Credit Card Refunds

Fraud Risk

**U-M employee processes customer refunds to their own credit card**

A Customer pays U-M for product/service using their credit card

A U-M Employee processes a refund for that product/service to their own credit card, instead of the Customer's credit card

---

**What Can be Done to Prevent This?**

*** Proper Approval *

All refunds must be approved by a higher level of authority

**Approvers ensure:**
1) Each refund is **valid**
2) The **amount** is correct
3) The **refund is to the appropriate credit card**

**Review / Monitoring**

Periodically review refund activity to ensure all refunds are valid and authorized by an appropriate approver.

Note: Refund activity can be reviewed on the Credit Card Controls report in MReports or the FN03 JrmDetail Merchant Management report in Business objects.

**Separation of Duties**

The person **Approving** refunds should not be **Processing** refunds or **Reviewing** refund activity

---

Questions or Concerns? Contact merchantservices@umich.edu

March, 2019
**How Should Credit Card Refunds Work?**

**Initial Purchase:**
A customer pays for a U-M product/service using their credit card.

**Refund Requested:**
Customer requests refund - returns product if applicable.

**Refund Reviewed by Approver:**
The approver ensures that:
1. The refund is valid 
   (Item was returned/service was not rendered)
2. The amount is correct
   \( \text{Refunded} = \text{Paid} \)
   (the amount refunded is equal to or less than the amount paid)
3. The refund is to the original credit card

**Approved Refund is Processed:**
Once properly approved, the U-M employee can process the refund to the customer.

**All Refund Activity is Reviewed:**
A reconciler periodically reviews refund activity to ensure all refunds are valid and authorized by an appropriate approver.

*NOTE: The person Approving refunds should not be Processing refunds or Reviewing refund activity*