

Prepared by Treasury Office.
This is a new policy

A8.711
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A8.700 TREASURY

P 1 of 5

A8.711 Electronic Payments via University Websites

1. Purpose

To establish uniform policies and procedures for the processing of electronic payments in accordance with University policies, banking and payment card industry(PCI DSS)requirements, the terms of the University's eCommerce services contract and all subsequent amendments.

A secure system of executing business online that is compatible with other University systems is imperative to protecting the University's finances, reputation and relationships.

Applicability

This directive applies to all University of Hawai'i campuses and departments. This policy does not cover business-to-business eCommerce in which the University of Hawaii purchases goods or services or to electronic ordering and payment applications that are typically used between other businesses or institutions and the University of Hawaii, usually referred to Electronic Funds Transfer (EFT). The University's policies and procedures on EFT may be viewed at <http://www.hawaii.edu/svpa/apm/treas/a8702.pdf>

3. Definitions

- a. eCommerce - A non face-to-face on-line transaction using electronic media over a public or private network. Refers to all forms of business activities conducted over computer networks such as the Internet.
- b. EFT (Electronic Funds Transfer) - Transfer of funds by electronic means directly to UHGA. The remitter initiates the transfer. The amount is based on a drawdown request, letter of credit, previously established document or an invoice.
- c. ePayment - An on-line, non-cash payment. Methods of electronic payments include credit cards, debit cards and electronic checks (web-checks).
- d. Merchant - An entity (e.g. UH department) accepting credit cards as a form of payment. A merchant number must be established and issued by the University's credit card

contractor before credit card processing can commence. For accounting and control reasons, only the Treasury Office is authorized to request merchant numbers from the credit card contractor.

- e. Merchant Fee - The service fee paid to the credit card contractor by the merchant accepting a credit/debit card for payment.
- f. Payment processing service - A service that provides connectivity among merchants, customers, and financial networks to process authorizations and payments and securely stores credit card data.
- g. UBIT (Unrelated Business Income Tax) - Federal law enacted to eliminate unfair competition by placing the unrelated businesses of tax-exempt organizations on the same tax basis as non-exempt organizations. Generally, for most organizations, an activity is an unrelated business and subject to UBIT if it meets three requirements: 1. It is a trade or business; 2. It is regularly carried on; and 3. It is not substantially related to furthering the exempt purpose of the organization.
- h. PCI DSS (Payment Card Industry Data Security Standard) - Security standards designed to safeguard credit card data and developed by the major credit card companies.

4. Policy

The University has implemented a secure, PCI DSS compliant, hosted eCommerce management system that supports a payment processing service for a variety of eCommerce applications. Campuses and departments that want to accept ePayments are required to process all sales transactions through this eCommerce management system.

Exceptions may be granted to departments who prefer to use another system. To receive an exception, departments must provide evidence to the Bursar, or his/her designee, that the University's eCommerce management system cannot meet the department's business needs and that the alternate system complies with University and PCI DSS requirements for security as defined in Administrative procedure A8.710 Credit Card Program <http://www.hawaii.edu/svpa/apm/treas/a8710.pdf>

The Treasury Office reserves the right to rescind a department's merchant number and disable the department's ability to accept electronic payments if the department does not comply with University and PCI DSS security requirements as stated above.

Departments granted an exception to use an alternate system will be responsible for any costs to operate and maintain the system as well as any data breach remediation costs resulting from failure to comply with PCI DSS requirements. Departments granted such exceptions also assume all responsibility and liability for the security of all transactions and data, including any monetary

loss suffered by the University due to theft or improper use of electronic commerce payment numbers and associated information.

5. Responsibilities

a. Treasury Office

1. Reviews and approves or disapproves requests to participate in the program.
2. Requests merchant number through the credit card contractor. eCommerce transactions require a unique, separate merchant number from in-person transactions.
3. Serve as liaison with eCommerce contractor.
4. Bill University merchants annually for eCommerce fees.

b. Departments

1. Submit a memo requesting participation in the program and an eCommerce merchant number for transacting electronic payments and Attachment 1 to the Bursar's Office.
2. Comply with all procedures specified by the University and the Contractor with respect to eCommerce payment transactions.
3. Provide all technical/functional support to create and maintain web pages for transactions and connectivity to the payment gateway.
4. Comply with security requirements and safeguard cardholder and data and personal financial information as set forth by the PCI DSS and UH Executive Policy E2.214, Security and Protection of Sensitive Information.
5. Responsible for the payment of annual eCommerce administrative fees outlined in section 7 and the merchant fee.
6. Record all revenues in University's financial management information system. Reconcile daily batch settlement totals to monthly statement to ensure that proper credit has been received.
7. Complete an annual PCI DSS self-review. The review will certify that the department is conducting eCommerce in the manner approved and adhering to all regulations. Any significant changes to eCommerce business activities or contacts should be noted.

6. Procedure to Participate in Program

- a. Complete Attachment 1 - "University of Hawai'i Request to Accept Electronic Payments" and submit to the Bursar.
- b. Upon approval by the Bursar or designee, the Treasury Office will prepare the application and request for a merchant number and coordinate connectivity to the eCommerce payment gateway with the appropriate vendors and arrange for equipment/software installation and training with the department.

7. Fees to Participate in Program

Each eCommerce merchant will be charged a yearly administrative fee to offset part of the operational costs of the eCommerce system. The Treasury Office will bill merchants annually.

8. Security Incident Response Plan

- a. All security incidents involving eCommerce transactions must be immediately reported as outlined in E2.214 Security and Protection of Sensitive Information
<http://www.hawaii.edu/apis/ep/e2/e2214.pdf>

University of Hawai'i
Request to Accept Electronic Payments

1. Describe the service or items being sold and the targeted customer base.
2. Estimate the annual sales volume. Is sales volume constant from month to month?
3. Was a UBIT review done by Property and Fund Management Office? Is this service or items being sold exempt from taxes?
4. Cite the legal authority that permits your campus/department to collect and deposit receipts.
5. Briefly describe your department's internal controls and procedures for handling cash receipts.
6. Describe computer infrastructure, security measures in place, and software applications used to process electronic payments.
7. List the department name, contact person, billing address, phone and facsimile numbers, and email address.