

## **NC STATE UNIVERSITY**

### **University Controller's Office Internal Administrative Policy & Procedures**

Policy Number: *GA-CM-MS-01*  
Policy Title: **Merchant Services**  
Issued: March 2014

Section: General Accounting  
Function: Cash Management  
Person Responsible: Heidi Kozlowski

#### **Statement of Policy**

Any North Carolina State University department that wishes to accept credit cards as a method of payment for goods and/or services must meet University policy, state and federal laws, and contractual obligations to the University's bank and credit card processor. All merchant requests must be approved by the Controller's office. A review of processes and business plans will be conducted prior to any merchant account activity and annually thereafter. The review will be performed by members of the PCI Working team which includes members from the Controller's Office, Office of Information Technology and Enterprise Application Systems. The sale of goods and services must be consistent with the University's mission and the normal activities associated with the organization.

University policy provides standards to manage merchant accounts for credit card receipts; to ensure proper control, integrity, and security of credit card data; and to ensure compliance with State and industry standards.

#### **A. Merchant Approval**

All credit card processing activities at the University require approval of the Vice Chancellor for Finance and Business or delegate. If an Internet application is to be used, approval of the Vice Chancellor for Information Technology or delegate is also required. University departments will NOT process credit cards under any circumstances without the approval by the Controller's Office. University departments shall NOT sign any contracts or enter into any agreements with a Third Party or purchase related equipment or software without approval by the Controller's Office. University departments may not set up their own banking relationships for payment card processing.

To become eligible or to remain eligible, a merchant must exceed the minimum annual transaction volume and dollar amounts as set forth by Merchant Services.

University departments are required to complete the necessary application forms and questionnaires to request approval to accept payments by credit card. The standard forms and instructions for their use are listed in the procedures referenced below.

## B. Merchant Standards

University departments are required to adhere to appropriate standards for credit card merchant services including training, outsourcing agreements with third-party providers, data and system security, [Payment Card Industry \(PCI\) Data Security Standard \(DSS\) compliance](#), cost responsibility, fiscal responsibility, truncation and retention of merchant cardholder account numbers.

## C. Transaction Fees

Transaction fees may be charged to cover the cost of permitting a person to complete a transaction using a web application or other means of electronic access. The fee imposed must be approved by the Vice Chancellor for Finance and Business or delegate and the Office of State Budget and Management, in consultation with the State Chief Information Officer and the Joint Legislative Commission on Governmental Operations. The transaction fees that are charged must be for conducting an electronic transaction, not for the use of a merchant card. Electronic access includes the internet and voice response systems but not mail orders, telephone orders, or a face-to-face transaction. Notice must be provided to the consumer advising of the fee, prior to the payment being affected.

The revenues from the transaction fee and expenditures funded by the fee must be accounted for separately to provide an audit trail on the collection and use of the fees. Expenditures may only be made for e-commerce initiatives and projects, to include any third-party related fees and merchant card processing services.

## D. Office of the State Controller (OSC) Policies

University departments and units that have been approved as merchants are required to adhere to the E-Commerce policies of the Statewide Electronic Commerce Program as well as those of the University. These policies are located on the [NC Office of State Controller](#) website.

### **Reason for Policy**

The purposes of the merchant policy and procedures are to provide essential information in obtaining and managing merchant accounts for credit card receipts; to provide requirements to ensure proper control and integrity of credit card data as well as security in the collection, maintenance, and transfer of credit card data; and to ensure compliance with the [Payment Card Industry \(PCI\) Data Security Standards](#).

The primary focus of the PCI Data Security Standards is to help merchants (such as University departments) improve the security of cardholder information by improving overall security standards which reduces the chances of security breaches. The growth of electronic commerce has resulted in increased occurrences of stolen cardholder information throughout the industry, which is an important concern to merchants and others that rely on electronic commerce as an efficient payment method. The rise in cardholder information compromises has also resulted in an increased focus and regulatory actions by the major card

associations. (MC, VISA, Discover, etc).

The rise in cardholder information compromises has resulted in an increased focus and regulatory actions by the major card associations. To improve the integrity and security of the payment processes used for receipt of payments by credit cards, compliance with the PCI Data Security Standards has been mandated by the PCI Council. The standards help merchants improve the safekeeping of cardholder information, which in turn reduces the chances of security breaches, fraud, and potential financial losses. These policies and procedures will help ensure that cardholder data and the electronic commerce network are protected and kept secure.

## **Exclusions**

There are no exclusions. Academic and administrative units; faculty, staff, and other employees; or others that use systems or networks owned and/or supported by the University shall abide by these policies. These policies pertain to credit card processing of payments received by the University. All point of sale (POS) terminals and all servers or databases receiving, storing, or transmitting credit card numbers are subject to these policies.

## **Special Situations**

None

## **Procedures**

GA-CM-MS-02 - Applying for a Merchant Account

GA-CM-MS-03 -Merchant Funding

GA-CM-MS-04 - Change in business process for a Merchant