



NORTHWESTERN
UNIVERSITY

Merchant Card Processing Procedures

In order to process merchant card payments, NU departments must adhere to the NU Merchant Card Processing Policy and its related procedures. This document contains the specific operational procedures that must be followed by departments for reporting and reconciling merchant card sales. Unless otherwise specified, these procedures apply to both terminal and e-commerce merchant card transactions.

Contents

Organization of this Document	1
Related Documents	1
General Merchant Card Operations Information	2
SECTION 1: e-Commerce Standards and Procedures.....	4
e-Commerce Customer Notification Rules	4
e-Commerce Daily Reporting	5
Sample NU Department e-Merchant Balancing Process	6
Reports of Daily Activity	6
Entry into the Sample NU Department Database	6
Refunds	6
Modification in the Sample NU Department Database	7
Deposit	7
Supervisor Review	7
SECTION 2: Terminal Standards and Procedures.....	8
Terminal Daily Close and Reporting	8
Procedures if Receipts and Reports Do Not Reconcile	8
Sample NU Department Terminal Balancing Process.....	10
Reports of Daily Activity	10
Refunds	10
Modification in the Sample NU Department Spreadsheet.....	10
Deposit	10
Supervisor Review	11

Organization of this Document

The remainder of this document is split into two sections. Section 1 includes information specific to processing merchant card payments using an e-commerce system. Section 2 includes information specific to processing merchant card payments using a terminal.

Related Documents

NOTE: These procedures provide guidance on how to adhere to specific requirements of the NU Merchant Card Processing Policy. It does not replace the Policy nor does it address all of its contents. Please refer to related documents for additional details.

- Merchant Card Processing Policy
- PCI Compliance Program
- NU Cash Handling Policy and Procedures

General Merchant Card Operations Information

Billing of Merchant Card Fees

Treasury Operations through Depository Services (formerly the Bursar's Office) will send a monthly bill for transaction charges based on the most recent discount rates for each card type. For e-Commerce based merchant accounts, additional fees may apply, such as for the use of an e-Commerce payment gateway. In those instances, additional fees may be sent by Depository Services for PayPal Payflow Gateway charges. Annually, PCI-DSS Compliance fees are also billed to the department. Please note that all fees and charges billed to a department will also be journalized by Depository Services.

An updated [Merchant Card Fees Schedule](http://www.northwestern.edu/financial-operations/controller/treasury-operations/e-commerce-operations/index.html) can be downloaded from the e-Commerce Operations website at <http://www.northwestern.edu/financial-operations/controller/treasury-operations/e-commerce-operations/index.html>.

Deposit and Reconciliation Requirements

All departmental merchant card transaction deposits should be made in NU Financials via a CRT (Cash Receipt Ticket) no later than one business day after any and all card transactions have taken place (in any case no longer than two business days). Note that this differs from the deposit requirements for currency or checks.

Each individual batch file processed must be reconciled with the sales of goods or services sold and, if applicable, to the information captured by your database. It is the responsibility of each department to prepare and demonstrate documentation of its reconciliation procedures and to have that document available for review upon request by Treasury Operations through e-Commerce Operations and/or Depository Services.

NU Cash Receipt Ticket Requirements (for deposits containing charges)

Merchant card deposits must be reported on a Cash Receipt Ticket (CRT) in NU Financials. Documentation to support the CRT entries must be generated and maintained within the department. Daily reporting requirements for e-commerce follow in section 1 and requirements for terminals follow in section 2 of these procedures.

The CRT is used by departments to communicate deposit information to Depository Services and create appropriate accounting entries on the General Ledger. After any cash, check, or wire deposits associated with the committed CRT have been processed by the bank, the revenue listed in the accounting distribution of the CRT will be posted to the department's account. The committed CRT serves to document the deposit for department and data control purposes.

Prepare a Cash Receipt Ticket in NU Financials:

A printed copy of the committed CRT should be retained by the department with supporting documentation for future reference.

1. From the NU Portal, select the Staff tab, then the Finance & Budgeting tab. Choose Dept Deposits/CRT under related links in the left column.

2. Click the Add button to create a new CRT.

In the Account Distribution section, list your revenue to be deposited. Your revenue is the total of all transactions for the day.

3. In the **Fund Code, Department, Project, Activity, Program Code, Account** columns enter your chart string for the revenue that should have been collected.
4. In the **Description** column (limited to 30 characters) enter the applicable description for the deposit being made
(example) **RPT 001 DEP 001 mm/dd/yy**
5. In the **Amount** column enter the dollar amount of the entire day's revenue that should have been collected from all sources. (This is the total from your cash register and/or handwritten pre-numbered receipts and charge sales.)

OVERAGE AND SHORTAGE - In the event that your total of charges indicated on your Settlement report do not equal your sales of products or services you will have to add another line to account for the net shortage or the net overage for the day. You will have to identify the error and correct on the next day's work. Please call Depository Services if you need help.

6. In the **Fund Code, Department, Project, Activity** columns enter your departmental chart string number and in the **Account** column enter **40702**
7. In the **Description** column (limited to 30 characters) enter: **Net Overage** or **Net Shortage** (whatever the case may be)
8. In the **Amount** column enter the dollar amount of the difference.

SECTION 1: e-Commerce Standards and Procedures

e-Commerce Customer Notification Rules

All e-commerce transactions must be followed by a confirmation email to the customer. This message should contain

- Date order was created;
- Order ID number;
- Item or service purchased;
- Dollar amount of purchase;
- Dollar amount of other charges (i.e., shipping, handling, taxes);
- Total dollar amount of purchase; and
- Authorization number, if appropriate.

Example Notification Message

Order date time:	DDMMYY HH:MM:SS AP, e.g. 01/25/01 11:36:53 AM
Order ID number:	#####
Shopper ID number:	#####

Ship to:	Name
	Address
	City, State Zip

Bill to:	Name
	Address
	City, State Zip

This is a confirmation of your recent order with Northwestern University DEPARTMENT NAME

Item:	\$\$.\$\$
Sub Total:	\$\$.\$\$

Shipping:	\$\$.\$\$ (if applicable)
Handling:	\$\$.\$\$ (if applicable)
Taxes:	\$\$.\$\$ (if applicable)
Total:	\$\$.\$\$

e-Commerce Daily Reporting

The following reports should be run first thing every morning for use in preparation of the deposit:

1. From the PayPal reports page (<https://manager.paypal.com/>), Daily Activity Report shows itemized transactions **sent** to PayPal;
2. From the Paypal reports page, Transaction Summary Report and PayPal Settlement Report will provide a day's transactions **received** from this departmental merchant.
3. Each department must produce a report of sales and/or services **posted** to show all revenue and/or balance sheet totals by media category (cash, check, terminal card types and e-merchant card types) – a.k.a. NU Department Database Report. Each e-commerce application must be capable of querying and reporting the transactions **sent** by this departmental merchant to PayPal in a day, that PayPal **received** those transactions, and that the day's transactions have been **posted** into the department's database of sales and/or services.

Sample NU Department e-Merchant Balancing Process

Note: This is a simplified version for the purpose of illustration. Please rewrite in your own words to describe your unit's procedures.

Reports of Daily Activity

Betty Bookkeeper receives a fax by 12:00 pm each business day, detailing the e-Merchant credit card activity for each prior day from 12:00:00 am to 11:59:59 pm, if any.

Anna Cashier prints the summary reports from the online credit card gateway (<https://manager.paypal.com/>) for the same time period:

Under **Reports** section in PayPal, the Transaction Summary Report provides totals by card type.

The PayPal Daily Activity Report provides all daily activity, both successful and unsuccessful.

The PayPal Settlement Report provides totals and transaction counts for all successfully settled transactions.

These reports are printed and forwarded to Betty Bookkeeper, who verifies the total individual sales, total by credit card type (Visa, M/C, Amex) and total credit card batch amount from the three reports to the fax details.

Entry into the Sample NU Department Database

Anna Cashier enters and/or imports data into the Department Database, indicating the form of payment (cash, check, terminal charge or e-Merchant charge) and the date of the activity.

Anna Cashier runs a Sample NU Department Database Report detailing the entries then verifies that the entries balance to the totals of the PayPal Transaction Summary Report, i.e., all e-Merchant charge transactions.

Anna Cashier forwards the Sample NU Department Database Report to Betty Bookkeeper along with hard copies of the email, PayPal Transaction Summary Report, PayPal Summary Report, cash, checks and terminal batch reports. Betty Bookkeeper reviews the entries on the Sample NU Department Database Report to verify that they are accurate, complete and in balance with the other reports as well as total cash, checks, terminal charges and e-Merchant charges.

Refunds

All refunds, whether cash, check, terminal charge or e-Merchant charge, will have signed documentation. Anna Cashier identifies the form of payment of the original transaction in the Department Database to make the appropriate form of refund. Anna Cashier gives the refund request and copies of the Department Database documentation to the Supervisor for review and approval before processing the refund.

For e-Merchant refunds, the refund is processed via PayPal using Auto Credits process. After selecting a date or date range, successful transactions are displayed in a list. Anna Cashier initiates a refund by checking the appropriate check box and pressing the Submit button.

Modification in the Sample NU Department Database

After successfully processing the refund Anna Cashier prints and signs the corresponding PayPal Transaction Detail and saves it for inclusion with the posting of that day's sales into the Department Database. "Today's refund will be yesterday's refund when it is posted tomorrow." The documents are forwarded to the Supervisor for review and second signature on the PayPal Transaction Detail. A Sample NU Department Database Report which shows this refund will be included with the corresponding deposit for this day's activity.

Deposit

Betty Bookkeeper is responsible for preparing the deposit.

The deposit receipt will be forwarded to Depository Services with the following reports:

- 1) PayPal Transaction Summary Report with batch control stamp affixed and completed,
- 2) PayPal Daily Transaction Report,
- 3) PayPal Settlement Report,
- 4) Sample NU Department Database Report (for batches of sales + and refunds -)
- 5) PayPal Transaction Detail with two signatures for each refund, if any

Supervisor Review

Bob Budget manager on a monthly basis verifies that all payments listed on Sample NU Department's Spreadsheet Log have been posted to the appropriate revenue accounts in NU Financials.

SECTION 2: Terminal Standards and Procedures

Terminal Daily Close and Reporting

Note: Terminals will auto close at 11:00 p.m. if not closed manually. You must obtain totals in the evening before you leave. Once a batch is settled, either by you or automatically, the totals and detail information is deleted and cannot be retrieved from the terminal.

1. Add all customer receipts
2. Match total to the "Totals Report" total
3. Match total to your cash register or manual journal
4. If every thing matches, proceed to "Settlement"

The totals report, detail report, and settlement report must be printed and retained with any additional documentation to support the CRT deposit within the department.

Procedures if Receipts and Reports Do Not Reconcile

→ If customer receipts do not match "Detail Report" total

1. Match individual customer receipts to transactions on Detail Report
2. Identify which are missing or did not print on the Detail Report
3. Reference numbers should be numerical and print in the last column on the left below the truncated credit card number
4. Call the HELP DESK
5. Make changes/corrections as instructed
6. Do "Detail Report" and "Totals Report" again
7. If totals now match, proceed to "Settlement"

→ If customer receipts do not match your cash register or manual journal total and it is the same day

1. Identify error(s)
2. If **same day** – do **void** and re-enter correctly
3. Do "Detail Report" and "Totals Report" again
4. If totals now match, proceed to "Settlement"

Or

→ if customer receipts do not match your cash register or manual journal total and it is the next day

If you are doing your balancing procedures in the morning and find an error, you need to identify the error and indicate the amount as either over or short (revenue source 40702) on your deposit. Correct the error and indicate the amount as the opposite over or short on the current day's work. They will offset each other.

1. Identify error(s)
2. If next day – do a refund and re-enter correctly

3. Do not record on the cash register or manual journal (you can make a notation that you are making an offsetting correction to the prior days work.)

Sample NU Department Terminal Balancing Process

Note: This is a simplified version for the purpose of illustration. Please rewrite in your own words to describe your unit's procedures.

Reports of Daily Activity

Daily, Anna Cashier receives conference registration forms through the mail from customers. She logs each form received in a spreadsheet, indicating date payment was received, attendee name, payment amount and payment type (i.e. check or credit card).

Ana Cashier processes the credit card transactions on Sample NU Department's credit card terminal. She sets the merchant copy of each transaction receipt to the side. Once she finishes processing all the forms, she prints the Totals Report and Details Report on the terminal. She then adds the payment amounts from all the forms, confirms that the total matches the total for the day in her spreadsheet and confirms that the total matches the Totals Report. She then presses the settle button on the terminal to transmit the batch to the bank and automatically generate a settlement report.

Anna Cashier locks the registration forms in a secure drawer. She then prints a copy of the spreadsheet log and attaches the merchant receipts, Totals Report, Detail Report and Settlement Report. She provides this documentation to Betty Bookkeeper.

Betty Bookkeeper verifies the total individual sales, total by credit card type (Visa, M/C, Amex) and total credit card batch amount from the three reports matches the spreadsheet log details.

Refunds

All refunds, whether cash, check, terminal charge or e-Merchant charge, will have signed documentation. Anna Cashier identifies the form of payment of the original transaction in the spreadsheet log to make the appropriate form of refund. Anna Cashier gives the refund request and copies of the spreadsheet log to the Supervisor for review and approval before processing the refund.

Once approved, Anna Cashier processes the refund on Sample NU Department's credit card terminal using the refund button and includes the transaction with the rest of her day's work.

Modification in the Sample NU Department Spreadsheet

After successfully processing the refund Anna Cashier prints and signs the merchant copy of the transaction receipt and saves it for inclusion with the posting of that day's sales into the spreadsheet log. The documents are forwarded to the Supervisor for review and second signature on the merchant copy of the transaction receipt.

Deposit

Betty Bookkeeper is responsible for preparing a Cash Receipt Ticket in NU Financials. She will use the following reports to support her CRT:

- 1) Terminal Totals Report
- 2) Terminal Detail Report
- 3) Terminal Settlement Report,
- 4) Sample NU Department Spreadsheet Log
- 5) Terminal Merchant Receipt with two signatures for each refund, if any

Betty Bookkeeper will file a copy of the CRT along with supporting documentation for 3 fiscal years in addition to the current year within the department.

Supervisor Review

Bob Budgetmanager on a monthly basis verifies that all payments listed on Sample NU Department's Spreadsheet Log have been posted to the appropriate revenue accounts in NU Financials.

History/Revision Dates

Origination Date: July 8, 2008

Last Amended Date: July 31, 2012

Next Review Date: January, 2013