



FINANCIAL PROCEDURES

Cash Payments 6300

PURPOSE

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*.

The Catholic Independent Schools of Nelson Diocese (CISND) 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, the CISND 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 CISND.

POLICY

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

PROCEDURES

1. Each school will accept the following payment types for tuition payments, deposits, and fees:
 - cheque
 - pre-authorized debit
 - credit card
 - wire transfer
 - money order or bank draft
 - online banking payment
 - cash (up to a maximum amount of \$5,000.00).

2. The 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 a school chooses to accept payments from a financial institution not included in the list, then the school must ensure that the financial institution has policies and procedures in place that meet FINTRAC and Proceeds of Crime (Money Laundering) and Terrorist Financing Act requirements.*

Receiving Cash Payments

Schools will not accept cash payments in excess of \$5,000.00 in a single transaction for any purpose. Additionally, any cash payment in excess of \$3,000.00 will require the school to verify the identity of the individual making the payment and the source of the payment. All parents and guardians should be encouraged to pay tuition, deposits, and supplemental fees through an alternative payment method such as pre-authorized debit.

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 Superintendent (the "Reporting Officer") 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 \$3,000.00, the School needs to 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.

The CISND 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.

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 other refunds will be made to the original form of payment unless otherwise approved by the principal. All requests for a refund in cash following a payment by credit card, wire transfer, cheque, etc., 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 the 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").

The report should include as much detail as possible including:

- Full available details of the people, and organizations involved including the person reporting 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 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 the report has been submitted to the Reporting Officer, further instructions may be provided. No further enquiries will be conducted 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 \$3,000.00, 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

The School will establish responsibility and describe the minimum requirements for cash handling.

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

- Cash will be stored in an on-site locked and secure location until the funds are deposited.
- Cash should be deposited on a daily basis. Where this is not possible and providing amounts are minimal, funds will not be held for longer than one week.
- Collection of cash, deposit preparation, and reconciliation duties will be performed by separate individuals to the extent possible, to ensure

the safeguarding of cash. At minimum, deposit preparation and reconciliations are to be completed by separate individuals.

- Cash receipts will be reviewed and reconciled to ledger accounts on a timely basis to ensure they have been correctly recorded. Accounting adjustments to ledgers will also be made on a timely basis.
- Cash shortages or other discrepancies should be reported immediately to the principal.

Review

This Policy will be reviewed and updated as needed.

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