Cash Payment Policy

Purpose of 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*.

Scope

This Policy applies to all employees of Kelowna Christian Center Society (KCCS).

KCCS 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, KCCS 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.

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

Procedures

KCCS will accept the following payment types for tuition payments, deposits, fees and donations:

- cheque
- pre-authorized debit
- credit card
- wire transfer
- money order or bank draft
- cash (up to a maximum amount of $5,000.00).

KCCS will accept payment from the following financial institutions:

- All banks incorporated or formed under the *Bank Act* of Canada.
- All cooperative credit societies, savings and credit unions incorporated under the *Credit Union Incorporation Act*
- All U.S. banks regulated at the federal and state level

Receiving Cash Payments

KCCS will not accept cash payments in excess of $5,000.00 in any single transaction[1] and any cash payment in excess of $5,000.00 will require KCCS 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 Electronic Funds Transfer (EFT), cheque or credit card.

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 KCCS Finance Manager (the "Reporting Officer") who will, if appropriate, contact the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC"), police or other relevant agency.

Verification Process

Before entering into any transaction with a person which involves the payment of cash in excess of $5,000.00, KCCS 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 (if applicable)
- Amount and currency of funds received.

KCCS 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 KCCS 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.

KCCS 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 KCCS from the payer and the date the verification was completed.

Refund Procedures

Refunds will be issued only in accordance with the applicable KCCS departmental refund policies. Precautions will be taken in respect of refunds requested in cash following a payment by credit card, wire transfer, cheque, etc. Cash payments will be refunded by cheque made payable to

applicable payor. All other refunds will be made to the original form of payment unless otherwise approved by the KCCS Finance Manager.

Suspicious Transactions

Employees will evaluate the source of funds that are paid to KCCS 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 KCCS will provide a Suspicious Transaction 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.

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 KCCS in relation to any Suspicious Transaction Report should also be recorded. KCCS 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. KCCS will also keep a copy of any FINTRAC Reports and associated evidence and documentation.

KCCS 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 $5,000.00, 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

KCCS 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 a locked and secure location until the funds are deposited.
- Cash should be deposited on a timely 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 will be counted by two individuals at all times.
- Before accepting cash, the employee will count the cash in front of the payor and ensure both the employee and payor have signed the copy of the receipt and agree on the amount being received.
- 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 KCCS Finance Manager.

[1] For the purposes of this Policy, a single transaction includes multiple payments within a 24-hour period.

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