THE
U
UNIVERSITY
OF UTAH

Jeffrey J. West
Associate Vice President

Financial and Business Services

201 South Presidents Circle, Rm 408 Salt Lake City, Utah 84112 (801) 581-7520 FAX (801) 585-5257

TO: Deans, Directors, and Department Chairs

FROM: Jeffrey J. West, Associate Vice President

SUBJECT: Accepting Credit Cards as Payment for Goods and Services

DATE: January 22, 2007

In addition to students using credit cards for payment of tuition, many other areas of campus now have the capability of accepting credit cards as payment for goods or services provided to the campus community and the public. Examples of these activities include purchase of tickets for athletic and cultural events, payment of parking fees/fines, student housing, etc. The University also accepts credit cards in their fund raising efforts. When processed electronically, using the internet, these credit card payments flow directly and seamlessly into the University's bank accounts through a system known as "UPAY". This is the only official, approved method that the University supports for accepting credit card payments.

We recognize that occasionally your department may contemplate the purchase and implementation of software from a third party to meet the specific business needs you have in supporting students, faculty, researchers, and other "customers" of your department. Along with the specialized and desired functions provided, the software often has the ability to accept web credit card payments to pay for these services. If the department has notified us prior to the purchase of the software, we have a chance to persuade the vendor to use our credit card processor (UPAY). We have been successful with having several of these third party vendors interface to UPAY. If the department has not notified us prior to the purchase, such interfaces to UPAY become extremely problematic for the institution as a whole, despite the benefits provided to your department by the primary features of the software.

As the demand grows for additional departments accepting credit cards on campus, the University must manage the increased volume and complexity of potentially dealing with multiple vendors and multiple interface requirements. In order to mitigate these problems, we have developed the following guidelines. Your support and cooperation in following these guidelines will ensure that our limited administrative resources are used efficiently and that banking and accounting requirements can be met in the most effective way possible in conducting the business of the University. In addition to guidelines relating to accepting credit card payments electronically using the internet, we have also addressed how to process manual credit card payments at the end of this document.

Questions regarding acceptance of credit cards for payments to your department should be directed to Lisa Zaelit, Manager - Income Accounting and Student Loans (581-3968).

Bank Card E-Commerce Electronic Payments:

UPAY is the official University of Utah e-commerce application. UPAY allows departments to accept on-line bankcard payments using Visa, MasterCard, American Express, and Discover. Departments should use UPAY to accept on-line payments for bills, merchandise, classes or seminars, donations, event tickets, housing, fees, magazines, or almost anything that a department collects money for. The benefits of using UPAY include:

- o Next day deposit to department chart fields.
- o Full account reconciliation.
- o Accurate reconciliation with the University's bank account.
- o Maximum earned interest.
- o Reduced department costs, including low merchant fees.
- o Refunds are made promptly to customers at the department's request.
- o The ability to purchase multiple items with one transaction, on-line, once.
- o A customizable interface with the U-Market application.
- o The department's website is hosted on U's secure web server.

The following guidelines provide procedures and responsibilities to assist departments when they are considering an on-line payment application.

GUIDELINES:

- Whenever a department is considering the purchase of software that has an e-commerce application, and there is the possibility that they will want to accept on-line payments through this application, they must confirm with that third party vendor that their software will allow bankcard payments to be processed through the University's UPAY processor.

- Third party vendor software purchased by departments must have the capability to process the e-commerce payments through UPAY.
    - o An interface, between their software and the UPAY system, is usually required to complete this process. Departments should contact Administrative Computing Services, who manage the UPAY system, to elicit their involvement in negotiating the interface requirements with the vendor up front.
    - o If a third party vendor cannot, or will not, create an interface to use the UPAY bank card processor, the department must find a vendor who can, or forego allowing on-line payments to be made via credit card.

- Departments must use UPAY to assure that the payments:
    - o Are processed to the University's bank account the next day.
    - o Are processed and credited for the correct deposit amount.
    - o Are refunded properly should there be a need to refund the payment.
    - o Are processed with the lowest merchant rates.
    - o Are processed with a Payment Card Industry (PCI) compliant processor.
    - o Comply with all audit requirements.
    - o Earn all interest due to the University.
    - o Have a timely, accurate, daily reconciliation, and monthly bank reconciliation.

- Departments using UPAY have the responsibility to:
    - o Perform a daily reconciliation between their department's application and the UPAY totals.
    - o Ensure that their applications are processing and assessing correct amounts.
    - o Provide any changes to chart field numbers, contact names, and phone numbers to the UPAY custodian.

DEPARTMENTS CURRENTLY USING THIRD PARTIES FOR E-COMMERCE:

Departments currently using third party vendor e-commerce applications (not interfacing with UPAY) must ensure that the following occurs:
- Perform a daily reconciliation between their department's application and the third party vendor's totals.
- Ensure that their application is processing and assessing correct amounts.
- Verify that the correct daily amounts are being deposited to the University's bank account.
- Verify that monies are being deposited to the bank the day after the vendor receives the money.
- Allowable refunds are given promptly to the customer by the third party vendor.
- Daily deposits are credited to the department's chart fields daily.
- The third party vendor is PCI compliant.
- ***Efforts to interface directly to the UPAY processor are made once the existing contract expires with the third party vendor.***

SETTING UP WEBSITES AND USING UNIVERSITY RESOURCES:

- Complete an e-commerce application on-line at https://webapps.utah.edu/webmaster/ecom/app.html
- If a department has a website that has already been created, a link can be made to the UPAY credit card server.
- Departments must pass an audit by the University's Information Security Office (ISO).
- A department may request assistance from UMarket to set up their website.

RECONCILIATION PROCESS:

- Departments should reconcile the previous day's transactions by comparing the amount their website has in total payments to what the UPAY system displays.
- Access to web credit card totals is through a secure query on the employees Campus Information System (CIS) https://gate.acs.utah.edu/. Sign into the CIS screen and select the "Employee" tab, go to "Administrative Financials", select "TRANSACTION DETAIL SEARCH", then "UPAY Credit Card Detail". Security is granted to the responsible employee reconciling the e-commerce payments.
- Departments using third party software must have access to payments received through the vendor's system.

MAINTENANCE AND SECURITY OF BANK CARD INFORMATION:

- Departments need to be sensitive to the issues surrounding accepting credit card numbers as part of a business transaction. The department and University can be held liable for improper usage of credit card numbers.
- Any credit card information **should not** be stored on the department's computers.
- Any credit card information written on paper or sent by e-mail, should be destroyed once the payment has been processed.

COSTS:

- The credit card companies and the bank assess merchant fees for all bankcards, monthly. The monthly fee is charged on the amount of transactions collected and is charged to the department's account by a journal entry.
- There is a $1.00 convenience fee assessed per transaction. The customer or the department can pay this fee. This fee covers the costs of administering UPAY and maintaining the University's computing system. This fee may be negotiable, based on the facts and circumstances of the particular departmental application.

POLICY AND PROCEDURE REQUIREMENTS: UPol 4-001, 4-003, 4-004

- Departments should refer to Policy 1-12, 1-16, and 1-18, http://www.admin.utah.edu/ppmanual, for information regarding e-commerce, data management, and security.

Bank Card Manual Payments:

The following guidelines provide procedures and responsibilities to assist departments when they are considering accepting credit cards via a manual-type process, where the payor is either physically present or communicating verbally over the phone (not on-line).

HOW TO GET STARTED:

- Contact Income Accounting and Student Loan Services to request to have a merchant account set-up by the bank.
    - The contact person's name and address needs to be identified.
    - A designated phone line, fax machine phone line, or a computer port is necessary for the equipment to process payments.
- Be prepared to give details of what the account is for, including:
    - The number of transactions processed annually.
    - The average transaction amount.

PURCHASE OF EQUIPMENT:

- The location address, number of credit card machines, and the type of transactions to be processed, is required. (i.e., debit card PIN pad).
- Once the equipment is received, it will need to be initiated to accept payments.

DEPOSITING PAYMENTS:

- The credit card machine should be settled and closed out every day that payments are input.
- A separate departmental deposit form must be prepared per day.
    - Each card type, per settlement, must be listed as a separate deposit in the RECAP part of the form.
    - The deposit/settlement dates must be the same for all individual deposits, on the departmental deposit form.

COSTS:

- There is a one time charge for credit card and/or debit card PIN machines. Prices vary according to the machine.
- The credit card companies and the bank assess merchant fees for all bankcards, monthly. The monthly fee is charged on the amount of transactions collected and is charged to the department's account by a journal entry.

MAINTENANCE AND SECURITY OF BANK CARD INFORMATION:

- Departments need to be sensitive to the issues surrounding accepting credit card numbers as part of a business transaction. The department and University can be held liable for improper usage of credit card numbers.
- Any credit card information **should not** be stored on the department's computers.
- Any credit card information written on paper, or sent by e-mail, should be destroyed once the payment has been processed.
- Credit card receipts, settlement reports, and any attached documents, must be kept in a secure place that is locked with access granted only to necessary employees.
- Credit card information should be held for five years and then be shredded and destroyed.