**SECTION**: Treasury

**SUBJECT**: Cash Handling Process – Credit Card Documented Procedures for Terminals & Payment Applications

**APPLIES** **TO**: Receiving, batching and reconciling credit card transactions where the merchant is using a credit card terminal or payment application.

**NOTE: Changes for FY2018 are identified in red text**

**Cash Handling (Credit Card) Overview**

The objective of the Cash Handling process for credit cards is to ensure that all transactions are received, validated, batched and reconciled in a timely, accurate and well controlled manner.

**Cash Handling Process – Credit Card Terminals & Payment Applications**

| **Activity** | **Responsibility** | **Reference/Comments** |
| --- | --- | --- |
| **KEY ROLES / TRAINING** |  |  |
| The following positions are authorized to process credit card transactions for the [insert name of school/college/unit/ department] as determined by the Dept. Administrator. | [insert appropriate person(s)/position(s)] Admin. Accountant, A/R Clerk, Cashier, etc. | Positions responsible for processing credit card transactions should not perform reconciliation. |
| The following positions are authorized to approve refunds for the merchant as determined by the Dept. Administrator. | [insert appropriate person(s)/position(s)] Supervisor, Manager, etc. | This/These individual(s) are also listed in Section 7 of the [Merchant Services Policy document](http://www.finance.umich.edu/system/files/MerchantPolicy_0.pdf). When this individual changes, send an updated Section 7 to the Treasurer’s Office. |
| Update list of authorized users in MPathways. | Merchant Contact | Authorized users are staff who are allowed to process credit card transactions or refunds and includes the Merchant Contact. Merchant Contact is responsible to update MPathways with current authorized users.  NOTE: For step-by-step instructions see <https://maislinc.umich.edu/mais/html/GL_CR_Deposit_Merchant.html> |
| Obtain proper training and certification on an annual basis consistent with PCI requirements. | Merchant Contact, Authorized Users | Merchant Contact is responsible to ensure all authorized users have been properly trained prior to processing transactions.  Web based training is available on [My LINC](https://maislinc.umich.edu/maislinc/app/management/LMS_LearnerHome.aspx?FromLogin=1), search TME102. |
| Use a [Merchant Change/Termination Form](http://www.finance.umich.edu/resource/merchant-changetermination-form) [~~Change/Termination Form~~](http://finance.umich.edu/node/2195) to change the merchant contact, address, chartfields, buy another terminal, terminate the existing merchant account, etc. | Merchant Contact | If merchants intend to change their processing method, they must establish a new merchant account number. Completed [New Merchant Registration Form](https://finance.umich.edu/resource/merchant-registration-form) [~~New Merchant Registration Form~~](http://finance.umich.edu/node/2189) **OR** [Internet Merchant Registration Form](https://finance.umich.edu/resource/internet-merchant-registration-form) [~~Internet Merchant Registration Form~~](http://www.finance.umich.edu/node/2193) AND the [Merchant Services Policy Document](http://www.finance.umich.edu/system/files/MerchantPolicy_0.pdf) are both sent to the Treasurer’s Office. |
| **RECEIVING PAYMENTS** |  |  |
| The merchant may receive funds via credit card for a variety of purposes including (but not limited to):   * [insert examples that may apply to your school/college/unit/dept.] * Goods/services provided * Conference fees * Donor gifts * Tickets | Merchant Contact | Note: Direct submission of gifts to the lockbox by the donor is the preferred method. |
| Credit card terminals (or computers) are located [insert location of credit card terminals when in use]. This location is not accessible to unauthorized individuals because it is [insert description of how terminal is maintained in a secure environment (i.e. in a restricted area, behind a desk, etc.)]  When **not** in use (e.g., after business hours), terminals are securely stored in [insert location of credit card terminals when **not** in use (i.e. safe, locked drawer)] | Merchant Contact | Merchant Contact maintains a list of terminal make/model and serial number of credit card equipment and notify Treasury to update as replaced. Can do a screenshot of this info from MPathways. Contact Treasury with any changes.  Merchants should control access to terminals as they would a cash box.  Merchant Contact instructs staff to inspect the credit card terminal each business day for tampering or the addition of non-standard parts (AKA ‘skimmer’) that could be used to illegally obtain credit card info. Staff should review terminal tampering training located on the [Treasury website](https://finance.umich.edu/treasury/merchant-services/credit-card-security-resources) [~~Treasury website~~](http://www.finance.umich.edu/treasury/merchant-services). Contact the Treasurer’s Office immediately if there’s a concern or issue.  A list of credit card terminal serial numbers must be maintained.  Credit card terminals are only serviced or replaced by Treasurer’s Office staff. |
| *(Only applicable if the merchant is using a payment application)*  This merchant account is using the following payment application to process transactions: [insert name of payment application and version number].  Ensure payment application and version number is PA DSS compliant on an ongoing basis by verifying their compliance status on the [PCI Security Standards Council’s Website](https://www.pcisecuritystandards.org/security_standards/vpa/vpa_approval_list.html). | Merchant Contact | The merchant must provide the Treasurer’s Office (via the [New Merchant Registration Form](https://finance.umich.edu/resource/merchant-registration-form) [~~New Registration Form~~](http://www.finance.umich.edu/node/2193)) with the name of the payment application and the version number, when setting up the merchant account.  Treasurer's Office should be notified immediately if payment application loses their PCI compliance status. |
| Only the following positions/individuals have access to information (e.g. reports, merchant copy receipts) containing cardholder data. | [insert appropriate person(s)/position(s)] | Credit card and personal information should be safeguarded in a manner consistent with PCI standards. All reports (e.g. merchant receipts, batch reports) should have the credit card number properly truncated (i.e. ~~first six and~~ no more than the last four digits ~~or less~~ visible). NOTE: It is against University policy to store the full sixteen digit credit card number in any format.  Refer to the [PCI Security Standard’s Council website](https://www.pcisecuritystandards.org/) or contact the Treasurer’s office at [merchantservices@umich.edu](mailto:merchantservices@umich.edu) for further information on the security requirements. |
| Accept payment via [insert Unit’s detailed processing method] (i.e. in person, fax, phone, etc.) | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | Individuals processing credit card transactions should not have any responsibilities related to reconciliation. |
| Authorize Transaction:  If Card Present:   1. Swipe card. 2. Verify signature on the back of the card. Make sure customer signs receipt when applicable.   If Card Not Present (e.g. phone, fax, etc.):   1. Key enter the card number. 2. Verify address – enter zip code when prompted by terminal. 3. Obtain the card-validation code on the back of the card for transactions greater than [insert amount]. Be sure to properly dispose (i.e. shred) of the card-validation code number once the transaction is authorized. | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | Please refer to the ‘quick reference’ guide provided with your terminal for further instructions on how to authorize a transaction.  Note – if you obtain the 3 digit (AMEX is 4 digits) **card-validation code** as part of the authorization process, you are not allowed to store this number under any circumstance. Storing this number would be a violation of PCI DSS and could result in penalties and fines being issued against the merchant. |
| Issue a credit card receipt in the amount of payment/refund and retain a copy of the receipt. | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | Copies of sales receipts should be kept for 18 months in order to satisfy any disputes/chargebacks.  These receipts should be kept in a locked file cabinet or safe.  After the 18 month period has expired, the sales receipts should be shredded in order to protect cardholder information. The receipts should have the credit card number properly truncated (i.e. last four digits). |
| Obtain approval by a higher level of authority for all refunds. | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. |  |
| Verify all refunds issued are valid and have been approved and proper evidence is maintained. | [insert appropriate person(s)/position(s)] Supervisor, Senior Manager, etc. | All refunds should be approved by a higher level authority.  Person approving refunds should not be processing refunds. |
| Compare the refund receipt to the original sales receipt to ensure the amount refunded equals the amount of the original transaction. | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | Cash refunds should not be given for credit card transactions. The only exception to this rule is if the purchase was made with a prepaid card (e.g. Visa or MasterCard gift card) and the cardholder is returning items, but has discarded this card. |
| **BATCHING/SETTLEMENT** |  |  |
| At the end of each [insert cycle (i.e. shift, day, etc.], run a batch process/settlement report for each credit processing system and transmit the stored transactions to the credit processor. | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | Please refer to the ‘quick reference’ guide provided with your terminal for further instructions on how to batch out your transactions. |
| Compare each settlement report to merchant receipts to ensure all transactions have batched correctly. | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. |  |
| Verify all refunds issued are valid and have been approved by [insert appropriate person(s)/position(s)] | [insert appropriate person(s)/position(s)] A/R Clerk, Cashier, etc. | Person approving refunds should not be processing transactions. |
| **RECONCILIATION** |  |  |
| To change Chartfields, complete the [Merchant Change/Termination Form](http://www.finance.umich.edu/resource/merchant-changetermination-form) [~~Change/Termination Form~~](http://finance.umich.edu/node/2195) with the appropriate changes.  Forward the completed form to the Treasurer’s Office. | Department Manager | Upon initial setup of Merchant account and subsequent changes, chartfield allocations are reviewed by Financial Operations to ensure each payment is posted to the correct G/L account.  Notify Treasurer’s Office of chartfield changes. |
| Review all refund activity to ensure all refunds are valid and authorized. Maintain proper evidence of reconciliation.  Note: Refund activity can be found on the Credit Card Controls report in MReports under the Compliance tab. | SOA Reconciler | Person reviewing the refunds should not process transactions. |
| For discrepancies, contact [SSC AR](http://ssc.umich.edu/accounting-services/reconciliations/) [~~Financial Operations~~](http://www.finops.umich.edu/accounting/contact) for assistance. | SOA Reconciler |  |
| **MONITORING & OVERSIGHT** |  |  |
| Monitor batch receipts to ensure that all credit card transactions were performed by authorized personnel, and all refunds were approved by a higher level authority. | Approver, Unit Administrator, etc. |  |
| Review the various tabs within the *FN03 JrnlDetail Merchant Management Report* in Business Objects to monitor items such as:   * Sales trends * Number of refunds issued * Current PCI compliance status * Merchant certification status   Review Merchant Certification Status tab to ensure appropriate staff are authorized users and have completed TME102 training course. | Merchant Contact, Approver, etc. | Report can be accessed through [Business Objects](https://weblogin.umich.edu/?factors=mtoken&cosign-businessintelligence.dsc&https://businessintelligence.dsc.umich.edu/BOE/BI) at:  UM-Maintained 🡪 Financials 🡪 FN03 Journal Detail  Click [here](https://finance.umich.edu/system/files/CashHandlingBOReports.doc) for additional information regarding the report.  The *CMB Treasurer’s Office Certification Course Report* in Business Objects may be reviewed to monitor all individuals who have taken the TME102 course. |
| Review the standard Cash Handling report provided in M-Reports to monitor the following:   * All merchants in unit and their activity * All merchants PCI status (for the past 12 months) | Approver, Unit Administrator, etc. | Report can be found in [M-Reports](https://mreports.umich.edu/mReports/) under the Internal Controls menu within the Compliance tab.  The title of the report is: Credit Card Controls |
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Other related information:

Treasurer’s Office Key Contacts:

* [merchantservices@umich.edu](mailto:merchantservices@umich.edu)  or (734) 763-1299

Related Standard Practice Guides:

* See SPG [519.01](http://www.spg.umich.edu/policy/519.01) [~~519.06~~](http://spg.umich.edu/pdf/501.06.pdf) for credit card payment related policies

Treasurer’s Office – Merchant Services website:

* <http://finance.umich.edu/treasury/merchant-services>

Record of Revisions:

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| --- | --- | --- | --- |
| **Date of Issue** | **Description of Change** | **Page(s) Affected** | **Approved By** |
| 6/10/2009 | Original template created | All | [insert name] |
| 11/25/2009 | Minor revisions made for FY2010 Certification | 1,2,3,5 |  |
| 12/22/2010 | Minor revisions made for FY2011 Certification (including updating links for new website, adding BO reports, etc.) | 2-6 |  |
| 12/1/2011 | Minor revisions made – added training course name, corrected link for additional info on BO report, updated location/title of MReport. | 1 & 5 |  |
| 10/9/2012 | Minor changes – My LINC link, note on storing cc numbers policy | 1-2 |  |
| 2/25/2013 | Added the review of the new report which shows who has completed the training and the date they completed it. | 5 |  |
| 10/15/2013 | Update for FY14 – new process where units maintain list of authorized users in MPathways | 1 |  |
| 1/15/15 | Review refund activity, Various |  |  |
| 11/2016 | Updated link and added clarifying language, removed redundancies, and added info regarding maintaining terminal serial numbers | 1-4 |  |
| 11/2017 | Updated links, Added clarifying language regarding the storing of credit card numbers, and replaced reference to deleted SPG 519.06 with new SPG 519.01 | 2, 3, 5, 6 |  |

Document Owner: [insert name], [insert title]

Administrative Owner: [insert name], [insert title]