

# **BSBITU305**

# **Conduct online transactions**

**Release 1**

**Learner guide**

# **BSBITU305**

# **Conduct online transactions**

Release 1

**Learner guide**

Aspire Version 1.1

## Copyright Warning

**This product is copyrighted to Aspire Training & Consulting  
(ABN 51 054 306 428).**

Aspire Training & Consulting owns all copyright to its products. Except as permitted by the *Copyright Act 1968* (Cth) or unless you have obtained the specific written permission of Aspire Training & Consulting, you must not:

- reproduce or photocopy this product in whole or in part
- publish this product in whole or in part
- cause this product in whole or in part to be transmitted
- store this product in whole or in part in a retrieval system including a computer
- record this product in whole or in part either electronically or mechanically
- resell this product in whole or in part.

Aspire Training & Consulting:

- invests significant time and resources in creating its original products
- protects its copyright material
- will enforce its rights in copyright material
- reserves its legal rights to claim its loss and damage or an account of profits made resulting from infringements of its copyright.

Aspire is committed to developing quality resources that meet the needs of our customers. However, occasionally Aspire finds, or is notified of, errors. Please refer to our website at [www.aspirelr.com.au](http://www.aspirelr.com.au) to see if there are any updates that may be relevant to you.

Every effort has been made to ensure the information in this book is accurate; however, the author and publisher accept no responsibility for any loss, damage or injury arising from such information.

Except where an information source is acknowledged, the names and details of individuals and organisations used in examples are fictitious and have been devised for learning purposes only. Any similarity to actual people or organisations is unintentional.

All websites referred to in this unit were accessed and deemed appropriate at time of publication.

Aspire Training & Consulting apologises unreservedly for any copyright infringement that may have occurred and invites copyright owners to contact Aspire so any violation may be rectified.

BSBITU305 Conduct online transactions Release 1

© 2017 Aspire Training & Consulting  
Level 1, 464 St Kilda Road  
MELBOURNE VIC 3004 AUSTRALIA  
Phone: (03) 9820 1300

First published April 2017

Cover design: Rewind Creative  
Printer: Doculink Australia Pty Ltd, 1d/28 Rogers Street, Port Melbourne VIC 3207

e-ISBN 978-1-76059-447-3 (PDF version)  
ISBN 978-1-76059-446-6

## Contact details

<b>Participant</b>
Name:
Start date:
Phone number:
Email:
<b>Work location</b>
Name:
Address:
Postal address:
Workplace supervisor name:
Phone number:
Fax:
Email:
<b>Registered Training Organisation (RTO)</b>
Name:
Address:
Postal address (if different):
Phone number:
Fax:
RTO contact name:
Mobile:
Email:



---

# Contents

<b>Before you begin</b>	<b>vii</b>
<b>Topic 1: Identify and investigate online service providers</b>	<b>1</b>
1A Use online research to identify suppliers	2
1B Assess online confidentiality, privacy and security measures	19
1C Assess potential products/services for authenticity	29
Summary	36
Learning checkpoint 1: Identify and investigate online service providers	37
<b>Topic 2: Perform online transactions</b>	<b>41</b>
2A Confirm the organisation's needs	42
2B Ensure authentication information is secured	46
2C Use online functions to obtain products and services	49
2D Report online access difficulties to the service provider	55
2E Complete online transactions and ensure products/services are received	58
Summary	63
Learning checkpoint 2: Perform online transactions	64
<b>Topic 3: Maintain records of online transactions</b>	<b>67</b>
3A Maintain records of transactions	68
3B Check the accuracy of online transaction records	77
Summary	84
Learning checkpoint 3: Maintain records of online transactions	85
<b>Topic 4: Review online transactions</b>	<b>89</b>
4A Review the products and services received	90
4B Make recommendations about using an online service provider	96
Summary	100
Learning checkpoint 4: Review online transactions	101



---

# Before you begin

This learner guide is based on the unit of competency *BSBITU305 Conduct online transactions*, Release 1. Your trainer or training organisation must give you information about this unit of competency as part of your training program. You can access the unit of competency and assessment requirements at: [www.training.gov.au](http://www.training.gov.au).

## How to work through this learner guide

This learner guide contains a number of features that will assist you in your learning. Your trainer will advise which parts of the learner guide you need to read, and which practice tasks and learning checkpoints you need to complete. The features of this learner guide are detailed in the following table.

Feature of the learner guide	How you can use each feature
Learning content	Read each topic in this learner guide. If you come across content that is confusing, make a note and discuss it with your trainer. Your trainer is in the best position to offer assistance. It is very important that you take on some of the responsibility for the learning you will undertake.
Examples and case studies	Examples of completed documents that may be used in a workplace are included in this learner guide. You can use these examples as models to help you complete practice tasks and learning checkpoints. Case studies highlight learning points and provide realistic examples of workplace situations.
Practice tasks	Practice tasks give you the opportunity to put your skills and knowledge into action. Your trainer will tell you which practice tasks to complete.
Video clips	Where QR codes appear, learners can use smartphones and other devices to access video clips relating to the content. For information about how to download a QR reader app or accessing video on your device, please visit our website: <a href="http://www.aspirelr.com.au/help">www.aspirelr.com.au/help</a>
Summary	Key learning points are provided at the end of each topic.
Learning checkpoints	There is a learning checkpoint at the end of each topic. Your trainer will tell you which learning checkpoints to complete. These checkpoints give you an opportunity to check your progress and apply the skills and knowledge you have learnt.



## Foundation skills

As you complete learning using this guide, you will be developing the foundation skills relevant for this unit. Foundation skills are the language, literacy and numeracy (LLN) skills and the employability skills required for participation in modern workplaces and contemporary life.

The following table outlines specific foundation skills noted for your learning in this learner guide.

Foundation skill area	Foundation skill description
Learning	<ul style="list-style-type: none"> <li>Accesses a range of online information and contextualises to transaction requirements</li> </ul>
Reading	<ul style="list-style-type: none"> <li>Recognises and interprets numerical information within online content and organisational requirements to establish and complete required tasks and determine quality of content</li> </ul>
Writing	<ul style="list-style-type: none"> <li>Ensures specific and relevant language is used to communicate required information, and information is accurately maintained</li> </ul>
Oral communication	<ul style="list-style-type: none"> <li>Articulates requirements clearly using listening and questioning techniques to clarify and confirm understanding and delivers specific and factual information appropriate to audience and environment</li> </ul>
Navigate the world of work	<ul style="list-style-type: none"> <li>Recognises and follows explicit and implicit protocols and meets expectations associated with own role</li> </ul>
Interact with others	<ul style="list-style-type: none"> <li>Selects the appropriate form, channel and mode of communication for a specific purpose relevant to own role</li> </ul>
Get the work done	<ul style="list-style-type: none"> <li>Develops plans to manage relatively complex, non-routine tasks with an awareness of how they may contribute to longer-term operational and strategic goals</li> <li>Recognises a range of familiar problems and seeks assistance from appropriate parties</li> <li>Uses a range of online applications to access, filter and extract information and process transactions</li> </ul>

## What do you already know?

Use the following table to identify what you may already know. This may assist you to work out what to focus on in your learning.

Topic	Key outcome	Rate your confidence in each section
Topic 1: Identify and investigate online service providers	1A Use online research to identify suppliers	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1B Assess online confidentiality, privacy and security measures	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1C Assess potential products/services for authenticity	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 2: Perform online transactions	2A Confirm the organisation's needs	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2B Ensure authentication information is secured	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2C Use online functions to obtain products and services	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2D Report online access difficulties to the service provider	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2E Complete online transactions and ensure products/services are received	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 3: Maintain records of online transactions	3A Maintain records of transactions	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3B Check the accuracy of online transaction records	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

<b>Topic</b>	<b>Key outcome</b>	<b>Rate your confidence in each section</b>
Topic 4: Review online transactions	4A Review the products and services received	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	4B Make recommendations about using an online service provider	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

---

# Topic 1

## Identify and investigate online service providers

Since the mid-1990s, the internet has played a significant role in the development and growth of business and commercial transactions. More organisations are now using the internet as a business tool to conduct online transactions. While e-commerce is generally faster and more convenient than traditional buying and selling processes, organisations need to be sure that any service provider they deal with meets their needs and is reliable, accurate, efficient and secure.

Before purchasing any product or service, an organisation needs to conduct appropriate research to determine the most suitable provider.

In this topic you will learn how to:

- 1A Use online research to identify suppliers
- 1B Assess online confidentiality, privacy and security measures
- 1C Assess potential products/services for authenticity

# 1A

## Use online research to identify suppliers

With the growth of the internet and web-based technologies, organisations have fast and cost-effective access to products and services from suppliers across the global marketplace. Many organisations now use the internet for buying regularly used items such as office supplies, as well as for major purchases.

### The growth of e-business

Many businesses have their own websites that provide information about the products and services they offer. Many also have the technology to enable customers to purchase via an online ordering system. Some businesses use other companies, such as BPAY, to provide an online payment platform for trade. Some businesses may only use certain types of online transactions whereas others will conduct a wide range of activities online. E-business is big business.



### Example: use the internet to promote products and services

Vineland Wines is a small wine producer located in Western Australia. The company has adopted a web-based marketing strategy that allows customers to order and pay for wine on its website. Between 10 and 15 per cent of the company's production is now exported to markets in the United Kingdom, the United States, New Zealand and Asia, to customers who otherwise would have remained outside its reach. This small firm can now market itself across the globe regardless of its geographical location.

### E-business and e-commerce

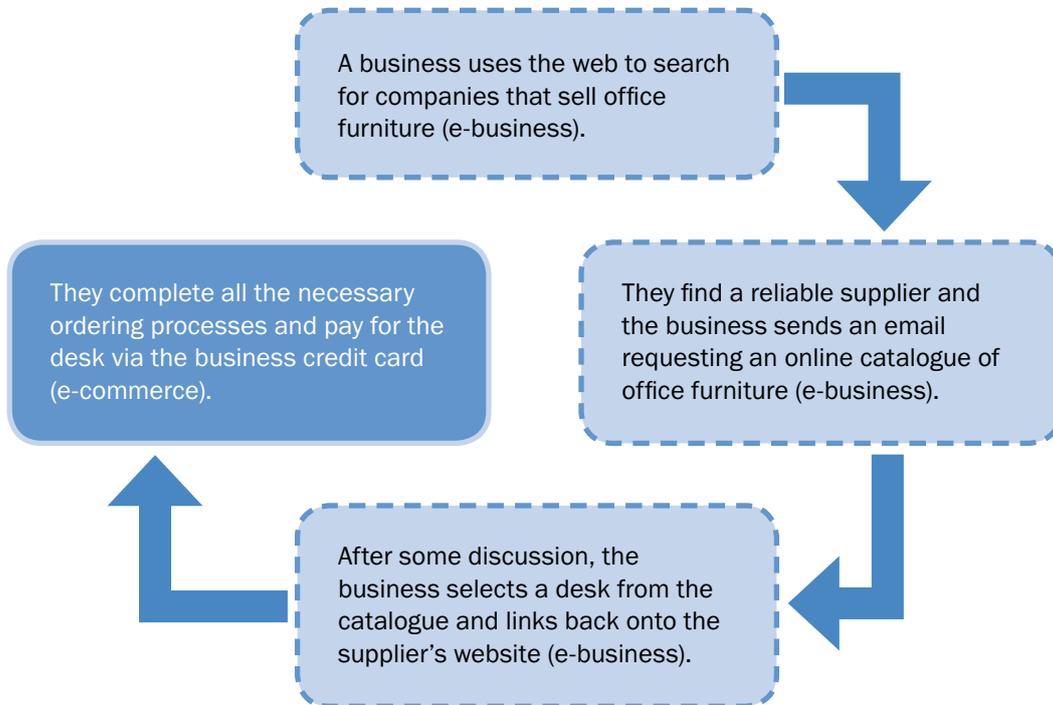
E-business means using the internet to conduct business transactions or communication. E-commerce is part of e-business and refers to using the internet specifically to order and pay for goods and/or services.

When conducting e-business, organisations use the internet to:

- look for information about products and services, including accessing and using online catalogues
- place orders for products and services
- pay for products and services
- take orders for their products and services
- receive payments for products and services
- conduct banking transactions
- use online auction sites to sell goods and services.

### Example: use the internet to purchase an item

In this diagram, you can see how an organisation goes through the process of purchasing an item online.



## Why people do business online

Although online stores can provide plenty of interesting graphical and auditory information, purchasers do not have access to other sensory information such as touch, taste or smell. Online purchasing is not appropriate for all business acquisitions, particularly where it is necessary to have a tangible appreciation of a product; for example, an organisation purchasing a new company car may research online but prefer to see and test-drive the vehicle prior to purchasing it.

### Reasons organisations do business online

**1 Convenience**  
Organisations are able to conduct business outside of normal trading hours, 24 hours per day, 7 days per week, 365 days per year. Organisations that purchase online are not limited by global time differences and can buy online when it is convenient for them, not during set business hours.

**2 Broader market access**  
They have access to markets outside of their geographic location, such as interstate or overseas.

**3****Faster transactions**

Transactions generally have a fast turnaround.

**4****Wider choice of goods**

A wide variety of goods can be made available online. An online store offers variety that is not possible in traditional bricks-and-mortar retail due to floor space and storage limitations.

**5****Lower operating costs**

Online transactions can reduce operating costs.

**6****Lower cost of transactions**

E-business can lower the cost of transactions and make ordering online cheaper. Organisations purchase directly from the supplier, which eliminates the need for retailers and distributors who often add to the cost of the product.

**7****Secure transactions**

Transactions are secure, confidential and private because electronic data can be encrypted for transmission.

**8****Improved efficiency**

The streamlined process improves efficiency and reduces paperwork.

**9****Online tracking service**

Many online retailers have an online tracking service that allows customers to monitor the progress of their purchase. This service offers added convenience as it eliminates the need to have to contact the company directly.

## Online products and services

Organisations require a vast array of products, from stationery and production materials to manufactured goods such as cars, books, appliances, furniture and food. They also require different services such as financial services, loans, insurance, hotel bookings, transport and delivery.

Products and services can be obtained through a number of online suppliers. It may be your job to research suppliers to identify whether they are capable of supplying your organisation with the products and services it needs.

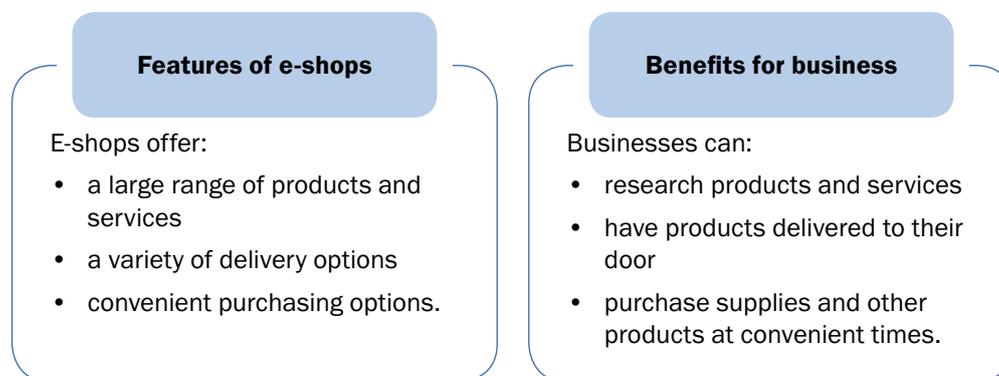
The process of managing online purchasing of goods and services is called e-procurement (business-to-business transactions online). Specific activities in e-procurement may involve determining which commodities or services are best, choosing the right suppliers, negotiating the best prices and awarding contracts to preferred suppliers.

There are many different types of online suppliers, including:

- e-shops
- financial institutions
- e-auctions
- e-brokerage services
- third-party marketplaces.

## E-shops

E-shops are organisations that use their websites to promote their products and services and for online transactions. Here are some of their features and the benefits for business.



## Financial institutions

Banks, credit unions, building societies or other financial institutions offer a range of services such as electronic funds transfer, online account statements, loans and investments. Here are some of their features and the benefits for business.

### Features of online financial institutions

Online financial institutions offer:

- direct debit or BPAY
- online account statements
- accounts management
- interest rate information
- loan and credit advances
- electronic funds transfer
- foreign exchange
- loan approvals
- business insurance
- financial advisor services.

### Benefits for business

Businesses can:

- pay for a product or service
- access account balances
- pay invoices from creditors
- manage loan repayments
- access overdraft facilities
- pay staff wages
- transfer money between accounts
- obtain a loan to upgrade plant and equipment
- access risk management (insurance)
- use services to plan for the future.

## E-auctions

This system offers an online public auction of items to the highest bidder. Examples are e-Bay and GraysOnline. Here is a list of their features and the benefits they offer businesses.



### Features of e-auctions

E-auctions offer:

- vast categories of available products
- online discussion facilities
- online information services.



### Benefits for business

Businesses can:

- purchase new and used business goods
- share information about products and services
- learn how to do business online securely.

## E-brokerage services

An e-brokerage service provides advice on trading stocks for clients who use the internet. Here is list of some of their main features and the benefits for business.

### Features of e-brokerage services

E-brokerages offer:

- shares and securities trade services
- share advice
- market information services
- foreign exchange services
- stock market price alerts and reports
- cash management accounts and financial services
- insurance services
- loans and credit services.

### Benefits for business

Businesses can:

- access cash management services and advice
- access capital investment services and advice
- research insurance coverage options
- research current stock and share market information
- access foreign exchange trading information and services
- access loan and credit information and services.

## Third-party marketplaces

A third-party marketplace (an e-marketplace) is an electronic exchange where firms register as sellers or buyers to communicate and conduct business over the internet. Here is a list of their features and the benefits they offer businesses.

### Features of third-party marketplaces

Third-party marketplaces offer:

- trading or transaction services
- market activity advice, information and services
- industry-specific advice, information and services
- e-market directory listings
- industry newsletters, articles and reports.

### Benefits for business

Businesses can:

- expand their current markets
- enter new markets
- find new customers and products
- meet buyers and sellers on a common internet platform.

## Research suppliers of products and services

Before making any purchases, organisations must gather all the information they need to determine the most suitable supplier. The supplier and their purchasing system must be reliable and trustworthy. Organisations need to know their online service providers will meet their needs. How can organisations decide if they are getting the best deal in regard to product lines, quality, price or fees, delivery costs, availability, payment terms, information, guarantees and after-sale services offered?

### Example: questions to ask when researching a supplier

Here is a list of useful questions to ask when you need to research a supplier in four main categories: business requirements, ethical considerations, infrastructure and security.

#### Business requirements

- Are the terms and conditions for doing business online clearly stated?
- Is there a process for resolving disputes and obtaining refunds?
- Are the supplier's contact details available, including postal address, contact person and email address?
- Is there a clear description and/or photo of the product, including size, colour, weight, value and safety features?
- Are postage and handling details and all other charges clear? Are there any hidden costs? Are there any costs for using the system?
- Does the final cost match your calculations?
- Is the date when the site was last reviewed and updated clearly shown?
- What claims does the organisation make about the benefits the product will have for the business? Can these claims be substantiated?
- What processes do you need to follow to purchase and pay? How easy is this to do? What help is available when using the system?
- How can the organisation ensure the online provider is maintaining the confidentiality and security of the organisation's details? What security measures are in place? Is there a privacy statement?



*continued ...*

... continued

**Ethical considerations**

- Is there a terms and conditions section, including dispute resolution processes and industry-specific codes of conduct?
- Is there a privacy statement on the website?
- Does the online supplier's website have a clear vision or mission statement outlining their values and ethics?
- Is it clear how your information will be used? Who has access to your information? How is the information maintained to ensure confidentiality?
- How can you be sure your payment card will not be used in an unauthorised manner?

**Infrastructure**

- Is the content correct and up to date?
- What method is used to collect data?
- Are systems in place to manage security?

**Security**

- Is there a security system in place?
- Is there a written security policy?
- Are there access controls and authentication processes; for example, user passwords?
- Is the site virus protected?
- Does the site automatically lock to prevent unauthorised password access?
- Is the organisation's computer network protected by firewalls? Are all systems regularly maintained, audited and scrutinised to actively prevent any unauthorised access from the internet?

## Research appropriate suppliers and systems

To find all the information you need to make responsible transactions, you need to research appropriate suppliers and systems. Researching online is a fast and efficient way of identifying and analysing information about a company and its products and services. You can browse online websites and catalogues and compare products and services unrestricted by geographical location.

There are also websites that do comparisons for you. Utilising these services cuts the time required for research to a minimum. For a skilled researcher, it is possible to go directly to manufacturers, which makes the final purchase more cost effective.

The internet provides quick access to information and data from all over the world. However, you must carefully evaluate and assess the information you find for accuracy and authenticity; not everything you read will be reliable, up to date or valid.

Before you begin your research, it is important to have a sound knowledge of any specific requirements your organisation has in relation to identifying and investigating online service providers.

You need to think about the:

- information are you searching for
- best research tool to use; for example, a search engine or a subject directory
- words that best describe your requirements
- access to the information – is there a cost associated or do you need a special password to retrieve the information?

## Use reliable research tools

You can use search engines such as Yahoo! and Google to investigate the various suppliers and information available. A search engine sorts links to material in order of relevance to your initial query. It also offers the opportunity to refine and enhance your search if the initial sort proves unsuccessful. Search engines often return too much material. Some search engines include paid advertising listings in search results that are not labelled as such.



Search engines produce different results, so use more than one search engine. Be aware of the search words you use. Make them specific; for example, if you want to find out who sells recycled office paper, don't just type in 'paper' or 'recycled paper', because this will bring up many unrelated results. A better option is to type in 'who sells recycled office paper' or place some words in quotation marks to instruct the search engine to look for sites that have that exact phrase.

## Tips for effective internet surfing

Here are some other ideas you can use to carry out efficient and effective internet searches:

- Use the advanced search function to refine your search.
- Use metasearch engines, such as [www.dogpile.com](http://www.dogpile.com), to search a number of search engines.
- If you only want Australian information, refine your search to include only pages from Australia.
- Use business directory websites such as Truelocal and Yellow Pages or online encyclopedias such as Wikipedia.
- Use tools such as a dictionary or thesaurus to help you understand any unfamiliar key words or terms.
- Ask colleagues for search engines or websites they have used and would recommend.
- Know exactly what question you are trying to answer or information you need to find, before you begin your search.



## Evaluate websites and information on the internet

You can take a number of precautions to ensure the validity of your research. These include checking each website's purpose, accuracy, currency, bias, appearance and function.

The purpose of the website or page is not always a clear distinction between advertising, information, opinion, commentary and entertainment. Web pages may be commercial, informative, educational, entertaining, political or even a hoax.

The URL (or uniform resource locator, known as the web address) says a lot about the producer of the website. Look at the domain name, as it will provide further insight into the type of information or the purpose of the information. There is a wide range of domain names.

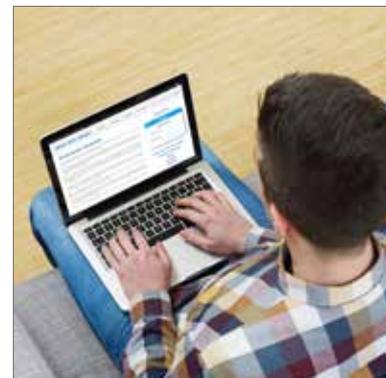
Here are the commonly used URLs in Australia.

URL	Definition
.com	A commercial site with the purpose of selling a product or service
.gov	A government or government agency site that offers a wide range of information (such as legislation, grants, business tenders) and services for individuals and business (such as the capacity to lodge tax returns and business activity statements online)
.net	A private network internet provider site or personal home page – a good indicator of a personal home page is a tilde (~) in the URL, which is used as a prefix to a user login name to specify that user’s home directory
.org	A non-profit organisation such as a charity, religious or lobby group
.edu	An educational institution such as a university or school
.au	An Australian site

## Check website accuracy

Remember that anyone can publish anything on the internet. This means you may find inaccurate, misleading or false information. You need to be vigilant and endeavour to ensure that what you are reading is true. You should check that:

- there are no spelling and grammatical errors
- reference sources are listed
- links to other sources are relevant.



## Check website currency

Choose up-to-date information. Old sites that have not been updated may provide information that has been abandoned or superseded. Information on outdated websites may have been accurate at the time of publication but might now be inaccurate or incorrect.

You should check that:

- the date the information was created is provided
- the date of the last update is provided
- reference sources are current
- links to other sites are functioning.

## Check for information bias

Think critically about everything you read. Be alert to persuasive techniques and advertising. Many commercial sites provide only positive information only about their products or organisation. This is generally accepted, but be aware of one-sided arguments and presentations. Ask yourself who is providing the information and for what purpose. You should look for:

- argumentative or persuasive language
- stereotypes or demeaning labels
- sweeping statements or generalisations
- obvious conflicts of interest.



## Check the website appearance and function

You need to find out the answers to a number of questions as you look at each website and evaluate the content on each page.

### Questions to ask

- Do you have to join up before you have access?
- Does the website appear professional; for example, no typing errors, spelling mistakes or inappropriate material?
- Is the page easy to navigate, well planned and organised?
- Do the links from the page work and connect properly?
- Does the website have a privacy statement?
- Does the site contain details for direct contact via email or phone?
- Is there a loss and property damage warranty?
- Is any special software necessary to view the whole page?
- Were there any testimonials from customers?
- Is it easy to contact the company directly?

## Check the terms and conditions

If you proceed with an e-commerce transaction, you are automatically accepting the terms and conditions that the supplier currently operates under. Service suppliers may have a process for the user to select 'I agree' or 'I do not agree' to formally place the responsibility of acceptance of the stated terms and conditions onto the purchaser before the product can be purchased.

Terms and conditions relate to acceptable payment methods, a returns policy, a damaged goods policy, shipment conditions, a cooling-off period if you are not satisfied after receiving the goods or a disputes policy. In some instances, your organisation may be able to negotiate the terms and conditions by drawing up a modified set of agreed terms and conditions between the two parties.



## Conduct appropriate checks

To ensure appropriate checks have been made, you should:

- conduct checks to identify the authenticity of the supplier
- conduct a business name search using the following website: [www.asic.gov.au](http://www.asic.gov.au)
- conduct a trademark search using the following website: [www.ipaustralia.gov.au](http://www.ipaustralia.gov.au)
- conduct an Australian Business Number (ABN) search using the following website: [www.abr.gov.au](http://www.abr.gov.au)
- check your organisation's compatibility with the supplier's website.

### Example: conduct research to identify a potential supplier

Gardenware Galore, a large manufacturing company that produces garden pots, has been using the same freight company for the past five years to deliver its products to garden centres throughout Australia. The freight company does not have online ordering facilities. It has dramatically increased its prices over the past 12 months, but its service has deteriorated.

Gardenware Galore often receives inquiries from the garden centres about when they can expect their deliveries. The manager asks his assistant, Josh, to look for an Australian freight company that has an online tracking facility as well as online ordering.

Josh accesses the internet and searches the web using the Google search engine. As he only wants companies within Australia, he makes sure he only searches pages from Australia. He uses 'freight company' as his search words and finds several companies that seem to be offering exactly what he is looking for.

Josh then selects four websites and checks each one for their services and costs. On each site, he checks the web page has appropriate links to the:

- terms and conditions
- privacy statement
- loss and property damage warranty
- contact information.

He reads any testimonials from other clients. After conducting his research, Josh compiles a report for his manager, who then decides on a company that meets all the criteria.



## Research potential suppliers of financial services

Businesses need money (capital) to operate. They may require a loan to purchase the initial equipment (assets) and products in order to produce an income (revenue) or to develop their existing business. Most businesses use the services of an accountant or financial planner to help manage their money. Suppliers of financial services provide information, products and advice on the exchange, transfer and/or investment of capital. If a business is very successful, it may invest extra capital into the share market to increase its profitability. Businesses that employ staff must pay tax and superannuation contributions. All businesses must lodge business activity statements (BAS) and, in some cases, meet compliance and auditing requirements.

To find financial services online, try using key words such as 'online financial services' or 'financial planning'.

## Examples: websites that provide information about financial services

Here are four examples of websites that can provide information about financial services.

Website	What it offers
<a href="http://www.fpa.asn.au">www.fpa.asn.au</a>	The Financial Planning Association of Australia provides independent reviews of financial service providers. It is the peak professional organisation representing the financial planning sector in Australia.
<a href="http://www.financialservicesonline.com.au">www.financialservicesonline.com.au</a>	Financial Services Online provides a broad range of information and services including loans, insurance, superannuation and investments.
<a href="http://www.fsc.org.au">www.fsc.org.au</a>	The Financial Services Council is a national not-for-profit organisation that provides information about loans, insurance, superannuation, the share market and investments. It also provides links to various websites from banks, government and financial associations.
<a href="http://www.ato.gov.au">www.ato.gov.au</a>	The Australian Taxation Office (ATO) website offers information on taxation, fuel schemes, how to register a business, policy, publications, forms and much more.

## Example: research online banking

Craig's workplace asks him to carry out some online research into the facilities and security offered through online banking. Currently the workplace is using traditional bank teller services, but management is keen to gain the time-saving benefits of conducting transactions online.

Craig's supervisor asks him to present a report that considers at least two banks and makes a recommendation for one that could best meet all their account requirements. His supervisor also wants information on what security methods the recommended bank uses to authenticate the transactions.

Craig's supervisor gives him the following information. The business needs:

- a daily limit up to \$25,000 to pay creditors by direct transfer
- a daily limit up to \$200,000 to pay creditors that are registered with BPAY
- to be able to check account balances and transfer funds between their own accounts
- payments file uploads that can be saved and/or printed for reconciliation purposes and used without requiring special software
- a password or code that continually changes
- a stop-cheque function
- a separate function for authorisation and confirmation prior to processing payment.

Craig spends a long time researching two service providers before making the presentation and offering a recommendation. He uses the information he has about the business's needs to match against the types of services two financial institutions offer.

## Research potential suppliers of goods

Goods are physical products that can be delivered to purchasers in an exchange of ownership from seller to customer. Goods can range from office stationery to raw materials required for production. The goods an organisation requires depend on the nature of the business operation and the resources required to conduct business in a profitable and efficient manner. Accessing online goods provides a business with the opportunity to shop around with ease and access the best product for the best price. A business can then purchase and pay online, making it a convenient and quick method of acquiring goods.

## Research potential suppliers of insurance

Having a risk-management plan is an essential part of running any successful business. A business needs to be protected and minimise its exposure to profit loss by taking out insurance. A business's insurance requirements will vary according to the nature of the business. However, some forms of insurance are compulsory, such as workers' compensation and third-party car insurance.

Insurance is a contract that requires an insurance provider to protect the insured party against a specified loss in return for premiums paid.



## Categories of insurance

Insurance is usually required when a business starts operating, but continually needs to be reviewed and either upgraded or downsized according to the organisation's need. Insurance can fall into three main categories.

### Assets and revenue insurance

Examples include: building and contents, motor vehicles and burglary

### People insurance

Examples include: life insurance, workers' compensation, income protection and disability insurance

### Liability insurance

Examples include: public liability to protect a business financially against the risk of death, injury, loss, damage of property or negligence; professional indemnity to protect a business from legal action taken for losses incurred as a result of business advice; product liability to protect against claims of goods causing injury or damage.

## Understand legislation

When conducting online transactions, you need to be sure that you are following any legislation or guidelines that governments have put in place. You don't have to know all the details of the legislation, but you do need to know the types of things you must comply with, as your organisation can be held liable for any difficulties that arise if you have not followed procedures correctly.

Your organisation will have embedded these practices into their policies and procedures, so if you follow these, then you are complying with the legislation. However, when you are conducting online transactions, always check to ensure you have considered these aspects.

### Legislation and guidelines you need to know about

1

#### Anti-discrimination legislation

Anti-discrimination legislation; for example, treat everyone the same regardless of age, gender or background

2

#### Ethical principles

Ethical principles; for example, be honest and own up to any mistakes you make, be fair, always supply accurate information

3

#### Codes of practice

Codes of practice; for example, work cooperatively, complete work on time, identify workplace hazards, notify team members of any difficulties

4

#### Privacy laws

Privacy laws; for example, make sure you store confidential information appropriately

5

#### Work health and safety (WHS)

Work health and safety; for example, make sure you follow safety directions when using equipment, follow manual handling guidelines, notify your supervisor if work demands are causing stress

## Practice task 1

Read the case study, then answer the questions that follow.

### Case study

Rosita is a general clerk. She works for a medium-sized architecture design company. Part of her job is to order the office stationery. To do this, she uses a catalogue posted to her by the current supplier. Then she faxes a purchase order form through to the supplier. She has to write a lot of information on the purchase order form, including product codes and item details.

Sometimes Rosita mixes up the code numbers on her order form, which means she receives the wrong items. She has to double-check that all the codes match the items purchased. Sometimes, the supplier has to contact Rosita because some of the items ordered are no longer available. Rosita has updated the catalogue by crossing out the unavailable items so she knows not to order them next time.

Rosita wants a more efficient system to order stationery. She wants to discuss finding an online stationery supplier with her supervisor. They both agree that ordering online will save Rosita time.

1. How effective do you think Rosita's current method of ordering stationery is? Give three reasons for your answer.

2. What search keywords would you suggest Rosita try when searching for an online stationery supplier?

3. How can Rosita ensure she is only searching for Australian suppliers?

*continued ...*

... continued

4. Conduct the research Rosita would need to undertake to find an appropriate online office stationery supplier. List the keywords that were most effective in finding relevant sites.

5. Choose two suitable suppliers and compare them. Discuss how each site addressed the following areas:

- General requirements
- Information privacy
- Security infrastructure

6. Make a recommendation for one online supplier from those you have compared and explain why you chose that particular supplier. Refer to the issues that Rosita is currently having with her ordering process and explain how using your preferred supplier will avoid these issues in the future.

## 1B

## Assess online confidentiality, privacy and security measures

All forms of trading are vulnerable to threats of tampering or theft, and transacting in the online environment is no different. The internet is insecure because it is made up of a large number of networks and information travels along a multitude of pathways, which makes it vulnerable to unauthorised access.

Trading online has its difficulties in terms of privacy, confidentiality and security because computers can be infiltrated by hackers or attacked by viruses distributed via email. These actions can result in the misuse of personal or financial information. Organisations must protect themselves against these risks.

One way organisations can do this is by taking practical precautions when selecting suppliers to deal with, particularly in terms of what they offer in the way of information security.



### Supplier obligations with respect to security

Business transactions can range from a simple email to complex financial contracts where highly sensitive material is exchanged. Valuable or sensitive information must be protected. Suppliers must be able to ensure that a business's information is not accessed or used outside the terms of the transaction. Suppliers are legally obliged to maintain a business's confidentiality and privacy.

Many precautions are also taken by an organisation's internet service provider (ISP).

Businesses can help to minimise the chance of unauthorised access to their computers by having:

- security software such as anti-virus software, anti-spyware software, firewalls and anti-spam filters
- information backed up
- policies and procedures for internet use
- staff training for online security.

### The legal framework for electronic commerce

Organisations that conduct business over the internet are subject to the same federal and state legislative requirements as traditional businesses. There are also industry codes of practice, which are developed to provide guidelines for best practice.

Significant legislation associated with electronic commerce includes:

- *Spam Act 2003* (Cth)
- *Australian Securities and Investments Commission Act 2001* (Cth) in relation to financial services
- *Telecommunications Act 1997* (Cth)
- *Broadcasting Services Act 1992* (Cth) and all amendments that relate to online services.

## Other relevant legislation

Here are examples of other relevant legislation, regulations, guidelines and codes of practice that you need to be aware of.

### Legislation, regulations, guidelines and codes of practice

1

#### **Privacy and Data Protection Act 2000 (Vic.)**

This state legislation regulates the handling of personal information by the public sector.

2

#### **Privacy Act 1988 (Cth)**

In March 2014, new legislation affecting privacy laws came into effect. It amends the *Privacy Act 1988* (Cth) and introduces 13 new Australian Privacy Principles (APPs), which replace existing privacy principles. These APPs apply to government agencies and many private sector organisations, including health service providers.

The Australian Privacy Principles regulate how personal information is handled, and cover:

- APP 1 – Open and transparent management of personal information
- APP 2 – Anonymity and pseudonymity
- APP 3 – Collection of solicited personal information
- APP 4 – Dealing with unsolicited personal information
- APP 5 – Notification of the collection of personal information
- APP 6 – Use or disclosure of personal information
- APP 7 – Direct marketing
- APP 8 – Cross-border disclosure of personal information
- APP 9 – Adoption, use or disclosure of government related identifiers
- APP 10 – Quality of personal information
- APP 11 – Security of personal information
- APP 12 – Access to personal information
- APP 13 – Correction of personal information

3

#### **Competition and Consumer Act 2010 (Cth)**

Guidelines for Consumer Protection in the Context of Electronic Commerce (1999)

This legislation and related guidelines relate to consumer protection; for example, when users enter into an internet contract, such as purchasing a product online, they must be:

- identified accurately
- aware of and accept the terms and conditions of the contract
- known to receive all notices.

4

**Electronic Transactions Act 1999 (Cth)**

Electronic Funds Transfer Code of Conduct

This legislation and code of conduct protect consumers who use electronic banking via telephone or the internet.

5

**Copyright Act 1968 (Cth)**

This Act prevents others from copying works that have been written, authored or otherwise originally created by an individual or organisation.

6

**Defamation Act 2005 (NSW)**

Defamation laws sit within state jurisdiction. An example of their use in the online context is where an organisation has a disclaimer against liability for defamation in relation to any third-party material on its website.

7

**Disability Discrimination Act 1992 (Cth)****Racial Discrimination Act 1975 (Cth)****Sex Discrimination Act 1984 (Cth)**

Businesses must make sure goods and services are accessible to all members of the community, including people with disabilities. It is also unlawful for a person to be discriminated against based on their race, descent or ethnic origin.

Sex discrimination legislation is designed to prevent discrimination and sexual harassment and to ensure equality across the genders.

8

**Work Health and Safety Act 2011 (Cth)**

Every workplace is responsible for the health and safety of its employees. Also, the business must not create health and safety problems for customers or the general public.

9

**Corporations Act 2001 (Cth)**

This legislation requires that company directors act responsibly with regard to the discharging of their duties and the exercising of their powers. They must:

- make judgments in good faith and for the right reasons
- not act in self interest
- act in the best interests of the corporation.

## 10

**Directors liability/criminal liability**

Civil and/or criminal proceedings can result if business directors fail to protect corporate assets.

A business owner can also be liable for any employees who act in a criminal manner.

## Fair trading

In Australia, federal and state laws protect a business and its customers from unfair trading practices. This legislation and industry codes of practice ensure consumers are well informed and that a business operates in a fair and competitive manner in the online environment.

Fair trading means:

- not engaging in misleading or deceptive conduct
- not making false or misleading representations of goods and services supplied
- not harassing or coercing consumers when seeking to sell goods or services
- ensuring all contractual terms and conditions are provided
- ensuring that the goods and services supplied correspond with the description of the goods and services in regard to price, quality, quantity, etc.

## Online business obligations in Australia

Your workplace should have policies and procedures for staff in regard to online security. Ask your supervisor if you are unsure about any online security procedures you need to follow.

Professional online businesses should provide the following information:

- The business's trading name
- The address of the business and all contact information
- The ABN or other relevant licence and registration numbers
- Affiliations with other business associations or memberships
- Terms and conditions of transactions
- All compulsory costs of any goods and services provided, including postage and handling charges
- Details of payment options
- Mandatory safety or legislative warnings
- A refunds and/or returns policy
- Processes that enable the purchaser to confirm or reject the offer



## Issues in the online environment

Businesses must be confident that transaction details and other valuable commercial information will not be accessible to anyone other than those involved in the transaction and that the supplier is who they claim to be. For most online transactions, businesses want to be assured that sensitive data is read only by authorised individuals and is not

disclosed to unauthorised individuals or the public. They also want their data to be secure from external interception; for example, a virus may infect a program and alter the data contained within the documents created. Data or information could also be compromised by a disgruntled employee fraudulently changing records.

## Cyber fraud

Cyber fraud is a broad term that relates to criminal activity in the form of web-based hoaxes and email scams. Be wary of opportunities that promise spectacular profits or so-called guaranteed returns. If the deal sounds too good to be true, it probably is.

Here are some examples of cyber fraud.

### No delivery of goods

An internet auction or online sales transaction where the buyer either receives nothing or receives something markedly different from what was described

### Identity theft

Identity theft where proprietary information, such as a credit card number, is obtained from the internet

### Securities fraud

Securities fraud such as market manipulation or schemes, the sale of false or misleading securities and fraudulent disclosure statements

## Phishing

Phishing (pronounced 'fishing') is one of the methods used in identity fraud and typically begins with an unexpected email message from a financial institution proclaiming something like:

'Your account information needs to be updated due to inactive members, frauds and spoof reports.'

If the email receiver clicks on the hyperlink provided and types in their personal details, they are unwittingly connecting not to their own bank, but to a scam artist engaged in the sport of phishing for illegally obtaining credit card numbers, bank account information and/or personal information. Anti-scam or filter software can reduce access of this nature to your business system.



## Online investment fraud

Here are some signs of online investment fraud.

### Be wary of promises of quick profits

Be wary of promises of quick profits, offers to share inside information and pressure to invest before you have an opportunity to investigate.

### Be careful of promoters who use aliases

Be careful of promoters who use aliases. Pseudonyms or false names are common online and some salespeople try to hide their true identity. Look for other promotions by the same person.

### Beware of guarantees, high returns or limited offers

Words like guarantee, high return or limited offer may be danger signs. No financial investment is risk free and a high rate of return means greater risk.

### Watch out for offshore scams

Watch out for offshore scams and investment opportunities in other countries. When you send your money abroad and something goes wrong, it is more difficult to find out what happened and to locate your money.

## Cookies

Cookies are files that are automatically downloaded from the web browser to the computer of the person browsing a website and that can be accessed any time the computer returns to the site. Make sure these are secure.

If the web page is not considered a trusted or secure site, you may receive a security warning message.

### Example: warning about an insecure site

Here is an example of a warning you may get when using a Windows computer that has identified a suspicious-looking file or website.



## Identify a supplier's security and confidentiality measures

Part of assessing online suppliers should involve an analysis of the security measures they offer their customers. Security refers to measures the organisation has in place to ensure the confidentiality and integrity of data during its transmission and storage. It also relates to measures in terms of authorised and unauthorised access to data in transmission and storage. For some types of online transactions, such as transferring funds, organisations should have an authentication process that establishes trust and confidence in the security of the system. Personal information must be protected from misuse, disclosure, modification and loss.

### Checklist to assess the security measures a supplier has in place

- Establish the true identity of the trading partners by accessing independent reviews of suppliers through testimonials, the Australian Competition and Consumer Commission (ACCC), the Financial Planning Association of Australia (FPA) or Consumer Affairs or by conducting a domain name search.
- Assess the user verification and authentication services offered by suppliers, such as the use of personal identification numbers (PINs), user names and passwords.
- Assess the site security of the web server.
- Check all details are disclosed, such as the business trading name, the business address, contact information and the ABN.
- Check the organisation has a secure web page; for example, one that has https at the beginning of the address bar and a locked padlock at the bottom or side of the browser screen.
- Identify whether the website has a disclaimer, limit of liability statement, refunds and/or returns policy and processes to enable the purchaser to confirm or reject the offer, as well as the terms and conditions of transactions and website use.
- Check whether there is a complaints process.
- Identify the effectiveness of the supplier's firewall protection and anti-virus programs.
- Assess whether the supplier prevents unauthorised use of customers' details through encryption.
- Check the effectiveness of the receipts and warranties provided by the supplier.
- Identify how secure the cookies are.
- Confirm the relevant jurisdictions, such as regulation of cross-border or global contracts made over the internet, are in place.
- Establish that payment methods are reliable, easy to use and offer appropriate security for the transaction. Make sure all compulsory costs are provided, including postage and handling charges, and that methods to cancel payment are clear.
- Check that the site includes mandatory safety or legislative warnings.

## Carry out a risk assessment

Regardless of the size of your business or your involvement in e-commerce, there are things you can do to make your own use of the internet more secure. One of the first things to do is undertake a risk assessment. This does not need to be a complicated exercise as long as you address the major issues, taking into account how you use or plan to use the internet. You might do this in consultation with your supervisor and information technology officer.

Consider the types of transactions conducted, and identify the associated risks. These could include fraud, impersonation and theft. You should then assess the magnitude of these risks, focusing on the potential for damage to your business and the likelihood that the threats will occur. Finally, you will need to identify how to manage these risks; that is, the specific measures you can take to protect against them.

## Risk-management measures

The risk-management measures your business takes will depend on how it plans to use the internet.

If your organisation is implementing more advanced e-commerce capabilities, such as online purchasing and banking, you will need to take more sophisticated protective measures. Your organisation may need to develop an IT security policy for its operations and have a response plan for computer security incidents. Some organisations choose to outsource their security arrangements to specialist service providers.

If the business is using the internet to only send and receive email and access information, the measures you take may be more basic.

### Basic measures where minimal interactions are required

- Checking that your organisation has installed protective anti-virus and firewall software
- Ensuring the business keeps the software up to date by installing software patches
- Using passwords or PINs that cannot be easily guessed, with a combination of letters, numbers and symbols
- Exercising caution when opening email attachments
- Accessing independent reviews of suppliers from trusted organisations such as the ACCC
- Evaluating suppliers' disclaimers, privacy statements and terms and conditions of website use
- Being aware of state and federal legislation in regard to internet usage and trading practices

## Make the payment

After you have verified the authenticity of a supplier, you can proceed with your online business transactions. This may involve making a payment to a supplier. There are some guidelines you should follow when making online payments, as shown here.

### Secure web page

Only pay via a secure web page (one that has https at the beginning of the address bar and a locked padlock at the bottom or side of the browser screen).

### Secure payment method

Use a secure payment method such as PayPal, BPAY or your credit card. Avoid money transfers and direct debit, as these can be open to abuse.

**Credit card details**

Never send your bank or credit card details via email – only via a secure web page.

**Copy of the transaction**

Always print and keep a copy of the transaction record.

## Use your common sense and trust your instincts

Most shoppers know the warning signs to look for when buying something in a shop; the same applies to shopping online. Be wary if:

- the website looks suspicious or unprofessional
- the website offers bargains that look too good to be true
- you are not confident about their use of your information
- you are not confident that you will get what you pay for
- you receive an unexpected email message asking for private details.

## Keep informed

The ACCC has a section on its website about online shopping, at: [www.accc.gov.au/consumers/online-shopping](http://www.accc.gov.au/consumers/online-shopping). If you have a complaint or want to report an online shopping incident, contact the ACCC Infocentre on 1300 302 502.

Make sure you keep yourself informed about the latest internet security issues and solutions.



## Practice task 2

1. What information should be included on a supplier's website to give you confidence that the business is genuine and legitimate?

2. Provide two examples of cyber fraud.

## 1C

## Assess potential products/services for authenticity

Businesses and individuals can access goods and services at competitive prices on the internet. However, because you cannot physically touch the goods and try them before you buy, a business is in a vulnerable position when purchasing online. You have to rely on the supplier's honesty in describing the products accurately and delivering products to you that match the advertised description, price and quality.

It is essential to correctly assess an online supplier to ensure the authenticity of all products and services purchased. If they are not authentic, your business runs a number of risks; for example, inadequate product descriptions may result in the organisation receiving inferior, counterfeit or fake brand products or services, or you might be charged for goods and then not receive them.



### Check for suspicious products

There are many counterfeit and grey-market products advertised on the internet. The item may be past its expiry date, damaged or missing its packaging, or worse: a fake. Counterfeit products are fakes or imitations of the real thing. Some counterfeit products may bear little resemblance to the genuine product, but others can be such clever copies that it may be very difficult to determine whether the product is authentic.

### Grey-market goods

Grey-market goods are purchased through channels other than those intended by the manufacturer or distributor. This means the grey-market retailer has not purchased them from the official distributor or manufacturer in the country of sale.

When you buy grey-market products, they may well be authentic but questions may arise as to how old the product is, what conditions it has been stored under or even whether it is still hygienically sealed. If there is a problem with the product, the Australian distributor may not honour a warranty claim if the product was supplied from overseas or through unauthorised channels. Buying from an overseas retailer can also be risky as Australia's strict customer-protection legislation doesn't extend beyond our borders.

Things to watch out for when purchasing include:

- no expiry date or batch number on the product or packaging
- spelling mistakes on the label
- differences in quality and consistency of the product
- poor-quality printing and/or flimsy cardboard on the packaging.

### How can you tell if a website is selling grey-market products?

Short of asking directly and hoping for an honest answer, it may be difficult to tell whether you are receiving grey-market goods.

The best way to ensure you are not buying counterfeit or grey-market products is to purchase from trustworthy sources such as an authorised online retailer, the manufacturer or the official distributor. Use 100 per cent Australian-owned and operated companies so you can purchase knowing that you are protected by Australian consumer laws.

For further information on safe online shopping visit [www.econsumer.gov](http://www.econsumer.gov), which is an international consumer protection site.

Here are some indicators of grey-market products.

#### **Random products**

- Websites that stock a seemingly random selection of a brand's products, which may suggest the supply of the products to the retailer is inconsistent or sporadic and that they are not purchasing their supplies through authorised channels

#### **No logos**

- Websites that don't display the brand's logo with its products, which may mean the brand has not given the site permission to use its trademarks

#### **Large discounts**

- Websites that offer branded products with huge discounts off the usual retail price

## **Test the authenticity of a product or service**

There are a number of things you can do to test the authenticity of products and services. You may need to research the supplier again to ensure they are legitimate and their products are authentic. Some checks can be done before you finalise the purchase. Others can only be done after you have received the product.

### **Before the purchase**

- Check product photos
- Confirm details such as the number of items in a packet or the expiry date
- Check if there is a cooling-off period after receiving the goods
- Check if you can sign a contract to identify the specific product's requirements
- Ask your business networks for testimonials if they purchase from the same supplier
- Record the date, time and order confirmation of the purchase
- Find out if there is a guarantee or warranty, either offered by the company or provided for by the law
- Find out if delivery costs will be charged
- Check the retailer's refunds and returns policy, and their terms and conditions
- Check the legality of importing goods from overseas
- Be wary of offers that appear too good to be true
- Check the legitimacy of any website testimonials
- Check if the organisation is a registered business in Australia
- Check the organisation's contact details
- Check if there is a dispute-resolution procedure
- Check if the organisation is a member of an industry association
- Check the security measures for processing credit card payments
- Complete a purchase order so your purchase is double-checked by your supervisor

### **After the purchase**

- Check for poor-quality printing and/or flimsy cardboard on the packaging
- Check there are no spelling mistakes on the label
- Keep a copy of all records or policies that may be relevant if a dispute occurs

## **Check specific products**

Here are some tools to test authenticity that you can use to check on specific products. These checks should be carried out carefully. Ask a colleague if you are unsure about anything.

**Online banking**

Conduct:

- an independent review of service
- a domain name search
- a trademark search.

Check there is:

- a product disclosure statement
- access to all terms and conditions, privacy and security information and contact details
- a complaints process statement
- a set of testimonials
- a URL address that begins with https
- a closed padlock symbol displayed.

Make sure the supplier is listed as an institution that is regulated by the Australian Prudential Regulation Authority (APRA).

**Financial services**

Check there is:

- a product disclosure statement
- access to all terms and conditions, and privacy and security information
- access to all contact details
- a code of practice statement
- a complaints process statement
- a set of testimonials.

Check the organisation is registered with the Financial Planning Association of Australia.

**Third-party marketplaces**

Conduct independent reviews of service.

Check there is:

- access to all terms and conditions, and privacy and security information
- an industry membership logo
- a code of practice statement
- member registration process and login
- a set of testimonials (posted comments/blogs)
- access to all contact details.

Check there are:

- recommendations from trusted third parties that currently use the service
- active links to existing clients.

**Online brokerages**

Conduct independent reviews of service.

Check there is:

- a product disclosure statement
- access to all terms and conditions, and privacy and security information
- access to all contact details
- a complaints process statement
- an industry membership logo and links
- a code of practice statement
- a set of recommendations from trusted third parties that currently use the service.

Check the organisation is registered with the Australian Securities and Investments Commission (ASIC).

**Financial services**

Conduct independent reviews of service.

Check there is:

- an industry membership logo and links
- access to all contact details
- access to all terms and conditions, and privacy and security information
- a fees disclosure statement
- a dispute resolution process
- a section for feedback on members
- a user-agreement statement
- a detailed item description (including graphics)
- a set of recommendations from trusted third parties that currently use the service.

**Online stores**

Conduct independent reviews of service.

Check there is:

- an industry membership logo and links
- access to all contact details
- access to all terms and conditions, and privacy and security information
- a detailed item description (including graphics)
- a fee disclosure statement
- a dispute resolution process
- a code of practice statement
- a user-agreement statement
- a set of recommendations from trusted third parties that currently use the service.

## Practice task 3

Read the case study, then complete the tasks that follow.

### Case study

Annette has just been appointed as the general office assistant for a small business. She and her supervisor have been asked to upgrade the office software. Annette receives an email advertising very cheap software downloads. She does not know who sent her the email. Her supervisor is away sick so Annette decides to investigate.

Check it out!

Latest software at very competitive prices. Buy now, don't miss out on this fantastic opportunity.

<b>MS Windows 10</b>	\$65
<b>MS Office 365</b>	\$20
<b>Adobe Acrobat Pro DC</b>	\$50
<b>Adobe Photoshop CC</b>	\$100

<http://stst.nukoema.com/>

Annette clicks on the link. The website looks very professional. She notices the page has a link to terms and frequently asked questions so she feels confident that she can trust the site. There is also a link to some testimonials. Annette notices that the home page displays the logos of large software companies such as Microsoft and Adobe. Annette selects and adds the software to the shopping cart and proceeds to the checkout using her organisation's credit card.

Although the website states that it sends confirmation after 24 hours, Annette has still not received confirmation of her payment or the link to download the software after a week. However, the organisation has been charged \$127.90 for the purchase. Annette is unsure where the extra charges have come from as the software she selected was only \$89.

When she goes back to the original web page, she cannot find any method to contact the company directly. When she opens the terms, she notices in large print that they could be subject to change without notice and that the consumer should refer to the frequently asked questions to answer their inquiries. She cannot find any information about additional fees and charges.

Annette begins to feel uneasy and checks out other testimonials. The testimonials are all clients from outside of Australia and they do not have any organisation names attached to them, so there is no way Annette can contact them to see if they exist or not.

Annette takes her concerns to her supervisor but instead of being sympathetic, the supervisor reprimands her for being careless. She has not followed office protocol for using the internet and did not complete a purchase order request. The organisation has preferred suppliers that Annette should have used. The supervisor tells Annette she has been scammed and that there could be serious consequences.

*continued ...*

*... continued*

1. List the main consequences for the organisation because Annette did not follow correct office procedures for purchasing online goods.

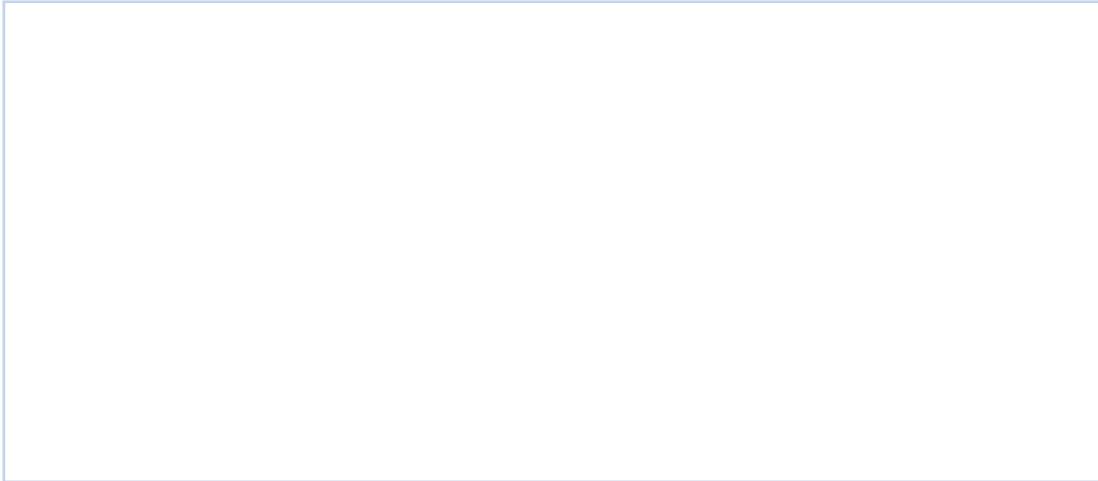
2. What outcome and potential consequences are there for Annette personally?

3. Explain the steps Annette that should have taken to ensure a secure purchase for the organisation.

*continued ...*

... continued

4. Explain the steps Annette that should have taken to ensure a secure purchase for the organisation.



## Summary

1. Organisations conduct online transactions because they are convenient, quick and efficient; reduce paperwork; can lower the cost of transactions; and allow ready access to global markets.
2. Online suppliers and systems include e-shops, financial institutions, e-auctions, e-brokerage services, e-procurement services and third-party marketplaces.
3. You need to determine the most suitable supplier prior to purchasing. You have to make sure the supplier and their purchasing system are reliable and trustworthy. They need to supply you with the goods or services you require, to the quality you want and in the time you have asked for.
4. You should conduct a range of checks to assess the confidentiality and security measures of suppliers.
5. Australia has consumer protection laws that extend to electronic transactions and the procurement of commodities online.
6. An organisation needs to conduct checks to ensure the supplier's products are authentic; a business is in a vulnerable position and has to rely on the supplier's honesty in describing the products accurately and delivering products that match the advertised description, price and quality.

## Learning checkpoint 1 Identify and investigate online service providers

This learning checkpoint allows you to review your skills and knowledge in identifying and investigating online service providers.

### Part A

Complete the following sentences using the words listed below:

e-commerce    privacy    authentic    quick    anti-spam  
e-shop    encryption    suspicious    trustworthy    accurate

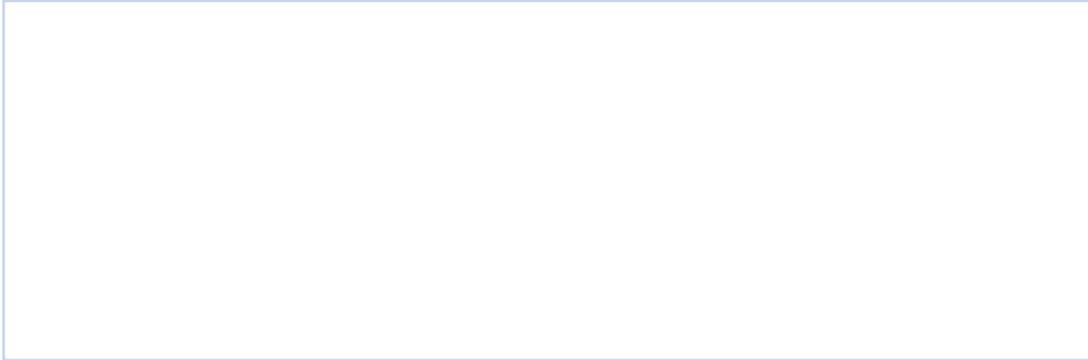
1. Organisations choose online transactions because they are \_\_\_\_\_ and convenient.
2. The term \_\_\_\_\_ refers to using the internet to order and pay for goods and services.
3. An online store that sells to customers using a website navigation system is known as an \_\_\_\_\_ .
4. Before you purchase, you need to make sure the supplier and their purchasing system are reliable and \_\_\_\_\_ .
5. When evaluating a website, one of the things you need to do is assess how \_\_\_\_\_ the information is.
6. It is important for a site to have a \_\_\_\_\_ statement.
7. Online suppliers should have security software such as firewalls, anti-virus software, anti-spyware software, and \_\_\_\_\_ filters.
8. Suppliers must safeguard a customer's private details through \_\_\_\_\_ .
9. Never use a website that looks unprofessional or makes offers that seem \_\_\_\_\_ .
10. Before making an online purchase, you need to check that the product is \_\_\_\_\_ .

### Part B

The supplier your organisation currently uses for office stationery items has increased its prices too much. Your supervisor has asked you to research another suitable supplier.

1. In dot-point form, list the three main areas you need to research to identify an appropriate supplier. (Don't go into any detail; just state the main areas you will research.)

2. In dot-point form, list the research you could do to identify whether the supplier is genuine.



3. In dot-point form, list what you think are the eight most important things to look for when assessing the suitability of an online supplier.



## Part C

Select the website of a potential supplier to your workplace or an organisation that you are familiar with.

1. Write down the website and the type of product it supplies.

2. Assess the website to determine if it is legitimate. In dot-point form, describe how you did this.

3. Explain what conclusions you came to about the authenticity of the site. What led you to this decision?

## Part D

Briefly explain why it is important that workers comply with legislative requirements when conducting online transactions.



---

## Topic 2

# Perform online transactions

Most organisations have systems or procedures for ordering and receiving products and services, whether online or by traditional methods. When making online transactions, you must follow your organisation's policies and procedures for making purchases and completing transactions successfully.

You also need to access and follow website instructions for ordering online to ensure the products or services you receive are the ones you ordered.

In this topic you will learn how to:

- 2A Confirm the organisation's needs
- 2B Ensure authentication information is secured
- 2C Use online functions to obtain products and services
- 2D Report online access difficulties to the service provider
- 2E Complete online transactions and ensure products/services are received

## 2A

## Confirm the organisation's needs

Staff learn about the workplace's policies and procedures for purchasing online at their induction or when they first start work. These procedures make the ordering process consistent and allow organisations to track expenditure. Your workplace will have procedures for confirming, documenting and placing the order.

### Identify and confirm the order

When purchasing online, you need to first identify your organisation's needs. There will be workplace procedures in place to assist you to do this. These procedures will vary from workplace to workplace, depending on the size of the organisation and the type of business it carries out. Listen carefully if an order is given to you face to face or over the phone. Always ask the person to repeat the instructions if you are not sure you have all the information. If you receive an order by email or memo, check all the details. If you think something is missing, ask for confirmation.



### Example: workplace procedures for purchasing

Here are some examples of the ways different workplaces have undertaken purchasing.

#### Limited to a budget

An office worker purchases stationery items on a weekly or monthly basis. A checklist hangs near the stationery cupboard and staff tick the items they need, write their name against the item and state how urgent their need is. At the end of the month, the office worker calculates the items needed and their cost, and checks the urgency. If the cost falls within the month's budget, the worker prepares a purchase order for the items. The worker has approval to purchase from her supervisor.

#### Manager approval required

A large organisation with several departments provides an individual office budget for each department, which must arrange the ordering of their required stationery. The task has been allocated to the department's administration assistant. Each month, the assistant checks the stationery supply and sends an email to the department staff reminding them to email any special requests for the next order. A company acquisitions order form is completed with each purchase, which the manager must authorise.

*continued ...*

... continued

### Supervisor directs the purchase

When an organisation decides to purchase office chairs, an office worker's supervisor discusses the situation with them and explains the type to order, who to order from and the cost. The worker needs to record the information then read it to the supervisor so they are certain they understand the requirements and the information is correct.

### Assistant orders on behalf of manager

An organisation needs to purchase 10 sets of training material. The training manager has downloaded a catalogue and ticked the items she wants on the company's order form. She gives the form to her assistant to order online. Before she makes the purchase, the assistant checks the list and notices that the manager did not list how many sets she needed or the payment method. The assistant double-checks with her and confirms all the requirements.

## Use preferred suppliers

Most organisations have companies they prefer to deal with. These are known as preferred suppliers. These may be suppliers that have provided the organisation with products and services for a period of time and the two companies have developed an ongoing business relationship. Preferred suppliers may offer discounts or keep the organisation up to date with new products and services.



Make sure you know who your organisation's preferred suppliers are. Perhaps there are preferred suppliers for specific items only. Keep a file of the suppliers with their web addresses, contact details, products, services and costs. Include any other information that needs to be recorded such as passwords, codes or membership numbers. Make sure you maintain the file, as suppliers may be dropped if their prices increase or the quality of their goods decreases.

## Understand expenditure restrictions

When ordering products and services, you need to be aware of any budget or expenditure restrictions. Part of this is seeking authorisation from a more senior person or a person responsible for making particular purchases. Your workplace policies and procedures will guide you on your responsibilities in authorising a purchase.

Before making any purchase, make sure you can answer these questions:

- Do you have the authority to purchase within a set budget?
- What do you do if a purchase exceeds that amount?
- What are the restrictions to expenditure without authorisation?
- Who has to sign a purchase order?
- How should you pay for the purchases?

## Follow purchase procedures

You need to know who is responsible for authorising the different kinds of purchases you may need to make. The person responsible will vary depending on the size of the organisation and the item being purchased. The required paperwork will also vary. Procedures may range from informal verbal requests to complex documented acquisition and purchasing processes. Some organisations have a purchasing officer who is responsible for identifying and signing off all purchases. There may be a purchase or acquisitions form to complete that needs to be signed and dated by a manager or purchasing officer before you can purchase online.



### Example: different levels of responsibility for purchasing authorisations

Here are two examples showing the different levels of responsibility for purchasing authorisations that exist in workplaces.



#### Large business

Chen Yi has recently been employed by a large company with over 500 employees. She has a clear position description for her role as an office assistant and who she has to report to. In her induction, Chen Yi was provided with a staff manual that had an organisational chart showing all the departments in the company. When she needs to buy environmentally friendly cleaning products, she speaks to her supervisor. The supervisor reminds Chen Yi that orders must be approved by the purchasing officer. Chen Yi looks up the organisational chart to find the name and office of the purchasing officer. She then completes the purchase order form and forwards it to the purchasing officer for approval.



#### Small business

Benjamin is the general clerk for a small business that employs two sales staff and a receptionist. With Gwyneth, the owner, there are five people in the organisation. Gwyneth personally introduces Benjamin to all the staff and discusses their job roles and how Benjamin can assist them. Gwyneth tells him to come straight to her if he needs to discuss anything, particularly with regard to purchasing items. When Benjamin believes an advanced fax machine would make his job more efficient, he walks across to Gwyneth's office to discuss the benefits and request approval to make the purchase.

## Security and confidentiality

Make sure you are familiar with any security or confidentiality issues arising from making an online purchase; for example, who has access to your information in the online environment? In some organisations only specific people have access codes or passwords to protect against unauthorised use.

## Practice task 4

Use your own workplace or research an organisation and ask them about their procedures for online purchasing. Explain that you are doing this for training purposes. Record what they say in dot-point form.

Make sure you cover the following areas:

- Who has responsibility for purchasing online
- How staff confirm an order that is given to them
- If the organisation has preferred suppliers for specific items
- What purchasing procedures must be followed
- What security procedures must be followed

## 2B

## Ensure authentication information is secured

After you have identified the product or service you need to purchase, you can prepare to make the transaction. The first stage is to make sure that both your processes and those of the supplier are secure. To do this, both parties should use authentication processes. Authentication is not the same as security but operates in conjunction with an organisation's overall security framework. It is important for the organisation to secure information and prevent:

- loss of confidentiality of data
- loss of integrity of data
- unauthorised use of resources.



### Check the supplier's authentication information

To counter these risks, an organisation should authenticate the identity of the user accessing the data and have methods in place to protect and manage its data, systems and resources.

An important first step is to ensure the supplier's authentication information is secure so you can be confident the supplier's processes pose no security threat. As discussed previously, make sure the supplier has posted a privacy statement and terms and conditions. Also check that costs, handling charges and payment methods are clear.

### Supplier requirements

The supplier also needs to know that your information is legitimate and secure. Because you are entering a contract for goods or services, you need to provide information to prove your identity; for example, when purchasing a mobile phone over the counter you may have to provide legally recognised documentation in the form of a drivers licence or passport. For some purchases, you may have to sign forms to verify delivery and receipt of goods. Service suppliers, such as banks and government agencies, often require detailed authentication before an organisation can register for their services.



Similarly, for online purchases you have to show the supplier that your credit card is current and is a legitimate number. Other forms of authentication may include a particular identification number or specific personal information such as birth date, password or secret challenge questions; for example, when accessing a banking service, you are required to know both your individual customer ID number and a password.

### Security tokens

Some security systems include a security token, which is a small electronic authentication device that works by generating a password that continually changes. This ensures maximum protection for internet banking transactions. The security token is required if you have a 'Pay Anyone' limit up to \$10,000 and/or a BPAY limit up to \$200,000.

In a broad sense, authentication relies on one or more of the following:

- Something a person has, such as a key, badge, token or smartcard
- Something a person knows, such as a password, ID number or mother's maiden name
- Something a person is, represented by a photo, fingerprint or voice

## Common methods of authentication

Here are examples of the more common methods of authentication.

<b>Password</b>
<ul style="list-style-type: none"><li>• Employees must update passwords every month using a combination of letters and numerals.</li><li>• Employees must keep passwords confidential.</li><li>• Authentication passwords must be encrypted.</li><li>• The system must provide a user warning notice of any previous failed attempts to use the password.</li></ul>
<b>PIN</b>
<ul style="list-style-type: none"><li>• Employees or clients must update their PIN each fortnight.</li><li>• Individual PINs must be kept confidential.</li><li>• Only specified and authorised employees have access to the business banking PIN.</li></ul>
<b>User ID</b>
<ul style="list-style-type: none"><li>• Employees or clients must use their user ID in combination with a password.</li><li>• A user ID is used to manage and monitor business IT system authorisation access.</li></ul>
<b>Challenge and response</b>
<ul style="list-style-type: none"><li>• Employees must provide unique information, such as their father's middle name, before access is granted by the system.</li></ul>
<b>Cookies</b>
<ul style="list-style-type: none"><li>• Authentication cookies allow registered users to browse data online. They permit a customised degree of access.</li><li>• Employees can only get an authentication cookie by entering the username and password correctly.</li></ul>
<b>Biometrics</b>
<ul style="list-style-type: none"><li>• Biometric authentication can include voice recognition, iris scans and fingerprint scans.</li><li>• Employees must provide detailed evidence of their identity prior to the set-up of biometric authentication technology.</li><li>• Employees must undertake a police check.</li><li>• Biometrics are used in areas where high levels of authentication are required, such as in financial institutions.</li></ul>

**Encryption**

- Employees must convert confidential or sensitive data into a secret code (or encryption) so it is unreadable except by authorised users.

**Audit**

- An audit monitors the security of computer networks via audit logs and internet history logs quarterly.
- Program managers identify and report any change in configuration settings, the source of any hacking or other unauthorised access.

**SSL**

- A secure sockets layer (SSL) creates a secure connection between an internet application and the user. This protects the personal access code from being accessed by an unauthorised user. Suppliers must be authenticated in order to display the SSL certificate sign on their web page.

**Practice task 5**

Use your own workplace or approach an organisation and ask them about the procedures staff have to follow to ensure authentication information is secure. Remember to explain that you are doing this for training purposes. Record what they say.

## 2C

## Use online functions to obtain products and services

Once you are confident that all processes are secure, you can make your online purchase. Be familiar with the supplier's system. Websites have their own distinctive systems and methods to facilitate smooth and trouble-free online purchasing transactions. These help you to register for the site, create an account or logon, move around the web page, add products to shopping carts, place and track orders, update and review information and make secure payments.

These functions are necessary to replace the traditional in-store purchasing methods but still enable the buyer to make informed decisions and secure payment transactions. Some online suppliers have online tutorials or an online help centre to assist visitors who are unfamiliar with the website. The online tutorial gives them the opportunity to have a practice run or ask advice before making a purchase or downloading information.



### Understand the terminology

While purchasing systems may differ, most require the user to access a range of functions. Remember that not all these functions are available on every e-commerce website, as some may offer fairly simple facilities or services. However, there are also very sophisticated web facilities that can manage complex transactions so it is important to understand the different terminology used on these sites.

Here are some commonly used online terms and an explanation of what each term means.

<b>Registration</b>
Registration allows the user to be identified for future access with a user ID or registration number.
<b>Logon</b>
The logon is where registration details are confirmed via a user name or ID. The logon facilitates access to the website.
<b>Navigation panel</b>
A navigation panel lists the various functions available, such as viewing the products.
<b>Shopping cart or basket</b>
The shopping cart is where the user places all the things they wish to buy before making the purchase. It enables the user to see all details of the products selected prior to payment.

**Drop-down boxes**

Drop-down boxes let the user choose specific information from a selection presented in a list.

**Submit, pay now, checkout**

These are common terms used to confirm information; for example, when the user wants to go forward with the next stage of the transaction.

**Help**

The help function assists the user to navigate through the website.

**Email contact link**

An email contact link automatically generates a direct email contact with the supplier.

**Export or download**

The file download area allows the user to access or transfer and save information to their personal computer; for example, a catalogue.

**Import**

Importing facilities allow the user to upload or transfer data from their own computer into an online data file.

**Information screens**

Information screens provide appropriate information to authenticate suppliers, such as security and privacy, digital certificates, testimonials, terms and conditions, frequently asked questions, disclaimers, copyright, warranties and returns policy.

**Time out**

The time-out function closes your online service if you have not used it for a certain period of time; for example, five minutes.

## Be prepared

Before you make any purchases, be sure you are prepared with the following information so your time online is used efficiently:

- Know what product you are going to purchase.
- Know how many items you need to buy because buying in bulk may save money.
- Make sure you understand the delivery options; for example, you may need to provide information on whether you want a public or private delivery service or if you want urgent, medium or slow delivery. There will also be information you can access about charges based on the number of items and their weight.
- Know how you are going to pay and if this method is an option; for example, by credit card or through a billing service.
- Know when you want the items to be delivered.



## Make a purchase

The following are basic procedures for making an online purchase.

### Steps for making an online purchase

1. Know what you have to purchase.
2. Make sure you have any necessary authorisations.
3. Open the internet browser and type in the supplier's web address to access the supplier's web page.
4. Select a category from the product menu for what you want to buy; for example, books.
5. Select the product/s required.
6. Select a quantity for each product.
7. View the basket to check what you have purchased.
8. Go straight to the checkout (pay for the goods).
9. Make an inquiry or save the basket and do some more shopping. The inquiry function is useful if you have some questions concerning the products and services or terms and conditions before proceeding to checkout and committing to the purchase.
10. Empty the basket if you have changed your mind or made an error in selecting the item or quantity.
11. Click on **Checkout** to make the purchase.
12. Follow the prompts to complete all details required by the supplier, including where you want the goods delivered to, how you are going to pay and your credit card details (if appropriate).
13. Review the selection to double-check that all details are correct. Amend errors if required. When all details are correct, proceed with the order.
14. Use the **Buy Now** function.
15. Print a copy of the confirmation page and attach the page to the purchase order form.
16. Copy the customer and order number onto the purchase order form.
17. File documents appropriately.

## Example: procedures for an online purchase

Hamza works for a company called Anderson Pacific. He is asked to research energy-saving light bulbs as part of his organisation's commitment to reduce carbon emissions. After conducting a web search and comparing online stores specialising in environmentally friendly products, Hamza decides on a supplier – the EnviroShop, which can be found at: [www.enviroshop.com.au/shop](http://www.enviroshop.com.au/shop).

Hamza goes to their website. He clicks on the menu item 'Lighting' in the menu at the top of the page.

The screenshot shows the EnviroShop website interface. At the top, there is a search bar and navigation links for 'Locations & Hours', 'Contact Us', 'My Account', 'My Wishlist', 'My Cart', and 'Log In'. The phone number '03 8395 3030' is displayed. Below the navigation is a horizontal menu with categories: HOME, SPECIALS, HOME & GARDEN, CHILDREN & BABY, LIGHTING, ENERGY, and PAINTS & OILS. The main content area is titled 'LIGHTING' and shows 'Items 1 to 10 of 40 total'. It lists three products:

- Kimberley Blaine Solar LED Skylights:** Price: From \$214.50. Description: Blume™ Advanced Skylight Systems are designed to add the ambience of sky lighting to any area of your home. Blume systems work in place of conventional skylights and also in locations where a traditional skylight could not be fitted.
- Vintage LED - G80 Filament Bulb:** Starting at: \$44.95. Description: A small round bulb that adds a touch of sparkle to any situation.
- Bright Green D900:** \$89.00. Description: The Brightgreen D900 is a high quality Australian designed LED.

The left sidebar includes filters for 'Shop By' (Solar Power, Solar Ventilation, Solar Hot Water, Lighting Design) and 'CATEGORY' (CFL (2), Fittings (3), LED (7), Solar Lighting (10)). It also shows 'PRICE' ranges and 'FITTING' options (E5 (1), GU10 (1), MR16 (1)). A 'My Cart' section indicates 'YOU HAVE NO ITEMS IN YOUR SHOPPING CART'.

Hamza clicks on each of the options to find out more. He compares each product with the bulbs that his organisation is currently using to find which products will give out the same amount of light. He finds two bulbs that are appropriate: the LED 9W and 10W Dimmable bulbs.

Hamza selects the LED 9W bulbs as these suit the needs of his organisation the best.

The screenshot shows two product listings:

- Osram 10W Dimmable:** Price: \$34.95. Description: A great looking and highly efficient LED light bulb from Osram, the Classic A60 Advanced is a standard shape and size and equivalent to a 60W - 75W old fashioned incandescent light bulb and is dimmable with most dimmers on the market.
- LED Osram 9W (60W equivalent):** Price: \$19.95. Description: A great looking and highly efficient LED light bulb from Osram, the Classic A60 is a standard shape and size and equivalent to a 60W old fashioned incandescent light bulb.

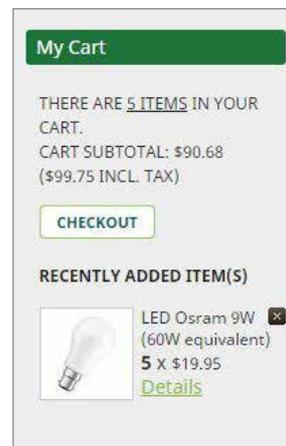
continued ...

Hamza decides to buy five of these bulbs. He selects the size option from the drop-down menu. Then he clicks in the empty box at the end of the item description and types in '5'. He adds them to the shopping cart by clicking on 'Add to cart'. They then appear in the cart summary at the bottom of the page.



Hamza takes a moment to click on the 'Shipping & Privacy' link at the bottom of the page. He reads the privacy statement and returns and replacements policy.

Hamza goes back to his cart and selects 'Proceed to checkout'. He chooses to check out as a guest. He enters the address he wants the globes sent to. He also indicates how he wants them sent and how he will pay for them. He notices that some of the boxes have an \*, which means they are mandatory (compulsory) fields in which data must be entered, or the transaction will not go ahead.



continued ...

The total order value is displayed, including any applicable tax and shipping charges. The shipping address and payment method are also displayed. Hamza reviews all the information and is satisfied that everything is correct, so he clicks on 'Place order'.

After Hamza receives the order confirmation, he prints the screen as a record and files the hard copy in the purchasing file.

(Screenshots reproduced with permission of EnviroGroup.)

continued ...

## Practice task 6

Open a website and practise making a product choice. Practise using each basket function such as view the basket, go straight to checkout, make an inquiry or save the basket.

Do not enter purchase information (such as credit card numbers) unless you actually intend to make the purchase.

See what information and additional functions are available. Write down the options available to you.

## 2D Report online access difficulties to the service provider

If you have any difficulties accessing or using an online facility, you need to follow this up immediately. You need to find out where the difficulty has occurred and report this to the appropriate person. Depending on the type of problem, this might mean your supervisor, your IT officer or the website contact.

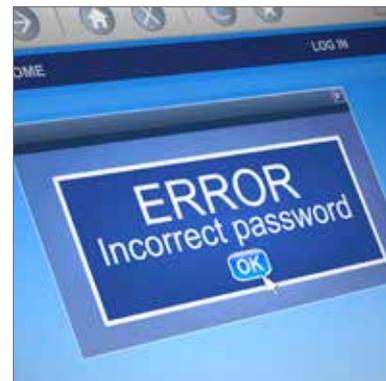
There are many different types of problems that you may encounter, including:

- human error
- your organisation's internal IT system
- the supplier's system.

### Human error

Before calling your supervisor or complaining to the supplier, make sure the problem has not been caused by human error; for example, check that you used the correct access code, have followed the prompts and have completed all sections of the order correctly.

Check that your credit card information is valid and up to date; for example, if you were recently issued a new card, some of the information may have changed. You will need to check the name, number and expiration date on the credit card, then try to process the transaction again. You should also make sure you have received a confirmation email with your order number.



### Your organisation's internal IT system

If you are having trouble completing an online transaction, your organisation's system may be at fault. You may find that the speed of the internet connection is slow. Sometimes, you might notice that after accessing a supplier's website and downloading data, your computer system runs very slowly. Perhaps your organisation has an internet usage limit and this is slowing down your access. The organisation may be using a different operating system or out-of-date software applications.

You will need to alert IT personnel and explain the difficulty clearly. Show them what is happening so they can diagnose the problem quickly and accurately.

## The supplier's system

If you are having difficulty making your purchase, the issue may be with the supplier's website and their operating system.

Here are some examples of where this is the case:

- The site keeps timing out and empties the shopping cart.
- You keep receiving error reports and are unable to open the website.
- The web page has expired or is no longer current.
- There are too many additional graphics and objects that require high-speed connections for timely downloading.
- There is insufficient information on system use, guidelines and terms.
- You need specialised software applications in order to open and use the website.
- The supplier's site is temporarily offline.

## Resolve problems

Many of the smaller, low-risk problems and difficulties a user may experience are easily identified and resolved using the relevant help or contact functions on the supplier's website. These areas usually provide a complaints process that purchasers can follow if they are experiencing problems with the site. Some websites have a troubleshooting area that offers solutions to frequently occurring difficulties with business transactions. These support pages help users overcome minor or common technical problems or service difficulties without the inconvenience of having to make direct contact.

### **Some common problems that may be included in the frequently asked questions**

- The logon button is clicked, but nothing happens
- The web pages freeze
- The web pages download very slowly
- The print button does not work

## Report problems

Although reliable service providers will have policies and procedures for reporting problems, it is not enough to just report to them. You need to let the appropriate people in your organisation know when you have any difficulty with online transactions and explain what has happened.

Keeping appropriate personnel aware of any problems with conducting online transactions should be part of an organisation's purchasing procedures and continuous improvement system.

### Common reporting methods

- An online official complaints form provided by the supplier
- Direct verbal contact by phone
- A direct written complaint via email, letter or fax
- A live-chat help desk, which is a two-way written exchange
- A formal complaint process to the supplier's member association group
- A formal complaint to the industry ombudsman or consumer protection authority
- Workplace reporting procedures (both formal and informal)

## Practice task 7

1. Write down a difficulty you, or someone you know, had with accessing or using a particular website when making an online transaction. Explain how the difficulty was handled.

2. Access a supplier's website and write down what mechanisms are in place for making a complaint or accessing help.

## 2E

## Complete online transactions and ensure products/services are received

Once you have completed all the purchasing requirements and dealt with any problems, it is time to complete the order. There are a number of things you have to do, as shown here.

### Step 1

#### Review the details

After you have typed in all the details of the transaction, you should review the details on a confirmation page and make a decision to either go forward with payment or use the 'back' function to return to the previous window or cancel. Make sure you check the confirmation page before proceeding with your purchase.

### Step 2

#### Complete payment information

You should now have an order number and a customer code. The next step is to complete the payment information.

### Step 3

#### Complete the order

If you are satisfied that all the details of the order are correct, complete the order by clicking on instructions such as 'Make the order' or 'Buy these items'. By clicking this button, you are agreeing with the supplier's terms and conditions. Some sites will actually say this. It is up to you to check that your organisation is happy with these conditions; for example, make sure the payment conditions match your workplace policies for payment.

### Step 4

#### Receive an order confirmation by email from the supplier

After a few seconds, you should receive an order confirmation by email from the supplier. Save this email to the appropriate folder. Alternatively, you may receive notification that there was something wrong with the order; for example, that details were not completed correctly. Follow up any difficulties immediately.

## Ensure goods meet the terms of the transaction

A major responsibility when you purchase online is to check that the goods or services you receive match what was ordered and the transaction is completed according to the terms and conditions agreed upon by both purchaser and supplier.

The transaction terms for e-shops may cover the:

- postage or delivery charges for their products and services
- delivery policy, including the expected arrival date
- acceptable payment methods
- returns policy, including information on any manufacturers' warranties
- damaged goods policy
- supplier's procedures for returns
- resolution of disputes policy.

## Financial institutions' terms and conditions

Before going ahead with a purchase, you should make sure that you agree with the terms and conditions. If you are unhappy with a product but the transaction met the terms and conditions stated on the website, then you have no rights for complaint.

Financial institutions' terms and conditions often refer to:

- product disclosures
- disclaimers
- copyright
- conditions of use for their website, including access to links, downloading third-party software and limitation of liability.



### Example: extract from the terms and conditions for PPE Online

The following example is an extract from the terms and conditions for PPE Online ([www.ppeonline.com.au](http://www.ppeonline.com.au)), specifically detailing how to qualify for the exchange of products due to incorrect colour or size.

#### **Elective Exchanges**

A product may be swapped due to colour or fitting issues (e.g. clothing, sunglasses). To qualify for this exchange, PPE Safety requires that the request be made (see procedure below) within 20 days of receipt of the product, and that the goods be returned in as-new condition. This includes the return of the original packaging including labels and tags still being attached. If new goods are returned in a noticeably used condition then a replacement may not be offered. Clothing may not be replaced if it has been worn. Return postage for elective exchanges is at the customer's expense.

*continued ...*

... continued

#### **Procedure for Replacements and Refunds**

To request a replacement or refund please follow the following procedure:

- Send an email to admin@ppeonline.com.au including:
- Order number (on your invoice)
- Date of purchase
- Detailed description of the problem
- Customer service will provide a Return Authorisation (RA) number provided the product is still under warranty
- Customer service may then ask that you return the item to us by mail
- If returning the product please include the following information on the outside of your return package:
- The original order number
- The Return Authorisation number (RA) your were given
- Your Full Name

(Reproduced with permission from Vision Safe.)

## **Organisational procedures for receiving goods**

Organisational procedures should specify that goods be immediately inspected for quantity and quality upon receipt. When an order arrives, retrieve the file and compare the confirmation statement with the delivery statement and the items or services received. Make sure you report any discrepancies or problems to your supervisor or manager immediately.

#### **Things to check immediately upon receipt of goods**

- The condition of the goods
- The quality of the goods
- That the amount of goods matches what was ordered
- Whether they arrived on time
- Whether the service level met the service outlined
- Any specified benchmarks to measure whether the service objectives have been achieved
- Whether anything in the disclaimer statement applies to the situation

## **Resolve problems with received goods**

If there are discrepancies between the organisation's expectations and the product or service received, a decision must be made about the appropriate way to communicate this to the service supplier and/or the purchasing organisation. This must be done according to the supplier's guidelines and workplace policies and procedures.

If there is a problem, check the terms and conditions to see:

- if there is a cooling-off period
- if you can return the goods
- whether the company will replace the goods
- whether there is a money-back guarantee if the purchaser is not satisfied.

## Manage discrepancies

You should manage discrepancies as soon as possible. The earlier you identify a problem that requires follow-up action, the sooner it can be resolved. The supplier's terms and conditions will generally stipulate a specific time frame for the purchasing organisations to identify and report back identified difficulties or errors in the processed order. If the time frame for notifying them of a problem has passed, the organisation may not be able to make a claim for non-received goods under the supplier's terms and conditions. The supplier can also question the validity of a claim that a purchaser makes after a certain period of time has elapsed; for example, claiming items were damaged when they were received and not from misuse after they were received is difficult to prove if the purchasing organisation waits too long to advise the supplier.

### Practice task 8

Read the case study, then answer the questions that follow.

#### Case study

Melissa works in the office at Fence World and purchases the office supplies, including printer cartridges. The office printer is a JetMaster 5000 series and Melissa uses JetMaster products as per the manufacturer's recommendations and specifications. On its web page, JetMaster has clearly stated product terms and conditions.

#### **RETURNS, REFUNDS AND CANCELLATIONS**

JetMaster offers a full refund for a faulty or unwanted product if customers:

- return the product within 30 days of purchase (unopened)
- cancel the order before shipment.

When the current printer cartridge runs out, Melissa replaces it with one kept in stock and immediately orders another one to put back in the storeroom. This means there is always a new cartridge in the storeroom ready to go. Each cartridge lasts for approximately 70 working days.

Melissa is so familiar with ordering online that she does not bother to check the confirmation page. Unfortunately, on one occasion Melissa is unaware that she has mistakenly selected the wrong product.

Melissa is very busy the day the delivery arrives and so she opens the package and stores the cartridge in the storeroom. It isn't until 75 days later that Melissa has to replace the printer cartridge and discovers that the one in stock is not suitable for the printer. When she checks the confirmation print-out against her purchase order form to compare item details, she realises that she originally ordered the wrong cartridge.

*continued ...*

*... continued*

1. If you were Melissa, what action could you take to attempt to resolve the situation?

2. Is JetMaster obliged to refund or exchange the product? Why or why not?

3. What went wrong with the online purchasing process and how could this be avoided in the future?

## Summary

1. Prior to purchasing products online, confirm and verify your organisation's requirements. A range of confirmation processes may be used depending on the organisation and the nature of the purchase. Follow all workplace policies and procedures for purchasing online products and services.
2. An organisation's IT system requires security and authentication methods to secure confidential and sensitive data. The level of security required will vary according to the organisation's requirements.
3. Conduct online transactions using appropriate online functions and following the organisation's and supplier's guidelines and processes, including the reporting of any difficulties.
4. Understand the supplier's terms and conditions.
5. Check the goods when they are received to confirm they have arrived on time and in the condition stated in the supplier's terms and conditions.

## Learning checkpoint 2 Perform online transactions

This learning checkpoint allows you to review your skills and knowledge in performing online transactions.

### Part A

1. Why do organisations use preferred suppliers?

2. Before purchasing online, what two things should an office worker do to make sure they know what they have to buy and what they have the authority to purchase?

3. Before purchasing from a supplier, you may need to prove your \_\_\_\_\_.

4. Name three authentication methods you may need to use to access a site.

5. What is the name of the place where you deposit your purchases when transacting online?

6. What happens if you do not proceed with a purchase for a long time? For example, you might be interrupted.

7. What does the inquiry function do?

8. What can you do if you change your mind or make an error in item or quantity?

9. Where would you find information about a supplier's delivery charges, acceptable payment methods and returns policy?

10. What is the term that describes the time after you have received goods and during which you can still return them?

## Part B

Read the case study, then answer the questions that follow.

### Case study

Corporate Training Partners uses the online ordering services of Pegasus Party Hire to hire four trestle tables (each two metres long), three-dozen beer glasses, four-dozen wine glasses and three outdoor gas heaters filled with gas.

This is the first time that Jodie from Corporate Training Partners has used the hire firm. Her supervisor gives her the list of requirements and signs a purchase order, and Jodie makes the order online. She spends a while looking at the various tables and finally selects the model with a wooden top and steel legs. Delivery is within three days.

Jodie enters all the details for her order.

1. What should Jodie do now, before she finalises the transaction by paying?

2. When Jodie is satisfied that everything is in order, what should she do next?

3. By clicking the 'Make the order' button, what is Jodie telling the hire company?

4. When the transaction has been finalised, what should the hire company send Jodie?

5. What should Jodie do now?

### **Case study cont'd**

The delivery time is fine because the function is not for six days. Jodie pays using the company's credit card.

6. What should Jodie do when she receives the goods?

7. What particular checks should Jodie make to ensure the transaction matches the supplier's claims?

---

## Topic 3

# Maintain records of online transactions

Keeping accurate and up-to-date records of all business transactions is an important part of an organisation's business operations, regardless of whether transactions are conducted in the traditional way or by using e-commerce.

All transactions must be documented accurately and within an appropriate time frame. All documentation should be stored appropriately so it can be easily accessed when needed.

In this topic you will learn how to:

- 3A Maintain records of transactions
- 3B Check the accuracy of online transaction records

# 3A

## Maintain records of transactions

An organisation needs to have an effective system for keeping records of all financial transactions so it can trace its business activities, maintain transaction records of the organisations it deals with, ensure both buyer and seller are protected and ensure it is complying with legal obligations and taxation requirements.

### Understand the importance of good record keeping

An organisation's transaction records can be used to verify and reconcile purchases and support any dispute resolution processes or claims on warranties.

By law, the Australian Taxation Office (ATO) requires organisations to keep financial records for five years after the original transaction. The records must be in English or in a form that the ATO can access and understand. There are penalties for not maintaining the required records. Good record keeping can help avoid legal issues and penalties.

Good record keeping involves:

- accurately and securely processing, classifying and storing information
- being able to retrieve information promptly when required
- maintaining and updating all transaction records to keep information categorised, current and relevant.

### Records of online transactions

Records are evidence or proof of an organisation's business activities. The consequences for an organisation that does not maintain accurate records of online transactions can be serious.

The nature and size of an organisation will determine the methods, complexity and extent of its record management system.

The ATO's website provides information on record keeping, at: [www.ato.gov.au](http://www.ato.gov.au). There are sections on what business records to keep, the penalties for not keeping records and examples of paper-based and electronic record keeping.

If business transactions are not managed correctly:

- the organisation may appear disorganised, unprofessional and inefficient
- creditors may not be paid on time
- information may be inaccurate
- payments may be made to the wrong people
- payments to the supplier may not be processed because of inadequate documentation
- there may be a dispute over late payment.

## Types of records

Records of online transactions provide key source documents that can verify details such as:

- the date of a transaction
- the goods or services purchased
- creditor or debtor details
- total payment or amount received
- goods and services tax or other charges.



## Evidence documents

There are many different types of online transaction documents that provide the necessary recorded evidence of business activities.

Documents include:

- purchase orders
- order confirmations
- sales (tax) invoices
- bank and credit card statements
- delivery receipts
- credit notes
- price lists.

## Record-keeping systems

How the information is stored will depend on its nature and the organisation's requirements. The best method to keep online transaction records may depend on the factors shown below.

### Factors to consider when recording online transactions

- Is the record sensitive and/or confidential?
- How long do the records need to be held?
- Are there legal requirements for the storage of the record; for example, for taxation purposes?
- What consequences or risks would there be if the records were lost, misplaced or altered in any way?
- What consequences or risks would there be if a third party challenges the records kept?
- How frequently are the records referred to or accessed?
- How complex is the transaction?
- Who can access the records?
- What organisational policies and procedures are there for record management?

## Store records

Records can be issued and stored in either paper or electronic form. Many organisations use specific software programs that include record keeping as part of their function and adopt systems of classification, storage and retrieval for both electronic and paper-based records.

Electronic files are dealt with in the same way as paper-based files. They can be removed when they are no longer needed. Confidential information can be secured in temporary or permanent storage and passed on to or accessed by other authorised staff. Electronic files can be stored on hard disk, memory sticks or magnetic tape and can be categorised into folders and sub-folders, cross referenced and sorted. Systems should have the ability to back up copies of computer files and recover records in the event of system failure.

Organisations that conduct e-commerce generally keep an electronic copy of all transactions as well as a hard-copy print-out stored in a secure cabinet. Even organisations that use imaging technology (scanning) to convert paper-based transaction documents into an electronic format hold hard-copy records for referencing.



### Example: how two organisations use a record-keeping system

1. An organisation that has grown considerably and previously maintained a manual creditor and debtor system may find record management physically cumbersome. It may be affecting the efficiency of processing and maintaining debtor and creditor payments and invoices. Investing in electronic business management software will allow the electronic management of debtor and creditor processing and will support timely, accurate and secure record keeping.
2. An organisation saves and stores each of its purchase orders in an electronic template that is individually completed, printed and saved in the creditor's electronic file. A worker prints it out and presents it to the business manager for an authorisation signature. The worker faxes it directly to the supplier and emails an electronic version or finalises the transaction online, depending on the service supplier's preferred method. The printed original is then manually kept in the office filing system under 'Creditors'.



## Features of record-keeping systems

Regardless of what record-keeping system is adopted, it must be secure, current, accurate, reliable and have integrity. It must be accessible to the appropriate person when required.

Here are nine types of common records kept by organisations and some suggested electronic or paper-based record-keeping methods.

### Common transactional records kept by organisations

1

#### Online product receipts/confirmation (from supplier)

- Creditor folder (sub-folders for individual creditors)
- Creditor software package
- Electronic spreadsheet
- Paper-based creditor journal

2

#### Creditor invoices

- Creditor folder (sub-folders for individual creditors)
- Creditor software package
- Electronic spreadsheet
- Paper-based creditor journal

2

#### Online banking transactions

- Software banking package
- Cash receipt journal/cash payments journal (electronic and/or paper-based)

4

#### Online purchase orders/authority to pay records

- Creditor software package
- Electronic spreadsheet (creditor folder)
- Paper-based file

5

#### Payroll, superannuation, group certificates

- Software payroll package
- Individual employee electronic file
- Paper-based file

6

#### Business activity statements

- Software tax package (e-records)
- Electronic spreadsheet
- Paper-based file

7

**Remittance notice**

- Creditor software package
- Paper-based file with creditors

8

**Debtor invoice**

- Debtor software package
- Debtor journal (paper-based)

9

**Debtor receipts**

- Debtor software package
- Electronic spreadsheet
- Paper-based copy kept in debtor file

## Example: documents associated with making transactions

Here is an example of a statement received with some goods purchased online and the purchasing organisation's independent record of the transaction.

### Statement received with the goods

<b>Dundon Office Supplies</b>			
<b>Billing address:</b>			
Anderson Pacific 235 Dundon Highway Sydney NSW 2000 Australia			
<b>Shipping address:</b>			
Anderson Pacific 235 Dundon Highway Sydney NSW 2000 Australia			
<b>Order date:</b> 4 July 2016			
<b>Supplier order no:</b> 1547			
<b>Anderson Pacific customer code:</b> W4S9M4X2S			
			
Quantity	Item	Unit price	Total
5	Wire file organiser – small	\$8.00	\$40.00
Quoted price (including GST)			\$40.00
Delivery cost (including GST)			\$9.00
Total price (including GST)			\$49.00
Total GST			\$4.45
Paid – VISA			\$49.00
<b>Balance due</b>			<b>\$0.00</b>

*continued ...*

... continued

<b>Purchasing organisation's independent record of the transaction</b>				
<b>Anderson Pacific</b>				
<b>Order/credit form</b>				
<b>Order no:</b>	2351			
<b>To supplier:</b>	Dundon Office Supplies			
<b>Date:</b>	04/07/16			
<b>Address:</b>	www.dundonofficesupplies.com.au			
<b>Description of goods:</b>				
5 x Wire file organiser – small				
<b>Supplier order no:</b> 1547				
<b>Anderson Pacific customer code:</b> W4S9M4X2S				
<b>Quoted price (including GST)</b>	\$40.00			
<b>Delivery cost (including GST)</b>	\$9.00			
<b>Total price (including GST)</b>	\$49.00			
<b>Signature:</b> J Smith	<b>Printed name:</b> John Smith (Business manager or delegate)			
Office use only				
Confirmation of delivery/performance/price:				
Goods received/services performed:				
Payment approved:			Date:	
Business manager (delegate) signature:				
Expense allocation				
Invoice number	G/L code	G/L description	Description of payment/expense	\$

## Know your level of authority

It is important that you know your role and responsibilities in maintaining records of online transactions. Always ask your supervisor if you are unsure of any of your tasks. If there are any discrepancies, you may be able to resolve them yourself. However, make sure you are aware of what difficulties you are responsible for, and those you need to refer to someone with additional expertise and authority; for example, your supervisor, manager, accounts manager or an IT officer.



Workplaces have a responsibility to ensure that all employees are familiar with the organisation's policies, procedures and methods that relate to ensuring accurate record keeping.

## Follow policies and procedures

An organisation needs to establish appropriate record-keeping systems to ensure the records are routinely created, properly stored and remain accessible for as long as they need to be retained. A functional system will be supported by the organisation's policies and procedures. This will ensure the records are accurate, reliable and compliant with legislative requirements.

Make sure you are aware of your duties and the procedures you have to follow for recording and maintaining online transactions. This will depend on your job role; for example, if you work in accounts you may be responsible for making payments based on tax invoices; if you work as an office assistant you may be responsible for filing online purchase orders and sales confirmations.



## Confidentiality procedures

Follow confidentiality procedures such as making sure customers' information is not left lying around unprotected and ensuring information is stored in the correct place.

Procedures may include those shown here.

### Filing

Filing the purchase order and the supplier's confirmation statement

### Saving

Saving and filing online invoices into the database appropriately; for example, alphabetically

### Double-checking

Double-checking all entries for accuracy and identifying any irregularities or discrepancies

### Cross-checking

Cross-checking (reconciling) data held on the corresponding record; for example, the original purchase order held in the creditor's file with the creditor's details, order number, items purchased, dates and the invoice

Cross-checking other referencing data on the workplace system, such as a creditor code to verify the correct creditor file is selected

### Forwarding copies

Forwarding copies to the appropriate person or storing records in the appropriate folder for easy access

### Making payments

Ensuring payments are made on time

## Legal requirements

Information held by an organisation is protected by laws such as the *Privacy Act 1988* (Cth) and the *Freedom of Information Act 1982* (Cth), and laws specific to the industry an organisation operates in.

The ATO requires certain business records to be kept for five years after the original transaction.



## Practice task 9

Read the case study, then answer the questions that follow.

### Case study

Garth works in accounts at Bigger is Best, and must save online invoices received into the workplace's creditor software program ready to be processed and paid at the end of the month. The creditors are filed alphabetically under their company name.

Garth's workplace operates in the regional town of Bannerdale. Most of the companies Garth deals with are local so many of these companies begin with the word Bannerdale. When Garth is saving an invoice from Bannerdale Accounting Services, he accidentally selects the creditor name listed in the drop-down box just under them, which is Bannerdale Auto Centre. At the end of the month, Garth processes all the creditor payments as either cheques or direct debit.

Bannerdale Auto Centre calls Garth's workplace and asks to speak to the accounts department. They have received a cheque payment for a purchase they have no record of.

Meanwhile, Bannerdale Accounting Services is processing next month's accounts and adds a late payment fee onto Bigger is Best's invoice as the company is now 20 days overdue and their terms and conditions state that payment must be made within seven days.

*continued ...*

... continued

1. Identify what has gone wrong and why Bigger is Best is getting charged a late payment fee.

2. What impression of Bigger is Best might Garth's actions have caused with the current creditors?

3. What checks could Garth include to avoid this situation in the future?

4. Who is responsible and accountable for incurring a late payment fee from Bannerdale Accounting Services?

## 3B

### Check the accuracy of online transaction records

It is crucial that all records of online transactions are accurate. This means that if you have purchased online, you need to check and double-check each aspect of the transaction, beginning with the purchase order and the original online purchase details. You should reconcile these with the statement accompanying the delivery of goods or services.

Follow your organisation's procedures to check online transaction records as soon as possible after the goods are delivered, so you can identify if there are any errors and if the supplier's documents match those of your organisation. Then you can finalise and store the documentation.

The steps in this activity would include the following:

- Identify
- Clarify
- Resolve or refer a discrepancy or irregularity
- Follow up
- Review and evaluate

### Supplier terms and conditions

Make sure you are familiar with the supplier's terms and conditions. Suppliers often have limitations on when a purchaser can make a claim for compensation, warranties or refunds. These limitations are documented in the supplier's terms and conditions and written disclaimers. Remember that the purchaser is responsible for understanding a supplier's terms and conditions. This is why the time spent researching and identifying authentic suppliers and appropriate products and services prior to purchase helps minimise risks and potential problems.



Your organisational procedures should require you to check and cross-check external documents and verify them against the organisation's evidence of the transaction.

### Check records

Retrieve the purchase order and the supplier's online purchasing statement from the appropriate storage system. In some cases you may need to access the supplier's online transaction and record-keeping functions and import them. Make sure you have a compatible software program; for example, there are many banks and utility service suppliers that allow an organisation to upload transaction summaries, which can then be used to compare online records between the supplier and the organisation.

Cross-check your organisation's documents with the supplier's statement to confirm that:

- the supplier's details are correct
- the prices charged are correct
- the goods listed are correct
- the quantity is correct
- the goods have been delivered according to the quoted time frame.

## Checklist for verifying information

When you first start work, using a checklist might help make sure you comprehensively check and verify information.

The checklist might include the items listed here.

### Cross reference

Make sure the documents refer to each other; for example order numbers, cheque numbers, customer numbers, dates of transactions.

### Mathematical calculations

Make sure the individual quantities, times and prices match the total item cost. Make sure the total item cost matches the total statement or invoice cost.

### Check the details

Have additional charges been incurred but not accounted for on one party's record, such as delivery costs, late payment fees or bank fees?

### Check information currency

Did the organisation use invalid information such as ordering from a catalogue that has since been updated?

### Check data accuracy

Has the information or data mistakenly been transposed or are there other errors, omissions or additions due to human error?

## Example: compare online records between the supplier and the organisation

An organisation regularly checks their account balance using their bank's online records. The records are located by accessing the security pages through an authentication process that includes the organisation's customer ID and password. The main page has option tabs for accessing transactions, statements, exporting and/or regular transfers.

If the relevant employee wants to see an individual account transaction, the specific account can be selected. This opens a screen for details of the account credits and debits for a specific time period. The records can be printed or saved into the organisation's computer system folders and used for a range of business requirements, including comparing documentation.



## Identify irregularities

You need to be able to read the various financial documents you receive so you can easily identify any discrepancies or inaccuracies. Be aware of any discounts or interest that should have been applied. Make sure you understand the supplier's terms and conditions. They may have listed that costs may change, bank fees may increase or penalties and interest may apply.

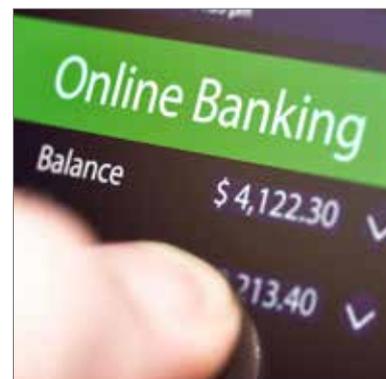
Be aware of areas where errors are likely to occur; for example:

- an incorrect price listed on the supplier's statement compared with the price stated on the order form
- incorrect item codes
- incorrect quantities listed
- a promised discount not given
- changed bank fees and charges
- the supplier has combined statements for two different orders
- additional charges have been included
- delivery/postage costs are not what were quoted
- currency exchange rates are excessive
- goods paid for were not available at the time of purchase
- data was transposed and is in the wrong place.

## Other reasons for irregularities

Irregularities can also occur because of:

- human error
- laziness
- rushing
- lack of concentration
- poor or no written procedures
- no checklist to mark off all the steps, such as a double-checking procedure.



## Example: checklist for identifying irregularities

Here is a checklist you can use to make sure you have checked all details for irregularities. You might like to adapt this to your workplace.

Area checked	Verified as correct (please tick)	Action required
Item codes		
Item description		
Item quantity		
Item price		
Item x quantity calculation		
GST calculation		
Totals calculation		
Supplier details		
Date of order		
Order number		
Confirmation number		
Delivery method		
Date of expected delivery		
Details of any discounts		
Authorised signature and name		

## Example: different checking processes at Diametric Metals

Here are three different checking processes used by the organisation Diametric Metals.

### Irregularities and how they were corrected

1

#### Supplier statement incorrect

Diametric Metals placed an online order with a supplier that totalled \$50.00. The online order confirmation, including price, was retained on record. However, when the delivery arrived, the supplier statement totalled \$36.50.

Carla, the worker who had made the order, noticed that the total was not consistent with the order placed. She read the statement carefully and found that an item costing \$13.50 that she had ordered was not available at the time and was on backorder. The supplier had deducted the \$13.50. Although the item detail was on the statement, the cost was not carried into the total column.

Carla adjusted the purchase order to balance the differing records of the same transaction.

*continued ...*

... continued

2

### Reconciling bank statements and recorded payments

Diametric Metals made a cheque payment of \$2,000 to a creditor for stock purchases. At the end of the month, they accessed their online bank account and statement. Sometimes the balance did not match the organisation's cash-at-bank records because they did not know if creditors had presented cheques or not, if the bank had charged a fee or if interest was earned on the account. The accountant at Diametric Metals then went through a process of a bank reconciliation and made the appropriate accounting adjustments for the discrepancies.

3

### Out-of-date information

Diametric Metals issues hard-copy price lists and a catalogue to customers each year. They also conduct sales online through their e-shop. In the e-shop, they are able to keep information on price, item availability and delivery updated on a regular basis. Records between Diametric Metals and a buyer may differ if the buyer uses out-of-date information.

## Deal with irregularities

It is important to identify any irregularities as soon as possible. Follow your workplace procedures. If the error or irregularity is within your level of authority, resolve the situation immediately. You may have to contact the supplier and find out why there is an error or ask them to explain something you are not sure about. If the error cannot be accounted for through normal reconciliation and adjustment processes, then refer the matter to someone in your organisation who is able to deal with it appropriately.

If you refer the situation to a senior person, make sure you follow up so you know what was done. You may need to adjust your own records.

You can improve your record-keeping skills by:

- developing and using an internal processes checklist and marking off each step when it is completed
- applying time-management skills to allow adequate time for processing
- seeking assistance for further training or instructions on record-keeping policies and procedures.

## Practice task 10

Read the case study, then answer the questions that follow.

### Case study

ABC Company ordered some corporate promotional material online from Promotion Power. Here is a copy of the organisation's purchase order and the online confirmation order from the supplier.

<b>Ashton-Jones Dentistry</b>				
<b>Order/credit form</b>				
<b>Order no:</b>	1787			
<b>To supplier:</b>	Promotion Power			
<b>Date:</b>	21/03/16			
<b>Address:</b>	www.promotionpower.com.au			
<b>Description of goods:</b>				
500 x Promotional pens @ \$3.55 (\$1,775)				
60 x coffee mugs @ \$11.95 (\$717)				
<b>Quoted price (including GST)</b>	\$2,712.00			
<b>Delivery cost (including GST)</b>	\$271.20			
<b>Total price (including GST)</b>	\$2,741.20			
<b>Signature:</b> M Greenway <b>Printed name:</b> Michelle Greenway (Business manager or delegate)				
Office use only				
Confirmation of delivery/performance/price:				
Goods received/services performed:				
Payment approved:			Date:	
Business manager (delegate) signature:				
Expense allocation				
Invoice number	G/L code	G/L description	Description of payment/expense	\$

*continued ...*

... continued

**Promotion Power**  
**Invoice**

<b>Confirmation no:</b> 55321	<b>Date:</b> 21/03/16
<b>Customer no:</b> 682	
<b>ABN:</b> 98 005 123 521	
PO Box 104	
Howard	
Queensland 4659 Australia	
www.promotionpower.com.au	

---

**Ashton-Jones Dentistry**

**Order no:** 1787

**Order date:** 21/03/16

**Order details**

Code no	Description	Unit price	Quantity	\$
P57	Metal pen with twist action - burgundy	3.55	500	1,775.00
ST614	Coffee mugs with logo - burgundy	11.95	60	717.00
GST				249.20
Freight charges				27.50
Discounts applied				27.50
<b>Total</b>				<b>2,741.20</b>

Terms - strictly 30 days net

1. Compare and match the data included in the two records and identify any irregularities.

2. Is there additional information you think should be included on either record? Explain your answer.

## Summary

1. An organisation needs to have an effective system for keeping records of all online transactions so that it can securely process, store, retrieve, maintain and update all transaction records so information is accurate, current and relevant.
2. An organisation needs to comply with legal obligations and taxation requirements.
3. A worker needs to know the organisation's policies and procedures and their level of authority in relation to record keeping.
4. Check online transaction records and cross-check both parties' data to ensure the information matches. This will avoid or minimise irregularities.
5. Identify, clarify, resolve and follow up irregularities as soon as possible and according to workplace policies and procedures.

## Learning checkpoint 3 Maintain records of online transactions

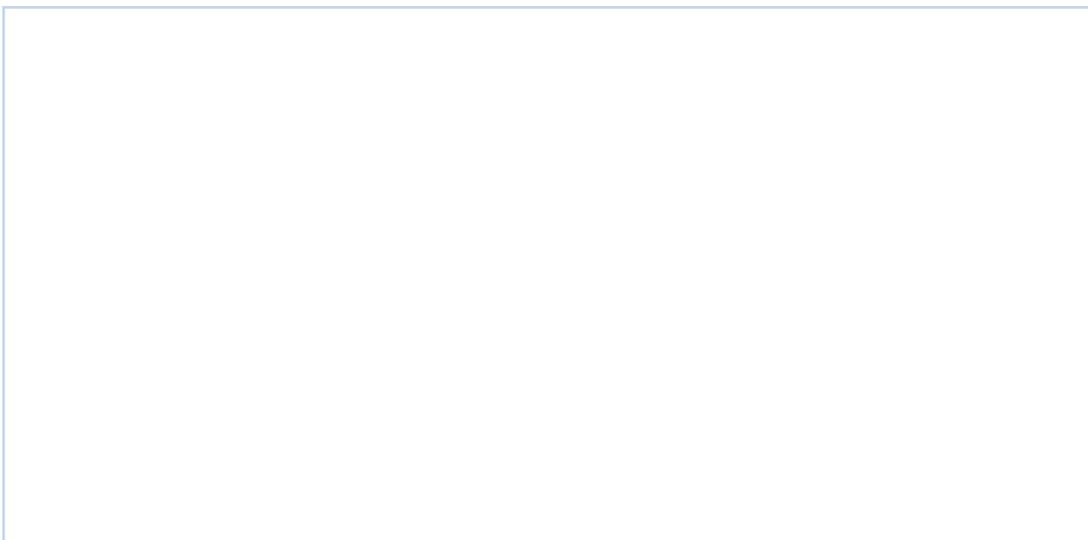
This learning checkpoint allows you to review your skills and knowledge in maintaining records of online transactions.

### Part A

1. In dot-point form, explain why it is important that records of online transactions are kept and maintained.



2. In dot-point form, describe a record-keeping system for maintaining online transactions that you are familiar with.



3. Here is a list of skills and knowledge you need to have in order to effectively maintain and check records of online transactions. Explain when you would use these skills.

Skills and knowledge	When you would use these skills and knowledge
Communication	
Attention to detail and concentration	
Knowing the organisation's procedures for keeping records of online transactions	
Knowing your level of authority	

## Part B

1. Use the following checklist, or one you are familiar with, to compare records of an online transaction. Attach copies of the records you have checked.

Area checked	Verified as correct (please tick)	Comments or action required
Item code		
Item description		
Item quantity		
Item price		
Item x quantity calculation		
GST calculation		

Area checked	Verified as correct (please tick)	Comments or action required
Total calculation		
Supplier details		
Date of order		
Order number		
Confirmation number		
Delivery method		
Date of expected delivery		
Details of any discounts		
Authorised signature and name		

2. Complete either Task A or Task B.
- a) Explain any irregularities you found when checking records for Question 1, and what you would do to correct them.

OR

- b) If there are no irregularities, explain in dot-point form what you would do if you found that you had not received an item that you had paid for.



---

## Topic 4

# Review online transactions

It is essential that all online transactions are reviewed to ensure that suppliers meet their obligations and the goods and services received meet the organisation's expectations and benchmarks for quality. Regularly reviewing and evaluating suppliers is an important part of a business's operations.

Organisations that sell products and services online also have an obligation to review and maintain their websites and provide quality goods and services in an efficient and timely manner.

Review processes help organisations make decisions about the suppliers they use.

In this topic you will learn how to:

- 4A Review the products and services received
- 4B Make recommendations about using an online service provider

## 4A

### Review the products and services received

If you are purchasing online products and services for your organisation, you need to confirm that you have received the correct items and the correct number of items.

The next step is to check that the assurances made by the supplier meet with your expectations of the products and/or services purchased; that is, the items delivered were of the promised quality, the goods were delivered on time and/or the level of customer service provided by the supplier was satisfactory. The information you obtain from this type of review process should be fed into an ongoing evaluation of the online suppliers you use.

The methods used to review products and services will depend on the size and nature of the organisation and the type of products and/or services purchased. Make sure you know what procedures you should follow. It is also important to know your level of responsibility with regard to purchasing these products and/or services.



### Review and evaluate purchases

It is the organisation's responsibility to have in place specific methods to review and evaluate the online products and/or services purchased. It is important that items purchased online meet the organisation's expectations because there may be financial, professional or legal implications if they do not. The implications and an example of each are shown below.

#### Financial

An organisation may purchase raw materials for its manufacturing or business activities. If the products purchased are an inferior quality and/or delivered late, this will affect productivity and profit. The organisation may believe they are not getting value for money.

#### Legal

An organisation that accepts inferior products and services may unwittingly break legislative laws regarding safety, industry standards, weights and measures, etc. It may be exposed to legal action and liability claims.

#### Professional

Products and services purchased are linked to the organisation's activities. Any irregularities will flow on to the organisation's customer base, affecting its reputation, reliability and organisational service standards.

## Checklist to review and evaluate purchases

The best way for an organisation to determine whether the products and/or services provided meet the quality, timeliness and standard of service advertised is to ask a series of questions.

Here are questions you should consider:

- Has the product or service fulfilled our intention of purchase?
- Have we had to modify our actions in order to respond to unanticipated quality, timeliness and service standard issues?
- Can we measure and compare the quality, timeliness and service standards to other purchasing experiences/activities?
- Did the quality, timeliness and service standards match up to the advertised profile?

## Check quality

Organisations that provide online services must provide products and services in accordance with the advertised profile on their website and any other advertising medium.

Consumers are protected by Australian law covering trade practices and consumer protection. Consumer protection laws apply equally to the online environment and traditional media advertising, such as newspapers, television and radio. The legal obligations of a service provider's advertising and selling activities come from the *Competition and Consumer Act 2010* (Cth). This Act prohibits a business from engaging in behaviour that:

- actually misleads or deceives
- is likely to mislead or deceive.



## Dishonest advertisers

As the market for internet advertising grows, so will the number of advertisers who are neither honest nor responsible, who are attracted by a medium that is able to reach a global market quickly and cheaply. As a result, you need to be aware of any legal protection related to false advertising, product safety and consumer protection. Each state has its own fair trading laws, which can be located on the government website at: [www.business.gov.au](http://www.business.gov.au). Select Fair Trading in the navigation pane.

It is useful to remember that sometimes goods obtained from overseas may not meet Australian safety and health standards and you are not protected by Australian law for these purchases.

It is up to the purchasing organisation to be clear about their expectations for the satisfactory procurement of products and services.



## Check the supplier's advertising profile

If you receive poor-quality goods or services, the first thing to do is to check the supplier's advertising profile – this means all the things the supplier says about their product to convince you to buy it.

There will be plenty of advertising information available on the supplier's website. Successful and genuine online suppliers work hard to produce a unique shopping experience that not only increases their sales, but also maximises the chances of online shoppers returning to purchase again. Advertising information is intended to engage the user and allow them to make quick and easy decisions. Arranging and designing a website is part of the advertising profile of a supplier. It is how they convey their brand or the image they are trying to project about their products, services and business. Products should have clear descriptions that include size, weight, colour, features, benefits and costs. Often there are photos and other graphical information accompanying the products.

## Inspect the goods

A visual inspection of the products received is generally sufficient to determine whether any aspects of the product do not align with the advertised profile.

The person responsible for accepting delivery will be the one who marks any irregularities or discrepancies on the delivery statement. These notations of irregularities require specific action. If the irregularity is clearly apparent, it is appropriate to refuse the inferior products and services, especially if dealing with perishable goods or products and services that must meet legal or industry standards.

### Examples of problems you might find with supplied products

- Inferior product quality
- Damaged goods
- Products are marked
- Seals are broken
- It is past its use-by date
- The temperature (of a food product) is at a dangerous level
- The packaging is poor and has caused damage to the goods in transit
- Incorrect or faded labelling
- Errors in weights and measures

## Check timeliness

If a supplier's online advertising promises a specific turnaround time from purchase to receipt, the organisation will have a clear expectation of when to receive their goods. Being aware of and noting that deliveries are regularly past the expected due date would clearly influence or even initiate a review of a supplier.

The supplier should have stated delivery details in their terms and conditions; for example, within six days of receipt of order. Make sure you are familiar with their terms because there may be different delivery dates according to the type of shipping you arrange; for example, urgent or slow delivery. Check the confirmation statement emailed to you after you have made the order as this will tell you when you are likely to receive the goods.



If goods ordered online are not received within the stated time frame, you will need to contact the supplier. There may be circumstances, such as a strike or weather conditions, that have delayed delivery.

As part of risk management, many organisations adopt insurance policies to protect them from loss due to events outside their control such as fire, theft, flood or goods lost in transit.

### Example: purchaser did not carefully read the terms and conditions

Mike, from Muscles Gym Centre, ordered six new treadmills for the cardio room online. The model Mike selected had to be shipped from America, so Mike picked a supplier whose online advertising guaranteed delivery within six weeks. The expected delivery day passed. When Mike had still not received the treadmills two days later, he rang the supplier. He was told the six weeks meant after leaving America, not from the date of order. This was clearly explained in the terms and conditions. The delivery had not been shipped until two weeks after the order was placed.

## Check customer service

Excellent customer service from a supplier will ensure that you keep doing business with them. With many businesses doing transactions online, a supplier needs to have an accurate website and it must provide the level of service it says it will.

An indication of good customer service is when any difficulties are resolved quickly and efficiently; for example, if the supplier exchanges goods immediately without question or helps clear up a problem courteously and professionally.

The supplier's advertising profile will also consist of customer service elements such as those shown here. If these are all provided as outlined on the website, then purchasers will receive good customer service.

#### Signs of good customer service on a website

- Value and service statements
- A company profile
- User-friendly navigation systems
- Comprehensive content, including tutorials or how-to-shop guides
- Helpful shopping carts that save and retrieve items over a period of time
- Clear policies and processes for refunds, returns, warranties or complaints
- Website search facilities
- Client testimonials
- Customer-support options such as frequently asked questions, a helpline or a toll-free service contact

## Example: supplier's advertising profile does not meet expectations

Here are some examples of when a supplier's advertising profile does not meet expectations for quality, timeliness or customer service.

- A supplier claims a safety product meets Australian Standards, but on receipt the product's standard code was only current to 2007.
- A supplier continually provides lower-quality products than ordered, saying the model ordered is unavailable.
- The supplier's online advertising claims access to a 24-hour support hotline, but only has an answering machine service after 7 pm.
- The supplier claims the products are Australian-made, but 65 per cent of the components are imported from overseas.
- The supplier uses terms in the advertising such as 'green', 'environmentally safe' or other terms that can have ambiguous meanings.
- A computer manufacturer sells computers directly via telephone and online and has no physical outlet for collection of goods. The supplier fails to mention in the advertising that delivery will be mandatory and applies to all orders.



## Tips for interpreting advertisements

Here are some tips for assessing the advertising profile against the products or services received:

- Be familiar with the product and service specifications required.
- Locate quantitative and qualitative data that can be used to determine confidence in the product or service; for example, delivery promised within a time frame, specific quality assurances, weights and measures, product use-by dates and/or common reference points.
- Develop and implement a review and evaluation process that includes checks on quality, timeliness and service standards.
- Make decisions for future product and service procurement based on the review and evaluation process.



## Practice task 11

Read the case study, then answer the questions that follow.

### Case study

Lionel, a purchasing officer, receives five new respiration masks required for employees when they are using hazardous chemicals. His manager has told him to cut purchasing costs so he is trying a new supplier who had the masks at half the price he usually pays. Lionel found the supplier when he did an internet search for 'cheap safety gear'. When the masks arrive, they do not meet Australian safety standards. The masks have no safety instructions and have been thrown together without solid packaging. The postage indicates they have been sent from overseas. Lionel is now a bit worried.

Lionel has six options for handling this situation.

He can:

- issue the masks and tell his manager how much money he has saved
- immediately report to his manager to advise that the items do not meet Australian safety standards and work out the best action to take
- immediately report to his manager to advise that the items do not meet Australian safety standards
- secretly alter the shipping details on the invoice received and hope that no-one notices they arrived from overseas
- research WHS requirements and develop a list of suitable suppliers that offer products that meet all the workplace and Australian safety standards
- return the goods.

1. What are the best options for Lionel at this stage?

2. What should Lionel have done when he found the site in his search?

# 4B

## Make recommendations about using an online service provider

When an organisation purchases products and services online, a relationship develops with the supplier over a period of time, making business transactions efficient and trouble-free. For this reason, many organisations like to have a group of preferred suppliers to fulfil their product and service requirements.

It is important to regularly review their services because the service may deteriorate over time, their costs may increase or they may no longer provide the products or services your organisation needs. When management analyses evaluation records, they can identify areas of service delivery patterns that can help an organisation make informed decisions about their suppliers. Accepting poor, inadequate and inefficient products and services can have serious consequences or affect an organisation's financial, professional and legal position.

To identify suppliers who are maintaining their standards, you need to be able to access your transaction history with them.



### Analyse transaction histories

Over time, the individual transaction records generated from purchasing products and services develop into a documented history of the financial exchange between purchaser and supplier. When accessing online suppliers such as e-shops and banks, an organisation can obtain details of transactions conducted that the service supplier holds. An organisation can also keep records of transactions conducted over time and may represent the records in graph form for a visual analysis. Often these reviews of transaction histories coincide with end-of-year financial analysis as part of an organisation's continuous improvement and auditing processes.

The use of transaction histories is an effective way for an organisation to review and evaluate aspects of the products and services received. Information about past transactions can be a useful indicator and predictor for a service supplier's future behaviour. A transaction history will highlight a number of areas that will show positive and negative aspects of the supplier's services.

#### Information about a supplier's services that can be obtained

- Cost fluctuations over time
- The number of incidents of errors
- The number of times items have been on backorder
- Turnover of products
- Late payments
- Profit margin analysis

## Positive and negative service delivery

Here is a comparison between positive and negative service delivery aspects that you need to be aware of when analysing transaction histories.



### Positive service delivery

- The information clearly describes the products and services.
- The supplier's intentions are clear and fully outlined in their terms and conditions.
- Goods are always available.
- Costs are reasonable and known to the buyer before purchasing.
- The supplier complies with their terms and conditions; for example, they exchange damaged goods immediately.
- The supplier maintains customer confidentiality through secure systems.
- Online services are always available, such as online help.
- The supplier clearly states all costs; they may provide customers with a flat rate.



### Negative service delivery

- Information is unclear; for example, a company does not explain that a specific software program is required to watch their training videos.
- Information is not comprehensive.
- Goods are continually out of stock or specific models are unavailable.
- Costs to return damaged or incorrect products are excessive.
- The supplier refuses to refund money or honour the warranty.
- An organisation has begun receiving emails from similar suppliers, which indicates the supplier's website is not secure.
- There are unauthorised debits drawn from the business bank account.
- The organisation's server is often down and online banking cannot be done.
- The supplier increases packaging and delivery fees during seasonal times.

## Make recommendations about future relationships

After analysing the information about suppliers, it may be your role to assist your manager by providing recommendations about future business relationships; for example, your organisation might need to make appropriate adjustments to contracts, negotiate with suppliers or decide whether to continue business with a specific supplier.

The way you do this will depend on your organisation. You may have to:

- produce a formal report based on the results of a supplier's performance
- complete and tick off delivery inspection checklists and submit them to management
- report informally to your supervisor
- report results at a meeting.

## Written recommendations

If a formal written report is required, the organisation may have a specific requirement for how data is to be represented and what supporting evidence is required to accompany the report, such as transaction record documents, checklists or complaint reports.

Recommendations should include:

- the product or service purchased
- the name of the supplier
- a description of the situation
- reasons why the supplier should not be used again
- suggestions for the future.

### Example: informal reporting

At the end of each quarter, Rachel accesses the online transaction history of all the classified advertising purchased online with a large newspaper. In the last two quarters, there has been a significant increase in advertising charges, especially for colour advertising. Rachel conducts a Google search for similar advertising agencies and finds some great advertising package deals.

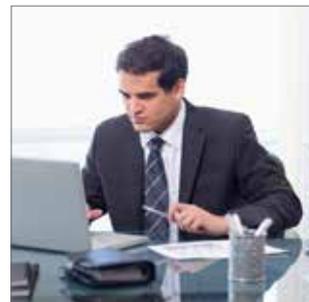
As Rachel's company is small, she shows and discusses the results with her supervisor. Her supervisor decides not to renew the existing advertising contract and instead change supplier.

### Example: formal reporting

An agriculture business, Farmers First, provides its sales representatives with a company vehicle and an EXONEL fuel card. Austin, one of the salespeople, is very frustrated. His service area is remote and the EXONEL fuel company does not have outlets in all the locations where he has clients to service. When he needs fuel, he has to use the organisation's credit card to buy from other suppliers.

Austin mentions the situation to the financial manager. She suggests that Austin record how often he has to use his credit card and what recommendations he has to improve the situation.

Austin requests a copy of the online fuel transaction records for the last six months from the accounts department. These highlight all the times he was unable to purchase fuel with his EXONEL card, compared with his colleagues. Austin then accesses the company's bank transaction history and highlights the times in the past six months that he purchased fuel from another supplier using the company credit card.



*continued ...*

... continued

He is surprised to find that over 45 per cent of the times he purchased fuel, he had to use the credit card. He feels that Farmers First should find an alternate fuel company that has outlets in all the areas the salespeople visit.

Austin prepares a formal written report outlining the statistical information he has collected. He transfers data into a spreadsheet and generates a graph for a visual representation on fuel use. He recommends an alternate fuel company that would meet his needs. He presents it to the finance manager.

## Practice task 12

Use a situation you are familiar with where you are not satisfied with a supplier. Prepare a brief report in dot-point form that analyses the situation. Make a recommendation to improve the situation.

## Summary

1. Reviewing products and services is essential to ensure an organisation is receiving what it has paid for in regard to quality, timeliness and customer service satisfaction.
2. Suppliers have legal obligations and responsibilities regarding the manner in which they advertise their products and services online.
3. Organisations will have formal and/or informal methods and reporting mechanisms to make recommendations for the continued use of specific suppliers.
4. The use of online transaction history information is especially useful in providing evidence of service delivery fluctuations over a set time period.
5. For an organisation to be continually improving, a review and evaluation process of a supplier's products and services is crucial to identifying areas for enhancement and recommendations for continuing with a specific supplier.

## Learning checkpoint 4 Review online transactions

This learning checkpoint allows you to review your skills and knowledge in reviewing online transactions.

### Part A

1. Prepare a checklist of what to look for when receiving goods to make sure the quality and timeliness are in line with expectations. Use a table similar to this one, or develop your own.

✓	Check	Comments

2. List four examples of the type of customer service that would make an organisation decide not to continue to use a supplier.

## Part B

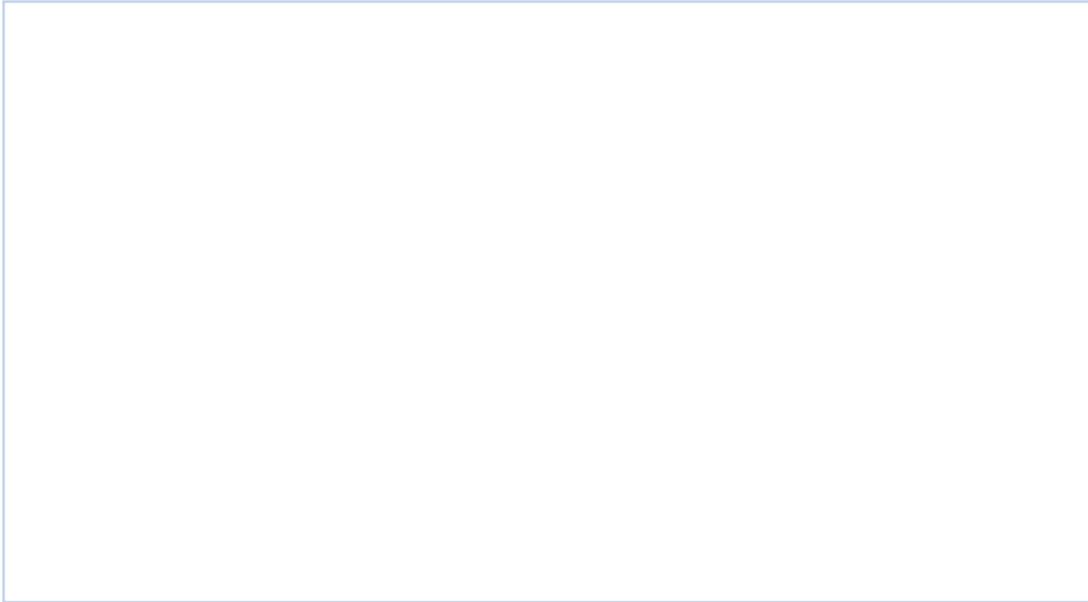
1. Identify a product or service that you or your workplace received that did not meet expectations, or use one of the following examples:
  - A service supplier claims a safety product meets Australian standards, but on receipt the product's standard code was only current to 2007.
  - A supplier's goods are often unavailable, but the supplier always accepts payment and says the goods will be delivered as soon as they are available, which is often up to a month later.

Outline your rights as a purchaser in this situation.

2. How could you identify the problem or irregularity?

3. Discuss what impact accepting an unsatisfactory product or service could have on the organisation and its business activities.

4. What evidence would you use to continue or discontinue using the supplier?



5. How should recommendations be made to management about the supplier? Provide an example of a recommendation you have made. It could be a personal presentation or a dot-point list.

