



THE UNIVERSITY OF MICHIGAN

STANDARD PRACTICE GUIDE

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| SECTION: | Business and Financial Services | Number: | 501.6 |
| | | DRAFT | |
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| SUBJECT: | Acceptance of Credit Card Payments | Date Issued: | |
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| APPLIES TO: | All Department and Units of the University | | |
| ISSUED BY: | Treasurer's Office and Financial Operations | | |

General Policies

The University of Michigan accepts payments and gifts from students, faculty, staff, alumni, donors and others in various forms including cash, checks and electronic fund transfers. University units (Merchants) may also choose to accept credit card payments under a centralized and standardized policy. The University Treasurer's Office/Card Services is responsible for the coordination of any E-Commerce projects with the various internal departments and the University's Merchant Acquirer Processor. The Treasurer's Office/Card Services is also authorized to negotiate a single-source, University-wide contract for these Merchant credit card services. The Treasurer's Office and Financial Operations are charged with the administration of this contract, and must ensure compliance with all policies governing the acceptance of payments of this nature. Costs associated with the Merchants' acceptance of these payments, e.g., discount and authorization fees, are to be charged to the Merchants.

Definitions and general procedures are detailed in the **APPENDIX** following.

Fiscal Controls Policies

The University Treasurer's Office/Card Services is authorized to administer the program. It will review and approve Merchant Registration Forms and Merchant Card Credit/Debit Policy, which are signed jointly by the Merchant and by the Treasurer's Office/Card Services. Merchants are required to report changes in their status by completing a Merchant Change/Termination Form.

Merchants are required to perform daily reconciliations of transactions, and monthly reconciliations of their Statement of Activity on a timely basis. All discrepancies must then be reported to Financial Operations/Transaction Services, or alternatively to the Treasurer's Office/Card Services.

Merchants are responsible for safeguarding cardholder data at all times and in all formats. This is also applicable to information on all networks and external vendors and service providers. This responsibility includes compliance with requirements and policies made by the Payment Card Industry, banks, and similar internal or external governing bodies. See the Treasurer's Office Web site (<http://www.umich.edu/~treasury/>) for details on the current security requirements.

References:

Michigan Sales and Use Tax – Standard Practice Guide (SPG) section 502.03 at <http://spg.umich.edu/pdf/502.03.pdf>.

Federal Unrelated Business Income – SPG section 502.04 at <http://spg.umich.edu/pdf/502.04.pdf>.



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Fiscal Responsibilities – SPG section 500.01 at <http://spg.umich.edu/pdf/500.01.pdf> .

Contract negotiations and signature – Regents Bylaws 3.07 2(b) at <http://www.umich.edu/~regents/bylaws/>.

Incident Reporting Policy – SPG 601.25 at <http://spg.umich.edu/pdf/601.25.pdf> .

APPENDIX

I. Definitions:

- A. **Acceptable Credit Card Companies:** MasterCard, Visa, Discover and American Express.
- B. **Approved Charging Unit:** An organization or unit approved by the Treasurer's Office to process credit card sales.
- C. **Authority to issue Credits (Refunds):** Departments must specify in writing to the Treasurer's Office the person or persons that will be allowed to approve a Credit (Refund) Slip. This cannot be the same person who processes sales.
- D. **Authorization Fees:** A fee charged by the merchant acquirer for handling Discover and/or American Express transactions. This fee is not related to discount fees.
- E. **Discount Fees:** Fees charged by acceptable credit card companies to merchants for each credit card transaction.
- F. **E-Commerce:** Internet(Web)-based credit card transactions.
- G. **Electronic Ticket Capture:** The transmission of sales to a credit card processor through the use of electronic equipment. Credit card terminals are the most common devices used for this purpose. Other options for processing include software to allow batch processing, Web processing, cash registers with terminal built –in, and touch tone phone processing.
- H. **Imprinter:** A piece of equipment used to imprint a charge card on a credit card form.
- I. **Merchant:** A University school, college, department or unit that accepts credit card payments from internal and/or external customers.
- J. **Merchant Acquirer Processor:** A bank or its affiliate that provides services for processing credit card transactions.
- K. **Network Vulnerability Scans:** Wireless Security and Network Vulnerability scanning tests will be performed on each Merchant in order to comply with the PCI Data Security Standard.
- L. **Payment Card Industry (PCI) Data Security Standard:** A standard created by MasterCard and Visa to protect cardholder information. Compliance is mandatory for University Merchants.

II. General Procedures for Credit Card Merchants:



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- A. The unit or organization must fill out the **Merchant Registration Form** provided by the Treasurer's Office/Card Services (which can be found at <http://www.umich.edu/~treasury/>) and read and sign the **Merchant Card Credit/Debit Policy** (located at the same Web site).
- B. The Credit Card Merchant must fill out a **Merchant Change/Termination Form** <http://www.umich.edu/~treasury/> in the event of any changes in the information provided on the Merchant Registration Form or if the merchant no longer wishes to accept credit cards for payment.
- C. Detailed procedures and other information may be found at the following Web site: <http://www.umich.edu/~treasury/>.