment schedule set by the school (e.g. 1st of every month).
- The school needs to obtain a Pre-Authorized Debit Agreement which sets the terms of payment (amount, frequency, cancellation terms, etc.) between the school and each payee and a void cheque or bank letter from each payee to ensure payee name, bank and account information are correct.

***Pre-Authorized Debit Instruction – Variable Amount***

ii. Pre-Authorized Debit (PAD) Instructions (used with Electronic Funds Transfer (EFT) Service) for an Variable Amount

- To accept fee payments other than tuition from parents.
- Allows the school to collect payments for school fees throughout the school year.
- The school needs to obtain a Pre-Authorized Debit Agreement which sets the terms of payment (amount, frequency, cancellation terms, etc.) between the school and each payee and a void cheque or bank letter from each payee to ensure payee name, bank and account information are correct as well as the parent's written authorization allowing the withdrawal of funds.
- The school needs to provide parents with a fee schedule including the fee type, amount, and payment date.

***Unacceptable Forms of Electronic Payments***

iii. Unacceptable Forms of Electronic Payment

- PayPal
- Email Transfer
- INTERAC Debit (through a terminal)

\*This Policy will be reviewed and updated as needed, but at least annually.