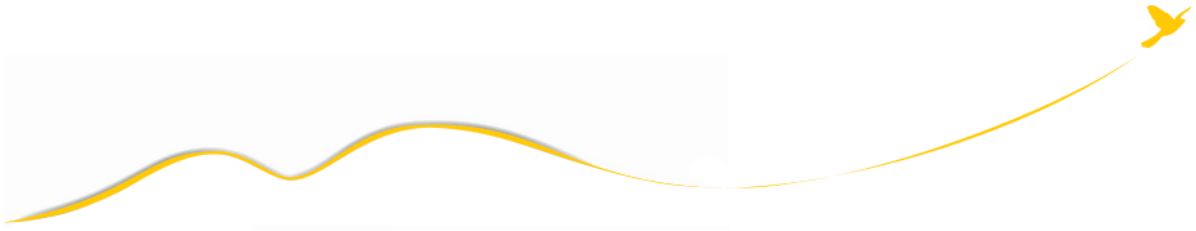
Cash Management Plan 2013



Appalachian State University

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State of North Carolina

Appalachian State University

Cash Management Plan 2013

Statutory Policy

North Carolina law, Chapter 147-86.10 of the General Statutes, requires that "all agencies, institutions, departments, bureaus, boards, commissions and officers of the State...shall devise techniques and procedures for the receipt, deposit and disbursement of moneys coming into their control and custody which are designed to maximize interest-bearing investment of cash and to minimize idle and nonproductive cash balances."

Plan Administration

The State Controller, with the advice and assistance of the State Treasurer, the State Budget Officer and the State Auditor, is charged with developing and implementing a uniform statewide plan to carry out the cash management policy for all State agencies, departments and institutions. This Statewide Cash Management Plan outlines the policies, duties, responsibilities and requirements for cash management within State government on a broad basis. It is the responsibility of each agency, department and institution to prepare a cash management plan that meets both the requirements of the Statewide Plan and the unique cash management needs of the individual agency, department or institution.

Each agency, department and institution will identify an individual who will have cash management responsibility. Plans will be submitted to the Office of the State Controller for approval. Agencies, departments and institutions will maintain a copy of their approved plan. The State Auditor, as a part of the annual financial audit, will determine if each agency, department or institution is in compliance with the Statewide Cash Management Plan. To insure compliance, please include the position that has the responsibility of developing, approving and administering the cash management plan

Wyatt Wells (Cash Management over Receipts)
Rachel Taylor, (Cash Management over Disbursements)
Amy Roberts, (Cash Management Over Federal Funds)
Dwayne Odvody (Pcard)
Roger Brandon (Bank Reconciliations)
Bob Baker (External Banking)
Denise Foutz (Credit Card Process)

Have the responsibility of developing, approving and administering the cash management plan and the plan will be maintained for auditor review.

Plan Requirements

Cash Management of Receipts:

The objectives of cash management of receipts are to use diligence in collecting funds owed to the State, to provide internal control over cash and cash equivalents and to expedite the movement of monies collected into interest bearing accounts. To accomplish these objectives, all plans adopted will include these rules:

1. Except as otherwise provided by law, all funds belonging to the State of North Carolina, and received by an employee of the State in the normal course of their employment shall be deposited as follows:

a. All monies received shall be deposited with the State Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1.

b. Monies received in trust for specific beneficiaries for which the employee-custodian has a duty to invest shall be deposited with the State Treasurer under the provisions of G. S. 147-69.3.

2. Monies received shall be deposited daily in the form and amounts received, except as otherwise provided by law. To insure compliance, please include the following:

- Daily deposit cutoff times and safeguarding procedures
- Procedures for cash receipts received via mail and onsite, including the cashiering functions and all applicable internal controls
- State Treasurer approved exceptions to the Daily Deposit and Reporting Act
- Return check fee policies
- Any specific policy or procedure in relation to cash receipts (i.e., patient funds or student funds)

Appalachian State University Policies

Daily deposit cutoff times.

All departmental deposits must be made before 2 pm. All monies taken in receipting for the day are verified and balanced by 5:00 PM daily, and deposited to the local branch by 12:00 pm the next day.

Procedures for cash receipts received via mail and on-site.

Cash receipts received via mail and on-site in Student Accounts

All incoming mail is opened, sorted, and logged on a daily mail log sheet by a designated staff member and then given to a (separate) Cashier to be posted to the Banner Student System. After the Cashiers posts the payments, the checks

and cash are added and verified with the posting to balance. All mail payments are entered on the system by 4:00pm each day. All cash and checks received in the mail are included in the deposit and sent to the bank the next morning.

All cash and checks received on-site are entered in the cashiering system by 4:00pm on the day received. The Cashiers balance the currency and checks at 4:00pm. Once balanced, the daily Cashiers' reports are generated and the deposits are made to be sent to the bank the next morning.

Various departments on campus send their own deposits to the bank via courier. These departments fax, email, or send by courier to the Cashiers' Office a copy of the deposit receipt and a report with the necessary information to enter the information in the Cashiering system as pre-deposits. All monies collected must be entered in the Cashiering system and recorded by the Cashiers' Office within twenty-four hours of the time the monies were received.

All currency, checks, and cash items received in the Cashiers' Office are receipted and entered in the system by 4:00pm on the day received. All checks and cash are included in the deposits to be sent to the bank the next morning.

Cash receipts received via mail and on-site for departments external to Student Accounts

Responsibilities - Many Appalachian State University departments are responsible for collecting University related receipts from students, faculty, and staff. Sound accounting practice requires that an accurate record of all such receipts be retained in the event of future audit. This statement outlines the policies for the collection of cash outside the Cashier's Office.

Approval Form - Departments that need to collect cash must complete a "Request for Authority to Establish Receipts Collection Point" form before collecting any money. After the form has been approved, an appropriate cash collection method will be designated.

Cash Defined - For the purpose of this statement, cash is defined as currency, coin, and checks received for any program or purpose at Appalachian State University regardless of the source of funding for the program or the collected monies intended use.

Scope of Statement - It should not be assumed that any cash to be collected does not fall under the scope of this policy statement without first contacting the Office of Internal Audits.

Receipting Requirements

Receipts must be issued - Departments must issue receipts to persons from which money is collected at the time the funds are received. Official three part, pre-numbered, Appalachian State University receipts are obtained from the

Cashier's Office in books of 200 receipts per book. The department is responsible for all receipts issued to it.

Receipt Distribution - The receipts are to be used in strict numerical order, copies distributed in the following order:

The original or first copy of the receipt is given to the payer.

The second copy of the receipt should be maintained in numerical order and turned in to the Cashier's Office with the funds collected.

The third copy of the receipt is maintained in numerical order in the receipt book in the department until all receipts are used.

When all receipts in a book have been used, the book should then be returned to the Cashier's Office and exchanged for a new book.

Void Receipts - In the event a receipt must be voided, all three (3) copies are to be retained in the receipt book. DO NOT DESTROY ANY PORTION OF A VOIDED RECEIPT.

Deposits

24 Hour Limitation - All cash collected in a department must be deposited with the Appalachian State University Cashier within twenty-four (24) hours of its receipt or not later than the following working day.

The following policies should be observed in the preparation of deposits:

All checks must be endorsed with the receiving department's name and Appalachian State University. The following example for an endorsement stamp has been approved:

FOR DEPOSIT ONLY
NORTH CAROLINA STATE TREASURER
BY APPALACHIAN STATE UNIVERSITY
2073083000434-800004

Change Fund

If a change fund has been authorized for the department, it must be entirely in currency and coin after a deposit is made.

Deposit Information

A statement with the following information must also accompany the deposit:

The budget code(s) (Banner FOAP) to which funds are to be deposited, and the amounts applicable to each.

The amount of the total deposit.

A note of explanation if the deposit is not in balance with the total of the receipts covered.

Cash Over or Short

It is the department's responsibility to insure that the total of the receipts equal the actual dollar amount collected and deposited with the Cashier, or to document any overage or shortage. Cash overages must be deposited in the Cashier's Office; notations pertaining to cash over or short must be included with the deposit when it is delivered to the Cashier.

Validated Receipt

The University Cashier is required to complete and validate a two part Appalachian State University receipt reflecting the following information:

Name of the department making the deposit.
Budget codes (FOAPs) to be credited with deposit.
Amounts applicable to each budget code.
Total amount of the deposit.

The Cashier will give the person making the deposit the original copy of the validated receipt which is attached in the receipt book to the last receipt that is covered by the validated receipt or to the daily cash report if receipt forms are used. The copy of the validated receipt form is kept by the University Cashier and attached to the applicable receipt forms taken from the deposited receipt book. The original validated receipt is the department's only documentation for deposits made.

Security Courier Service

Offices or departments which have daily receipts can arrange for courier service from the Office of Public Safety to pickup the deposit daily, take it to the Cashier's Office for deposit, and return the money bag and validated cashier receipt afterwards. The following conditions are necessary in order to obtain this service:

Department must make regular deposits

Department must complete deposit in agreement with the guidelines of this policy statement.
Deposit must be secured in a locked money bag for transportation.
Cashier must be supplied with a key to the money bag.
A written request for the courier service must be submitted to the Director of Public Safety.
Additional Information - If questions arise regarding policies and procedures on cash collections, please contact the Office of Internal Audits prior to any action.

Cash Receipts Cycle Internal Controls:

A. Control Activities / Information and Communication

1. There is a formal organizational chart defining responsibilities for processing and recording cash transactions.

2. Procedures exist to ensure that previous years' records are properly updated for new registrants and withdrawals where annual payments are involved.

3 Control procedures exist regarding the collection, timely deposit, and recording of collections in the accounting records at each collection location.

4. Duplicate tapes are attached to each batch of checks deposited.

5. Deposit slips used have an official depository bank number preprinted on the document.

6. Procedures are in place to establish a proper cut-off of cash receipts at the end of the fiscal year.

7. License and permit issuances are reconciled to the cash receipts journal or bank deposits.

8. All mail receipts are posted directly and immediately to the proper account.

9. All mail receipts are reconciled to:
   a. The Banner System or
   b. Validated as certification of deposit/deposit slips.

10. When payments are made in person (seminars, workshops, etc.), receipts for payment are used and accounted for and balanced to deposits.

11. Pre-numbered receipts are issued for all cash collections and all receipts are accounted for.

12. A log of receipt book issuances is maintained in the Student Accounts Office.

13. Petty cash/change funds are kept at the minimum effective amount.

14. All petty cash funds are maintained on an imprest basis.

15. Unauthorized advances from petty cash funds to employees are prohibited.

16. All petty cash checks are cashed promptly at the banks.

17. Petty cash vouchers or bills are required for all petty cash disbursements.
    a. They are signed by persons receiving cash.
    b. They are approved in writing by department head or other responsible official.
    c. They are properly supported by vendor receipts.
    d. They are typewritten or written in ink to preclude alterations.

18. Letters accompanying gifts, grants, donations, etc., are forwarded to the appropriate department to be retained as part of the permanent records.

19. The authorization records of the depository banks are kept up to date. Receipts are deposited as often as required by General Statutes

    All the following duties are generally performed by different people:

    a. Custodian of the fund, reconciliation of the fund and access to cash receipts.

    b. Filling out the disbursement receipts, disbursement, and reconciliation.

    c. Making a deposit, billing, making General Ledger entries and collecting.

    d. Collecting cash, placing a restrictive endorsement on the checks, balancing cash, closing cash registers, making a deposit, maintaining Accounts Receivable records and making General Ledger entries to the extent possible.

    e. Collecting of licenses, fines, and inspections and making General Ledger entries.

    f. Collecting cash and reconciling the bank account.

20. Current year receipts are compared to those for prior years and budgeted receipts, and explanations of variations are reviewed by senior officials.

21. Account distribution indicated on expense vouchers is reviewed for reasonableness by accounting personnel.

22. Licenses and permits are sequentially numbered and satisfactorily accounted for.

23. There is adequate physical security surrounding cashiering areas.

24. Employees are prohibited from cashing personal checks at cashiering areas.

25. Cash receiving is centralized to the maximum extent possible.

26. All employees handling cash receipts are adequately bonded.

27. "Balancing forms/reports/tapes are retained at the department level.

28. A restrictive endorsement is placed on incoming checks as soon as received.

29. Unused portions of receipt books are required to be returned to the issuance location.

30. Petty cash vouchers are effectively canceled at the time of reimbursement to the fund by an individual other than the custodian.

31. A system of pre-numbered receipts with adequately controlled copies is in use wherever practicable.

32. Cash receipts are controlled at the earliest point of receipt.

33. Cash registers are used in locations making sales of goods.

34. Petty cash is kept in a locked place, where only the custodian has access.

35. Petty cash funds are segregated from other cash.

36. When funds cannot be deposited daily, the funds are transported to a centralized location at the end of the workday and secured overnight.

B. Monitoring:

1. The cash management plan and changes to it have been submitted to the Office of State Controller for approval.
2. Effective control is maintained over receipts of gifts, grants, donations, etc. and a follow-up is made by a responsible official to see that they have been classified and recorded properly.

3. Funds are periodically counted by a person other than the custodian at unannounced times, usually Internal Audit division.

4. Management approves and spot check reconciliations.

5. Policies are documented for changes in a new system or method for accounting for cash.

6. Timely corrective actions are taken in cash discrepancies.

State Treasurer approved exceptions to the Daily Deposit and Reporting Act

EXCEPTION TO 24 HOUR DEPOSIT RULE:

Any department using official three part, pre-numbered Cashier receipts and signing a Cashier RECEIPT BOOK AGREEMENT must make a deposit with the Cashier's Office daily. Any department seeking an exception to this requirement must do so in writing. The exception request much include a statement that at a minimum, a deposit will be weekly with more frequent deposits to be made at any time cumulative receipts exceed $250.00. If the exception is allowed, the following rules will apply:

If a department fails to comply with the conditions specified in the RECEIPTS BOOK AGREEMENT, the Appalachian State University Cashier's Office must correspond in writing with the person signing for the receipt book stating the violation and warning that their receipt book and receipting privileges may be taken.

At the second violation of the conditions specified in the Receipt Book Agreement, the Cashier's Office must write the person stating this is their second violation this fiscal year and that the receipt book and ability to receipt funds may be taken if there is another violation. A copy of this correspondence must be sent to the Office of Internal Audits, the department head, dean, vice chancellor, and Controller.

At the third violation of the conditions specified in the RECEIPT BOOK AGREEMENT, a letter will be sent to the person informing them that Internal Audits has been notified of the department's noncompliance. Internal Audits may confiscate the receipt book.

Receipt books will not be given to the person or any other person with the program or department until a memorandum from the vice chancellor has been received in justification of the person and the department being allowed to continue to collect funds.

Return check fee policy.

Collection of Checks Returned By Bank For Insufficient Funds

Issuing a "worthless check" is a misdemeanor and is punishable under North Carolina General Statute 14-107. To prevent the inconvenience and expense of legal action as outlined in this policy, the maker of the check should make every effort to redeem it and pay the service charge.

Personal checks issued to the University that are returned by the bank for insufficient funds are received by the Cashier's Office. Since the handling of returned checks is a time-consuming and expensive operation for the University, a policy has been established to insure that the funds due the University are collected.

Return Checks Relieved Through Registration

When a check received by the University in payment of tuition and fees during a regular registration period is returned due to insufficient funds, the situation will be handled in the same manner as when a student fails to pay tuition and fees but attends classes. University policies concerning this situation are described in CASH Policy 5 under "Student Registration and Accounts Receivable."

Returned Checks Received For University Services and Payment on Accounts Receivable

When a check of this type is returned to the University due to insufficient funds, the following steps will be taken to insure that the check is redeemed:

The check is automatically redeposited by Wells Fargo as part of their internal process and service to ASU.

Service Charge Added - If the check is returned a second time, the amount of the check plus a $25.00 service charge will be placed on the University's accounts receivable for students, faculty, and staff. If the check has been given by someone other than a student, faculty, or staff, the check is returned to the area that originally took it. It is then up to the individual area to insure that the funds are collected.

Notification - When the check is returned the second time, the check is transmitted to the Accounts Receivable Clerk for Student Accounts on the same day it is received by the Consolidated Account clerk. A letter is then sent to the person whose check was returned. If checks given by the same person are returned frequently due to insufficient funds, the notice to the person may be omitted, and the following step taken instead.

Contact by Office of Public Safety (optional) - If there is no response to the letter by the established deadline and if the individual check or the cumulative total of more than one check is $5.00 or more, a letter is hand carried to the Office of Public Safety. This letter establishes a deadline, no later than 4:00 p.m. two workdays after the day the letter is delivered to the Office of Public Safety, by which the check and

service charge must be paid by cash, cashier's check, certified check, or credit card to prevent a warrant being issued.

The Office of Public Safety will contact the person immediately either at the residence address or in an academic class. At the time the Office of Public Safety makes the personal contact, the Public Safety Officer will require the person to sign and date the acknowledgment on the letter that verifies the person has been informed of the payment deadline and the procedure if payment is not received.

If the check is not made good to the Student Accounts office, the account is then sent on through the billing cycle if the Student is no longer in school. If the student is still in school, registration and transcript holds are placed on the account until the account (returned check) is satisfied.

The Student Accounts Office may use alternative methods for collection prior to or instead of contacting Public Safety.

On those occasions where three (3) returned checks have been written in any combination to any department at Appalachian State University, the individual responsible will no longer be allowed to pay the University by personal check. A #3 will be entered in the NSF counter field on Banner form TSAACCT to identify those individuals.

The individual will be required to pay by cash, certified checks, money orders, credit cards, or by any type of certified funds.

Further Information - Any questions related to this policy should be directed to the Director of Student Accounts at 262-6420.

Returned items and moneys deposited in error policies.

Unclaimed/Unknown deposits that appear in the Appalachian State University's bank account is researched to determined if any area on campus is expecting funds to be automatically deposited. If this is still not the solution, the bank will research the deposits. Once the source of the funds is analyzed, the monies are receipted and certified to the proper account and to the State Treasurer.

Any Banner - student account payment discrepancy is researched and analyzed by Student Accounts personnel to correctly credit payments to the appropriate student

account. The Director of Student Accounts would discuss any unfound discrepancies with the student to arrive at a resolution.

Procedures for Wire Transfers.

Receipt of Federal and State Funds by Electronic payments.

Each day a computerized report is received of grants and loans fed electronically to the bank. The amount of this report is receipted to the Banner Finance system and certified to the State Treasurer's Office. This report is received in the Cashiers' Office, receipted and certified each day. Federal cash draw-downs are usually done monthly or quarterly on a reimbursement basis.

Large Federal draw-downs (for example PELL grant payments) are planned in order to prevent large negative cash balances from accumulating.

Requests for reimbursements from Federal sources are based on actual cash outlays.

Draw-downs and deposits of Federal funds are "timed" so that ASU does not have these funds any longer than two days before being disbursed.

All wire transfers are deposited into Wells Fargo Bank, Boone, NC (ASU Clearing and Returned Checking Account. This account is checked daily. Correct budget codes are determined and monies deposited appropriately into the State Treasury account.

Electronic payments are received in payment of invoices for ROTC scholarships, Veteran's Affairs and Department of Defense Scholarships, and from the Federal Tuition Assistance Program. The bank account is checked daily for deposits. As soon as the amount is deposited and identified the funds are receipted and certified.

Agency or institution specific policy or procedure in relation to cash receipts. For example, patients/students personal funds.

Appalachian's Policy on RECEIPT EXCEPTIONS

Use of Cash Registers

Where the volume of sales justifies their use, cash registers shall be used recording tapes listing the amount of each sale. A sales tape produced by the cash register

must be given to the customer. When cash registers are used, procedures for their use should be obtained from the Cashier's Office.

Sale of Admission Tickets

Receipts are not required for funds received from the sale of admission tickets that are either pre-numbered or show the section, row and seat for which they were sold. However, cash reports must be prepared and deposits made daily. After the event, a final cash report and ticket inventory reconciliation should be prepared.

Guidelines for Safe Storage

Department Responsibility - Departments are responsible for making sure that funds are kept safe. The following guidelines should be followed when storing funds:

Currency, coin, and checks must be stored overnight in a safe or vault.

Safes and vaults must not be left unlocked or in a "set" position when unattended.

Money must not be left in files, desks, or cabinets; these can be opened even though they are locked.

Money must not be left in a cash register overnight.

Imprest Change Funds

An imprest change fund is a fixed sum of money used for making change in a cash receiving function. This fund is not to be confused with the Petty Disbursing Fund. The Petty Disbursing Fund is used to make small item purchases.

An imprest change fund may be established by request of the Controller. The request should be made by memorandum to the Controller with a copy going to the Director of the Office of Internal Audits stating the following:

Proof of need.

Purpose of the fund.

How it will be used.

After approval by the Controller a check will be drawn payable to Imprest Cash and the custodian of the fund and charged to the expenditure line item, Imprest Cash Fund. The check will be cashed and the proceeds placed in an appropriate container

for safekeeping and use. The guideline for safe storage of funds must be followed as outlined in the preceding Cashier, Policy Statement 3.

Fiscal Control

In a cash receiving operation, receipts should be stored with the fund during the business day. At the end of the day, the receipts should be removed from the container and deposited with the University Cashier or the appropriate bank for activities having bank accounts. The amount remaining in the container should be the full amount of the fund and be comprised entirely of coin and currency. When making deposits, the amount of the Imprest Change Fund must remain in the department, only the money collected will be deposited.

Coin and currency cannot be withheld from receipts to be used as a change fund; total receipts must be deposited daily.

If it is determined that the Imprest Change Fund is no longer needed, the funds must be deposited to the original budget code from which it was written.

Cash Management of Receipts and Billing:

Statutory Policy

3. Monies due to a State agency, department or institution from other governmental agencies or from private persons shall be promptly billed, collected and deposited. All agencies, departments and institutions will establish accounts receivable management policies and procedures. These policies and procedures will incorporate the statewide accounts (http://www.ncosc.net/sigdocs/sig_docs/documentation/policies_procedures/sigAccounts_Receivable00001212.html), in accordance with G.S. 147-86.21, and be included as a part of the agencies', departments' or institutions' cash management plan. (Please note that individual Community Colleges are not subject to the statewide accounts receivable policies and procedures. However, to insure compliance, individual Community Colleges must include their specific accounts receivable policies and procedures.) To insure compliance, please include the following:

- Accounts receivable collection techniques, policies and procedures
- Use of specific collection techniques (i.e., AG's office, collection agencies, payroll deduction)
- Past due account collection guidelines
- Collection of interest and penalty fees
- Use of debt setoff program
- Referral to the Office of the Attorney General
- Establishing an Allowance for Doubtful Accounts procedures
- Write off amount and policy for uncollectible accounts

4. Unpaid billings, above $50.00 dollar amount, due to a State agency, department or institution shall be turned over to the Attorney General for collection no more than 60 days after the due date of the billing. Amounts owed by all patients which are less than the federally established deductible applicable to Part A of the Medicare program are exempt. The agency, department or institution may handle these unpaid bills pursuant to agency debt collection procedures identified in the previous item.

Appalachian State University Policies

Billing Procedures

Early-Registration

A registration hold will be put on accounts with previous term balances of $100 or greater. If the student has outstanding financial aid coming in that will cover the balance due, the registration hold flag may be lifted when the Student Accounts Office receives confirmation from a financial aid counselor or from Banner Financial Aid System information. Other evidence of ability and intent to pay the balance within a short period of time will also be considered. Registration holds will be removed, by request, from accounts

Cash Management of Federal Draw Downs:

Statutory Policy

5. Federal funds received for major federal assistance programs, that are governed by the Cash Management Improvement Act of 1990, must be drawn in accordance with the current State/Federal Agreement. To insure compliance, please include the agencies', departments' or institutions' Federal Funds drawing, receiving and depositing policies and procedures.

6. All federal fund draws should be timed so that the funds are on deposit with the State Treasurer no more than two business days prior to the disbursement. Procedures to be included in previous item above.

Appalachian State University Policies

Draw Downs of Federal funds.

Special Funds Accounting analyzes grant activity for the month. This is done by various Banner Reports to determine and reconcile negative cash balances of grant funds. Personnel then log directly on to each federal grant's website to request cash reimbursement for the expenditures for the past month. The amount requested generally equals the amount of negative cash. This amount is confirmed, an automatic email from each agency or sponsor is then received notifiying us that the request has been received and is in cue for processing. Special Funds Accounting emails Student Accounts with a notification that funds are coming and how to code the payment when received**.**

Receipt of Federal and State Funds by Electronic payments.

Each day a computerized report is received of grants and loans fed electronically to the bank. The amount of this report is receipted to the Banner system and certified to the State Treasurer's Office. This report is received in the Cashiers' Office, receipted and certified by 10:00am each day. Federal cash draw-downs are usually done monthly on a reimbursement basis.

Large Federal draw-downs (for example PELL grant payments) are planned in order to prevent large negative cash balances from accumulating.

Requests for reimbursements from Federal sources are based on actual cash outlays.

Cash Management of Electronic Commerce:

Policy and Guidelines for Electronic Payment Acceptance & Processing
Appalachian State University

Policy Area: Electronic Commerce

Title: Maximization of Electronic Payment Methods

Authority: Session Law 1999-434, Senate Bill 222, ratified in July 1999 amended various statutes, authorizing state government agencies, as well as local governmental entities, to maximize the acceptance of electronic payments, a term which includes credit / debit cards (merchant cards) and electronic fund transfer (EFT). Electronic payments involve both inbound and outbound flows of funds.
The primary statutes pertaining to the utilization of electronic payments for State agencies include: G.S. 147-86.10; G.S. 147-86.11(h); G.S 147-86.20; G.S. 147-86.22; and G.S. 143-3.2(a). The primary statutes pertaining to the utilization of electronic payments for local governmental entities include: G.S. 159-32.1 and G.S. 159-28(d).
"Electronic Commerce in Government" is covered under Chapter 66, Article 11A (G.S. 66-58.1 through 66-58.19). G.S. 66-58.12 encourages the utilization of electronic transactions, including those initiated through the Internet.
Statutes authorizing the Office of the State Controller to issue policies regarding electronic payments include G.S. 143B-426.39(1) and (5); G.S. 147-86.11(a); and G.S. 147-86.22(b).

Policy: Appalachian State University accepts credit/debit cards where determined to be economically feasible and approved by the State Controller, in concurrence with State Treasurer, and in consultation with the Joint Legislative Commission on Governmental Operations. Appalachian State University follows the policies and procedures established by the State Controller. This includes participation in the statewide enterprise contracts unless prior permission to establish a separate agreement is granted to the agency in writing by the State Controller or his designee.

Appalachian State University Procedures

- Appalachian State University has developed payment methods that allow for the utilization of *ACH direct deposit.*

- Appalachian State University provides direct deposit for Student for Refunds

- Appalachian State University offers ACH direct deposit for all payroll payments to all full-time employees.

- Appalachian State University, having funds on deposit with the State Treasurer that remit payments meeting the time-sensitive criteria established by the State Treasurer uses the Treasurer's Core Banking System (Funds Transfer Feature), for both external payments and intra-governmental payments.

- Appalachian State University makes COPS debt service payments using the ACH payment method approved by the Office of the State Controller.

- Appalachian State University utilizes the electronic funds transfer services acquired through the State Controller's Master Services Agreement (MSA).

- Appalachian State University, receiving federal funds provides the appropriate federal agency enrollment forms that allow for the funds to be received electronically.

- Appalachian State University utilizes Internet applications to accept payments via the Worldwide Web.

Utilization of MSA agreement

Appalachian has participated in the statewide Master Service Agreement with Sun Trust Merchant Service and Wachovia Bank contract since March 2002.

http://www.ncosc.net/SECP/SECP_MerchantCard_Services.html provides a summary that allows a quick understanding of the statewide Master Service Agreement. This is not intended to be a replacement of the actual contract. If needed, detailed contract information may be obtained from the Office of the State Controller or ITS Purchasing Department.

http://www.ncosc.net/SECP/SECP_EFT_Services.html provides a summary that allows a quick understanding of the statewide Master Service Agreement for EFT/ACH Processing Services. This is not intended to be a replacement of the actual contract. If needed, detailed contract information may be obtained from the Office of the State Controller.

Policy Area: Electronic Payment Acceptance & Processing

Title: Effect On Account Receivable And Cash Management

Authority: Session Law 1999-434, Senate Bill 222, ratified in July 1999 (G.S. 147-86.22), amended G.S. 146-86.10, .11& .22 by authorizing state government agencies to maximize acceptance of electronic payments including credit/debit cards.

Policy: The acceptance of credit/debit cards by Appalachian for payment of goods, services, and fees shall have minimal negative impact on current account receivable and cash management processing or policy. The processing of a payment by credit/debit card shall be no slower than the processing of payment by check for the actual deposit of funds to a state account. Appalachian shall receive the account summary report in electronic form. Appalachian shall have reliable access to an electronic medium such as e-mail or the Internet when accepting electronic

payments. All monies received shall be deposited with the State Treasurer pursuant to G. S. 147-77 and GS147-77 69.1 (see additional information).

Additional Information: G. S. 147.77 requires daily deposit of funds to credit of Treasurer. All funds belonging to the State of North Carolina in the possession of any heads of any department of the State which collects revenue for the State… and every employee… shall daily deposit funds… in the name of the State Treasurer, at noon, or as near thereto as may be….

Daily Deposit Procedures:
All credit card transaction must be settled daily (except for weekends and banking holidays). This daily settlement requirement includes University breaks and extended holidays that go beyond Federal Banking Holidays. Weekend transactions must be settled Monday morning.

Authorization for Merchant Card Transactions

Policy Area: Electronic Commerce

Title: Authorization for Merchant Card Transactions

Authority: Session Law 1999-434, Senate Bill 222, ratified in July 1999 amended various statutes, authorizing state government agencies to maximize the acceptance of electronic payments, a term which includes credit / debit cards (merchant cards) and electronic fund transfer (EFT). Electronic payments involve both inbound and outbound flows of funds. The primary statutes pertaining to the utilization of electronic payments for State agencies include: G.S. 147-86.10; G.S. 147-86.11(h); G.S 147-86.20; G.S. 147-86.22; and G.S. 143-3.2(a).
Statutes authorizing the Office of the State Controller to issue policies regarding electronic payments include G.S. 143B-426.39(1) and (5); G.S. 147-86.11(a); and G.S. 147-86.22(b).
"Electronic Commerce in Government" is covered under Chapter 66, Article 11A (G.S. 66-58.1 through 66-58.19).

Program Administration: The State of North Carolina business environment includes all departments, agencies, boards, commissions and authorities governed, legally controlled and financially accountable to the state's executive, legislative and judicial branches. Although state agencies offer diverse services, North Carolina intends to use a statewide enterprise approach to implementing electronic payment acceptance.
Reference: Policy on "Security and Privacy of Data

Policy:
All Appalachian credit/debit card transactions must have real time approval authorization from the Payment Processing Vendor prior to acceptance for any payment and fulfillment of a sale. The use of batch lists for approval after a sale has been fulfilled will not be permitted under any circumstance. Appalachian shall be responsible for developing and documenting procedures to handle credit/debit card exceptions. Appalachian's procedures shall include handling of a no-match situation when using an address verification service, charge backs, unauthorized card use, and request for an alternate form of payment when card is not authorized. Appalachian's procedures shall complement the statewide business environment and support statewide policy.

Procedures:

CHARGE-BACK :

When notification is received that a charge-back is pending, the Payment Gateway report (First Data Global Gateway) or the sales slips if departmental or office, are pulled and researched. Copies of the report or sales slips are faxed to the bank proving authorization. If the customer is insistent that sales will not be paid and the bank debits our account, the student's account will be debited the amount of the sale and a negative certification will be processed to the State Treasurer Account. If the sale was processed at a department the area will be notified that their account will be debited the amount of the sales and the negative certification processed.

PAYMENTS MADE IN ERROR (PAID TOO MUCH BY MISTAKE):

When notified that a payment has been made in error or paid too much, the credit card is credited the amount of the error. The student account is debited the amount of the credit.

Funding source for electronic payment services (state where funds will be paid from)

Policy Area: Electronic Commerce

Title: Funding for Electronic Payment Services

Authority: Session Law 1999-434, Senate Bill 222, ratified in July 1999 amended various statutes, authorizing state government agencies to maximize the acceptance of electronic payments, a term which includes credit / debit cards (merchant cards) and electronic fund transfer (EFT). Electronic payments involve both inbound and outbound flows of funds. The primary statutes pertaining to the utilization of electronic payments for State agencies include: G.S. 147-86.10; G.S. 147-86.11(h); G.S 147-86.20; G.S. 147-86.22; and G.S. 143-3.2(a).

Statutes authorizing the Office of the State Controller to issue policies regarding electronic payments include G.S. 143B-426.39(1) and (5); G.S. 147-86.11(a); and G.S. 147-86.22(b). "Electronic Commerce in Government" is covered under Chapter 66, Article 11A (G.S. 66-58.1 through 66-58.19).
The statutes authorizing the payment of fees for services include:

G.S. 147-86.22(b) - Funding from General and Highway Fund appropriations
G.S. 86-58.12 - Funding from Special Fund receipts
G.S. 147-69.3(f) - Funding from State Treasurer's investment programs

Program Administration: The State of North Carolina business environment includes all agencies, institutions, departments, bureaus, boards, commissions, and other entities subject to the Cash Management Law, as specified in G.S. 147-86.10. Although state agencies offer diverse services, North Carolina intends to use a statewide enterprise approach for the utilization of electronic payments.

Reference: Policy on "Charging Transaction Fees"

Policy: The following requirements are to be adhered to in regards to funding for electronic payment costs:

- When General and Highway fund appropriations are to be used, the state entity must obtain approval from the Office of State Budget and Management (OSBM) on the availability of an appropriation.
- When Special Fund receipts are used, the agency must pay for the fees from the Special Fund established with approval of the Office of State Budget and Management (OSBM).
- For services deemed appropriate for the State Treasurer to pay the fees, prior arrangements must be made with the State Treasurer.
- Universities may determine the appropriateness of using institutional trust funds.
- Non-State participants using non-State funds are to adhere to their respective budgeting procedures.

Procedures: Sun Trust Merchant Services invoices Appalachian State on a monthly basis. These invoices are processed for payment by the Director of Student Accounts. Campus departments are charged their portion of fees through a *Request for Cash Disbursement Entry*. The University uses Auxiliary Funds and Institutional Trust funds to pay for accepting and processing electronic payments. State funds are only used if determined available at year end. A check is mailed to Sun Trust Merchant Services directly from the Accounts Payable unit of the Controller's Division.

Electronic payment confirmation policies

Policy Area: Electronic Payment Acceptance & Processing

Title: Credit/Debit Card Payment Confirmation

Authority: Session Law 1999-434, Senate Bill 222, ratified in July 1999 amended various statutes, authorizing state government agencies to maximize the acceptance of electronic payments, a term which includes credit / debit cards (merchant cards) and electronic fund transfer (EFT). Electronic payments involve both inbound and outbound flows of funds. The primary statutes pertaining to the utilization of electronic payments for State agencies include: G.S. 147-86.10; G.S. 147-86.11(h); G.S 147-86.20; G.S. 147-86.22; and G.S. 143-3.2(a).
Statutes authorizing the Office of the State Controller to issue policies regarding electronic payments include G.S. 143B-426.39(1) and (5); G.S. 147-86.11(a); and G.S. 147-86.22(b).
"Electronic Commerce in Government" is covered under Chapter 66, Article 11A (G.S. 66-58.1 through 66-58.19).

Program Administration: The State of North Carolina business environment includes all departments, agencies, boards, commissions and authorities governed, legally controlled and financially accountable to the state's executive, legislative and judicial branches. Although state agencies offer diverse services, North Carolina intends to use a statewide enterprise approach to implementing electronic payment acceptance.

Reference: Policy on "Security and Privacy of Data"

Policy: All applications that utilize merchant cards or electronic funds transfer (EFT) transactions as a method of payment via the Worldwide Web shall provide for the generation of a confirmation of the transaction at the time of the order. Confirmations shall adhere to the Policy on "Security and Privacy of Data," regarding the disclosure of confidential information.

Additional Information: The Master Services Agreement includes by reference, the merchant card processors' operating guide that describes general procedures and guidelines for handling card payments.

Policy: Appalachian State University's applications that include credit/debit card transactions shall provide for payment and/or order confirmation at time of order or sale. Privacy of electronic transactions must be maintained. System generated messages must not contain the card or account number of the cardholder.

Procedures:

ACCEPTING AND PROCESSING CREDIT/DEBIT CARDS for Student Accounts

Credit cards may be accepted through the FirstData Connect system twenty-four hours a day, seven days a week. The system is automatically balanced and settled each night and manually settled by Student Accounts Office by Student Accounts. The Credit Card Batch Settlement Report is ran and processed by the Cashiers Office the next morning. A Banner form (TGACREV) and the Credit Card Batch Settlement Report are closed out and balanced. The totals are certified in Cash Management. The settlement amount is the amount deposited to the bank. Credit cards are also accepted as payments at the Cashiers windows 8:00 until 4:00 Monday through Friday and processed manually via a FirstData FD100 machine. As each sale is made, the credit is applied to the account instantly and at four o'clock the credit card FirstData FD100 is balanced. The total must equal the total of the credit card payments on the Banner's Cashiering system system. Once this is verified, the FirstData FD100 is settled. The settlement number is proof that the system has balanced and totaled for the day. The settlement amount is entered in the Banner system. Credit card settlements are certified in the Cash Management System after they show on WellsFargo Credit Card Report. . Select areas on campus accept credit cards as payment for services. Each credit card system is balanced at the department level and settled daily. The settlement tape accompanies the daily cash report to the Cashiers' Office. The settlement amount is entered in the Banner system and certified to the Cash Management System.

Privacy Issues: At Appalachian, the Software (MyClientLine) and data resides on machines that have limited access. The computers have limited user accounts and sits behind a firewall that limits off campus access. The machines themselves limit who can talk to the web server on it. All access to the web server pages for reporting requires an NT account and password. The reports, which are displayed to people with valid access such as the head cashier are able to see the information needed to deal with problems and deal with the daily balancing. The reports do contain the credit card number, authorization to use for problem resolution when problems may occur. The card information is saved in an encrypted format on the Payment Gateway server.

The University works daily to maintain PCI compliance.

Procedures for handling customer transactions disputes

Policy Area: Electronic Commerce

Title: Customer Billing Disputes

Authority: Session Law 1999-434, Senate Bill 222, ratified in July 1999 amended various statutes, authorizing state government agencies to maximize the acceptance of electronic payments, a term which includes credit / debit cards (merchant cards) and electronic fund transfer (EFT). Electronic payments involve both inbound and outbound flows of funds. The primary statutes pertaining to the utilization of electronic payments for State agencies include: G.S. 147-86.10; G.S. 147-86.11(h); G.S 147-86.20; G.S. 147-86.22; and G.S. 143-3.2(a).
Statutes authorizing the Office of the State Controller to issue policies regarding electronic payments include G.S. 143B-426.39(1) and (5); G.S. 147-86.11(a); and G.S. 147-86.22(b).
"Electronic Commerce in Government" is covered under Chapter 66, Article 11A (G.S. 66-58.1 through 66-58.19).

Program Administration: The State of North Carolina business environment includes all departments, agencies, boards, commissions and authorities governed, legally controlled and financially accountable to the state's executive, legislative and judicial branches. Although state agencies offer diverse services, North Carolina intends to use a statewide enterprise approach to
Implementing electronic payment acceptance.

Policy: The rules governing disputes are established by national card associations or other similar organizations for proprietary cards. All disputes for card transactions shall be processed in accordance with the rules specified by the applicable card organization.
Transaction disputes will be resolved by Appalachian State University and it's customer with the assistance of the Payment Processing Vendor (Sun Trust Merchant Services). The Payment Processing Vendor (Sun Trust Merchant Services) shall process the appropriate correcting transactions, if necessary, subsequent to the resolution of the dispute. Correcting financial transaction resulting from a dispute shall be supported by fully detailed information in all reporting activity.

Procedures:

Returned Items and Monies Deposited In Error Procedures:

Refusals to pay credit card authorizations:

Clients may refuse to pay credit card charges. When notification is received from the credit card company that a sales charge is being questioned, the sale is researched and copies of the sales slips are faxed to the company. If the client refuses to pay, the following procedures are followed:

If the charge was made through a campus department, the area is notified that their account has been charged for the sales. It is the responsibility of that area to collect. If the charges were to pay on a student account, the account is debited the amount of the charge leaving the student with a balance due.

Monies deposited in error:

Monies that appear in the Appalachian State University's bank account is researched to determined if any area on campus is expecting funds to be automatically deposited. If this is still not the solution, the bank will research the deposits. Once the source of the funds is analyzed, the monies are receipted and certified to the State Treasurer.

Security and privacy of data policies

Policy Area: Electronic Commerce

Title: Security and Privacy of Data

Authority: Session Law 1999-434, Senate Bill 222, ratified in July 1999 amended various statutes, authorizing state government agencies to maximize the acceptance of electronic payments, a term which includes credit / debit cards (merchant cards) and electronic fund transfer (EFT). Electronic payments involve both inbound and outbound flows of funds. The primary statutes pertaining to the utilization of electronic payments for State agencies include: G.S. 147-86.10; G.S. 147-86.11(h); G.S 147-86.20; G.S. 147-86.22; and G.S. 143-3.2(a).

Statutes authorizing the Office of the State Controller to issue policies regarding electronic payments include G.S. 143B-426.39(1) and (5); G.S. 147-86.11(a); and G.S. 147-86.22(b).

"Electronic Commerce in Government" is covered under Chapter 66, Article 11A (G.S. 66-58.1 through 66-58.19). G.S. 66-58.12 encourages the utilization of electronic transactions, including those initiated through the Internet, and requires consideration of security and privacy issues. Other applicable statutes include G.S. 132 (Public Records Law) and G.S. 14-113.24 pertaining to credit card numbers.

Program Administration: The State of North Carolina business environment includes all agencies, institutions, departments, bureaus, boards, commissions, and other entities subject to the Cash Management Law, as specified in G.S. 147-86.10. Although state agencies offer diverse services, North Carolina intends to use a statewide enterprise approach for the utilization of electronic payments.

Statutory Requirements: G.S. 66-58.12(a) states in part, "Public agencies…shall identify any inhibitors to electronic transactions between the agency and the public, including legal, policy, financial, or privacy concerns and specific inhibitors unique to the agency or type of transaction. An agency shall not provide a transaction through the Internet that is impractical, unreasonable, or not permitted by laws pertaining to privacy or security."

G.S. 132-1.2(2), which pertaining to confidential information, states in part, "Nothing in this Chapter shall be construed to require or authorize a public agency or its subdivision to disclose any information that reveals an account number for electronic payment as defined

in G.S. 147-86.20 and obtained pursuant to Articles 6A or 6B of Chapter 147 of the General Statutes or G.S. 159-32.1."

G.S. 14-113.24 states in part, "Except as provided in this section, no person that accepts credit, charge, or debit cards for the transaction of business shall print more than five digits of the credit, charge, or debit card account number or the expiration date upon any receipt with the intent to provide the receipt to the cardholder at the point of sale…"

G.S. 132-1.8(a)(3) states, "When State and local governmental agencies possess social security numbers or other personal identifying information, the governments should minimize the instances this information is disseminated either internally within government or externally with the general public."

Policy: All participants in any of the Master Services Agreements (i.e., Merchant Card Services and Electronic Funds Transfer Financial Services), as well as State agencies engaging in separate arrangements, are to adhere to the appropriate security and privacy requirements that may govern the entity. Not withstanding any conflict with policies of The Office of Information Technology Services (ITS), the following requirements are to be adhered to:

- Each participant in a Master Services Agreement (MSA) must develop business and systems controls to ensure the confidentiality and integrity of financial transactions within their scope of electronic payment processing activities. Computer security measures, including physical security, logical application controls, transmission security, and firewall utilization where applicable, must be implemented to satisfy the integrity and confidentiality objectives as well as eliminating or reducing the general risks associated with computerized systems. All staff involved in the transaction of electronic business must be aware of the security requirements.

- In the case of state agencies, or non-state entities acquiring services through the Common Payment System (CPS), the requirements and policies of ITS that may be in effect at any time must be adhered to.

- Each participant requiring the services of the Common Payment System (whether for Merchant Card Services or EFT Processing Services) must, upon application, complete a security assessment survey, to assure compliance with ITS current requirements.

- Each participant utilizing a gateway service other than the Common Payment System (CPS), or performing direct transmissions or interfaces with a service provider (Merchant Card or EFT) must include any security requirements in its comprehensive IT security plan.

- In the case of Merchant Card services, each participant must:

- Adhere to all applicable merchant card associations' operating rules (e.g., Visa, MasterCard).
- Participate in any security assessments and security scans required by the associations and/or OSC, in order to be and to remain compliant with Payment Card Industry (PCI) Security Standards, and be responsible for any fines levied as the result of not being compliant.
- If not utilizing the Common Payment Service, only utilize a third-party service provider that is compliant with Payment Card Industry Security Standards.
- Store and protect cardholder data in accordance with industry standards, including not disclosing account information except on a "business need to know" basis or when compelled by law. Information that cannot be stored or retained includes: the 3-digit CVV 2/CVC 2 value located on the back of the card within the signature panel, and magnetic stripe data. In the case of Internet transactions, cardholder account numbers must not be transmitted to cardholders. All records containing account number information must be unreadable prior to discarding.
- For point of sale transactions, adhere to the requirements of both applicable State law (G.S. 14-113.24) and the Payment Card Industry Security Standards pertaining to the printing of account numbers and expiration dates of cards on the cardholder's copy of the receipt. While the statutory requirements and the industry standards differ, the requirements of both can be met by only printing the last four digits. The merchant's copy of the receipt must contain the full card number and expiration date. The merchant copy of the receipts must be kept in a secure place (i.e. locked cabinet with minimal access) for eighteen months. At the end of the eighteen months, the receipts should be destroyed in a secure manner, preferably shredding.

- Maintain records of transactions in a manner that provides adequate security and audit trails, and in accordance with the agency's official retention records, but at a minimum of at least eighteen months.

• In the case of Electronic Funds Transfer, each participant must:
  - Adhere to all security requirements of the ACH Originating Depository Financial Institution (ODFI), which generally include the requirement for the protection of passwords and access codes.
  - Adhere to all NACHA Operating Rules regarding the origination of ACH transactions.
  - Adhere to all NACHA Operating Guidelines relating to the origination of Internet-initiated entries (WEB entries). The Originator is required to establish procedures that provide for transactions to be handled in a "commercially reasonable manner." Those aspects include commercially reasonable fraudulent transaction detection systems, security technology to establish a secure Internet session with at least 128 bit SSL encryption technology, and procedures to verify the validity of the RDFI's routing number.

- In the case of WEB entries initiated via the Internet, adhere to the NACHA Operating Rule requiring Originators to conduct an audit at least once per year to ensure that Receivers' financial information is protected by security practices and that appropriate procedures are in place.
- Adhere to all NACHA Operating Guidelines relating to the origination of Telephone-initiated (TEL entries). The Originator is required to utilize a commercially reasonable method (e.g., use of a directory, database, etc,) to verify the consumer's name, address, and telephone number. The Originator is also advised to further verify the Receiver's identity by verifying pertinent information with the Receiver (e.g., past buying history, mother's maiden name, Caller ID information, etc.). Additionally, the Originator must establish commercially reasonable procedures to verify that routing numbers are valid.

- Each participant must comply with any specific confidentiality laws or regulations. Reference should be made to the requirements of the Department of Cultural Resources (DCR), identified as "Guidelines for Public Records," found at http://www.ah.dcr.state.nc.us/records/guidelines.htm .

- Each participant must comply with any specific confidentiality laws as specified in the ITS publication, "Laws Relating to Confidential Records Held by North Carolina Government," found at the DCR site referenced above.

Policy: A sound system of business and computerized controls is implemented at Appalachian State University to ensure that operations are conducted efficiently, effectively, and in accordance with NC State financial controls as well as NC laws and regulations.

Confidentiality:
It is the policy of the State of North Carolina to protect individual privacy to the extent permitted by law. The NC Public Records Act (G.S. 132) and the statewide credit and debit card contracts stipulate that agencies must not release individual account numbers. However, state agencies may generate public reports utilizing aggregated data such as trends in usage or other statistics.

Business and System Controls:

The public and the vendor community expect secure financial transactions in all electronic transactions with state government. Accordingly, Appalachian State University shall exercise management oversight and controls to ensure the confidentiality and integrity of financial transactions within their scope of electronic payment processing activities. Computer security measures, including physical security, logical application controls, and transmission security must be implemented to satisfy the integrity and confidentiality objectives as well as eliminating or reducing the general risks associated with computerized systems. All staff involved in the transaction of electronic business must be aware of the security requirements.

Requirements: Entities under the Program Administration section of this policy that wish to participate in the statewide electronic payment Master Service Agreement(s) must comply with the enrollment requirements before their Agency Participation Agreement is approved by the OSC.

1) It is the responsibility of each agency to develop internal procedures for the handling of client-specific confidential information such as account number information. Such procedures will be submitted to the OSC prior to implementation.
2) As stipulated in the statewide credit and debit card contracts, agencies must comply with the following requirements:
a) Unless compelled by law, an agency shall not use, disclose, or disseminate cardholder account number information except for purposes of processing the associated financial transaction.
b) The agency must use proper controls for and limit access to all records containing cardholder account numbers and card imprints.
c) All records containing cardholder account number information must be made unreadable prior to discarding.
d) The agency shall not retain the cardholder account number information on the magnetic stripe on the card after a transaction has been authorized.
3) Web application sessions that process cardholder account information must be implemented using the DES encryption method with a *minimum* 40-bit key strength.

Higher levels of encryption (e.g., 56-bit or 128-bit) may be adopted in the future, as browser support for these methods become generally available to the State's constituents.
4) Agency e-commerce applications that process electronic payments must perform a security risk assessment to identify security risk factors on the application and the actions required to mitigate those risks.

Procedures:

1. At Appalachian State University, communications between the client browser and the Web server in the credit card transaction is encrypted using 128 bit SSL with a certificate supplied by EquiFax.

2. Communications between the Web Server and Payment Gateway Server is inside the computer center and is encrypted using internally developed software.

3. The Payment Gateway Server is behind a firewall with rules that say no off campus traffic is allowed.

4. The web server on the touchnet payment gateway server which allows administrative staff to see reports about credit card processing requires both user id and passwords and will only talk to certain ip addresses. The ip address of those staff members who require access is allowed and all others are denied.

5. The credit card information on the payment gateway server is encrypted on the hard drive. Security on the files are set such that only accounts which need access are allowed to access the files. The credit card numbers cannot be recovered by anyone at Appalachian State University.

6. Credit card numbers are not stored in Banner nor produced in any Banner reports.

7. A report is generated on the Banner side to validate the totals from the Settlement reports. When there is a discrepancy in the totals then we know there is a problem between Banner and the amount being posting in the bank account. The procedure is then started to identify and correct the problems that may also require the utilization of MyClient's reports – the external credit card processor.

8. Appalachian State University have developed policies and procedures for the safeguarding of all credit card information. Along with this policy, training is provided annually for all employees that process and or handle credit card information.

Charging Transaction Fees

Policy Area: Electronic Commerce

Title: Charging Transaction Fees

Authority: Session Law 1999-434, Senate Bill 222, ratified in July 1999 amended various statutes, authorizing state government agencies to maximize the acceptance of electronic payments, a term which includes credit / debit cards (merchant cards) and electronic fund transfer (EFT). Electronic payments involve both inbound and outbound flows of funds. The primary statutes pertaining to the utilization of electronic payments for State agencies include: G.S. 147-86.10; G.S. 147-86.11(h); G.S 147-86.20; G.S. 147-86.22; and G.S. 143-3.2(a).
Statutes authorizing the Office of the State Controller to issue policies regarding electronic payments include G.S. 143B-426.39(1) and (5); G.S. 147-86.11(a); and G.S. 147-86.22(b).
G.S. 66-58.12 (Article 11A. E-Commerce in Government), as amended June 16, 2005, specifies the conditions upon which fees may be charged for electronic transactions, including those initiated through the Internet.

Program Administration: The State of North Carolina business environment includes all agencies, institutions, departments, bureaus, boards, commissions, and other entities subject to the Cash Management Law, as specified in G.S. 147-86.10. Although state agencies offer diverse services, North Carolina intends to use a statewide enterprise approach for the utilization of electronic payments.

Statutory Requirements:
G.S. 147-86.22(b) states in part, "A debtor who pays by electronic payment may be required to pay any fee or charge associated with the use of electronic payment..."
G.S. 66-58.12 states in part, "An agency may charge a fee to cover its cost of permitting a person to complete a transaction through the World Wide Web or other means of electronic access. The fee may be applied on a per transaction basis and may be calculated either as a flat fee or a percentage fee, as determined under an agreement between a person and a public agency. The fee may be collected by the agency or by its third party agent. The fee imposed must be approved by the Office of State Budget and Management, in consultation with the State Chief Information Officer and the Joint Legislative Commission on Governmental Operations. The revenue derived from the fee must be credited to a non-reverting agency reserve account. The funds in the account may be expended only for e-commerce initiatives and projects approved by the State Chief Information officer, in consultation with the Joint Legislative Oversight Committee on Information Technology..."

Policy: All state entities desiring to impose a transaction fee must comply with the following requirements:

- All agencies must adhere to the policies established by the Office of State Budget and Management (OSBM) and the Office of Information Technology Services.
- The agency must request the establishment of a special fund budget code by OSBM and OSC. All transaction fees collected are to be recorded separately from the revenue being collected, with the transaction fees being deposited to the special fund budget code.
- Funds deposited to the special fund budget code may be used only for e-commerce initiatives and projects, to include any third-party related fees and merchant card processing services.

- The practice of charging transactions fees shall not conflict with any merchant card associations' Rules. Notwithstanding that the fee revenue may be use to pay for merchant card processing services, all fees charged are for the conducting of an electronic transaction, not for the utilization of a merchant card.
- Fees charged under this statute pertain only to obtaining electronic access, which includes the Internet, voice response unit. Electronic access does not include mail orders or telephone orders, commonly referred to as MOTO. Neither does it include the acceptance of a face-to-face merchant card transaction.
- The notice must be provided to the consumer advising of the fee, before the payment is effected.

Procedures:

Appalachian State University does not impose a transaction fee for completing transactions through electronic means.

In addition to adhering to these guidelines, agency plans shall employ proven techniques, which improve cash handling. Some of those techniques include:

- Receipt of federal grant payments by wire transfer when possible.
- Special post office boxes to facilitate the processing of large remittances.
- Color coded mailing labels and envelopes to identify remittances for special handling.
- Separate addresses to distinguish remittances from other mail.
- Reassignment of personnel, or the hiring of temporary personnel, when this proves cost effective, to accelerate the processing of remittances during peak periods.
- Deposits made by units outside Raleigh should be made with cash concentration banks designated by the State Treasurer.
- The evaluation and establishment of lock-boxes in areas which are large sources of remittances, but which are geographically distant from the nearest State agency office. Lock- boxes are locked Post Office boxes tended by banking agents. These allow quicker cash collection in areas which are not served by agency offices.
- The use of remittance processing equipment when justified by the volume of deposits.
- Establishing billing schedules which are both efficient and lead to earlier receipt of monies due to the State.
- Timing deposits in order to receive current day credit in accordance with schedules available from the State Treasurer.

Appalachian State University Credit Card Policy

Table of Contents

Terms:

MSA	Master Service Agreement
PCI DSS	Payment Card Industry Data Security Standard
STMS	SunTrust Merchant Services
SAQ	Self Assessment Questionnaire
OSC	Office of State Controller
NCOSC	North Carolina Office of State Controller

CVV — Card Verification Code or Value
Also known as Card Validation Code or Value, or Card Security Code. Refers to either: (1) magnetic-stripe data, or (2) printed security features.

(1) Data element on a card's magnetic stripe that uses secure cryptographic process to protect data integrity on the stripe, and reveals any alteration or counterfeiting. Referred to as CAV, CVC, CVV, or CSC depending on payment card brand.

(2) The following list provides the terms for each card brand:

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_ CVC – Card Validation Code (MasterCard payment cards)
_ CVV – Card Verification Value (Visa and Discover payment cards)
_ CSC – Card Security Code (American Express)
(2) For Discover, JCB, MasterCard, and Visa payment cards, the second type of card verification value or code is the rightmost three-digit value printed in the signature panel area on the back of the card. For American Express payment cards, the code is a four-digit un-embossed number printed above the PAN on the face of the payment cards. The code is uniquely associated with each individual piece of plastic and ties the PAN to the plastic.

The following list provides the terms for each card brand:
_ CID – Card Identification Number (American Express and Discover payment cards)
_ CAV2 – Card Authentication Value 2 (JCB payment cards)
_ CVC2 – Card Validation Code 2 (MasterCard payment cards)
_ CVV2 – Card Verification Value 2 (Visa payment cards)

Section 1
State and Contractual Requirements Governing Campus Credit Cards

A. Cash Collection Point Approval for Departments

All departments must get approval from the University Controller to sell goods or services. A copy of this approval will be on file in the Office of Internal Audits. Furthermore, ***additional and separate approval*** must be obtained from the Credit Card Compliance Committee in order for the department to accept credit cards from its customers as a payment option. Approval is only given to departments that meet Payment Card Industry Data Security Standards, attend training and comply with University PCI policies, NCOSC Electronic Commerce Policies and State Cash Management Law.

B. State Requirements

Authority: Session Law 1999-434, Senate Bill 222, ratified in July 1999 amended various statutes, authorizing state government agencies, as well as local governmental entities, to maximize the acceptance of electronic payments, a term which includes credit / debit cards (merchant cards) and electronic fund transfer (EFT). Electronic payments involve both inbound and outbound flows of funds.
The primary statutes pertaining to the utilization of electronic payments for State agencies include: G.S. 147-86.10; G.S. 147-86.11(h); G.S 147-86.20; G.S. 147-86.22; and G.S. 143-3.2(a). The primary statutes pertaining to the utilization of electronic payments for local governmental entities include: G.S. 159-32.1 and G.S. 159-28(d).
"Electronic Commerce in Government" is covered under Chapter 66, Article 11A (G.S. 66-58.1 through 66-58.19). G.S. 66-58.12 encourages the utilization of electronic transactions, including those initiated through the Internet.
Statutes authorizing the Office of the State Controller to issue policies regarding electronic payments include G.S. 143B-426.39(1) and (5); G.S. 147-86.11(a); and G.S. 147-86.22(b).

Policy: Appalachian State University accepts credit/debit cards when determined to be economically feasible and approved by the State Controller, in concurrence with State Treasurer, and in consultation with the Joint Legislative Commission on Governmental Operations. Appalachian State University follows the policies and procedures established by the State Controller. This includes participation in the statewide enterprise contracts unless prior permission to establish a separate agreement is granted to the agency in writing by the State Controller or his designee.

All departments and divisions of Appalachian State University are subject to the University's and State's Cash Management Plan. The University participates in the Master Services Agreement [MSA] and is subject to all governing policies.
As a prerequisite for participating under the MSA, Appalachian State University is required to comply with all card association rules. This includes the rules pertaining to the PCI Data Security Standard.

C. Contractual Requirements Concerning Fines

A department can be fined by a card association even if a security breach has not occurred. It is uncertain as to how aggressive the card associations will be in levying fines for such non-compliant merchants that might be detected. As of 2010, both Visa and MasterCard's fines are both listed as "up to $500,000 per occurrence for any level 2 merchant detected as non-compliant. [Departments at Appalachian State University are considered level 2 merchants.] The amount of the fines depend upon the number of card numbers stolen, circumstances surrounding incident, whether track data was stored or not and timeliness of reporting incident.

In the event of a breach, all fines and expenses associated with the breach will be borne by the department accepting the credit card that was compromised. Related expenses in addition to the fine could include but are not limited to labor and supply cost associated with identifying and notifying the population exposed by the breach. All costs associated with any required external audits will also be paid by the department, which could be significant.

E. Statutory Requirements Governing Transaction Fees

University Policy on transaction fees:

The University does not allow transaction fees to be assessed on credit card transactions.

F. The Credit Card Compliance Committee

In an effort to ensure compliance with MSA, State's Cash Management Law and PCI DSS, the Credit Card Compliance Committee has been established. This committee is made up of members from Business Affairs, Internal Audits and Information Technology. This Committee has been charged to provide oversight of credit card activity, the University's participation in the MSA and compliance with PCI Standards. North Carolina State Controller's Office requires that each participant must participate in any security assessments and security scans required by the associations and/or OSC, in order to be and to remain compliant with Payment Card Industry (PCI) Security Standards, and be responsible for any fines levied as the result of not being compliant.

Section 2
Payment Card Industry Data Security Standards (PCI-DSS)

PCI-DSS are national standards from the Card Association and apply to all organizations anywhere in the country that process, transmit or store credit cardholder information. The University and all departments that process payment card data have a contractual obligation to adhere to the PCI-DSS and for annually certifying their continued compliance by submitting the PCI-DSS Self Assessment Questionnaire (SAQ) appropriate to their credit card activities.

Any costs incurred by a participant to become and remain compliant with the PCI Data Security Standards, including but not limited to an annual penetration test (if applicable), shall be borne by the participant. Any costs incurred by the University associated with an onsite security audit or a forensic investigation that may be required shall be borne by the department.

Individual credit card information is confidential. Failure to maintain strict controls over this data could result in unauthorized use of credit card data. Credit card information is confidential information and should be treated with great care.

Key Data Control Items

1. Under no circumstances should a department store Sensitive Authentication Data. Sensitive Authentication Data is security related information used to authenticate cardholders and authorize card transactions. Sensitive Authentication Data elements include Magnetic Stripe data and the Card Validation Code – the three or four digit number security code found either on the front or on the back of the card (a.k.a. CVV,CVV2).

2. Never send or request cardholder information to be sent via email. Departmental forms (web and mail order forms) should be designed so that credit card information can be easily and completely removed from the registration information. You should never ask for the CVV2 code to be mailed to you unless you have a strong business case for the number i.e. shipping a product. Just having the CVV2 code increases the department's liability. Once the credit card has been processed, all credit card information must be destroyed immediately via a cross shredder. It is not sufficient to simply mark out the credit card information. Websites and forms should state that credit card information should never be emailed to the department.

3. Customer records located within a department should be stored only if there is a documented business need and in a locked non-portable cabinet dedicated solely to these records. The Controller's Office will approve each department's business need, a proper retention schedule and method of disposing or deleting sensitive card holder information.

4. Access to these records should be limited to only those employees who need this information to perform approved duties.

5. Under no circumstances should a department retain electronically (including Excel files, thumb drives, shadow databases, etc.) the card numbers and expiration dates of the customer credit cards.

6. Make sure all access to storage areas is secure and that all visitors are authorized to enter areas that cardholder data is processed or maintained.

7. Use appropriate facility entry controls to limit and monitor physical access to systems that store, process, or transmit cardholder data.

8. Do not use wireless PCs for processing credit card data unless approved in writing by the Credit Card Compliance Committee.

9. All personnel who have direct access to on-line credit card information are required to attend the PCI Security Training and to have read the University Credit Card Policy.

10. All credit card information temporarily recorded on paper should be processed immediately and then the paper document should be properly destroyed in cross cut shredder.

11. The customer copy of the credit card receipt can only contain the last 4 digits of the credit card number. It is required that departments use double truncation which permits only the last 4 digits to be printed on both the merchant and customer receipt.

12. Never send credit card information to the University Archives. Receipts should be destroyed via cross cut shredder immediately after the approved business need has expired.

13. Departments must assure that all university computers have installed the most recent updated versions of the University recommended antivirus, spyware detection software and other recommended security software. All general purpose (desktop) computers that handle credit card data must run an approved university build and be configured as a “sensitive data” workstation. Exceptions to this policy must be documented with compensating controls to replace the protections provided by the university build and “sensitive data” workstation configuration.

Section 3
Campus Operating Policies

A. Merchant Accounts and Credit Card Transactions

Departments cannot negotiate their own contracts with credit card processing companies. All merchant accounts for accepting credit cards must be approved by the Credit Card Compliance Committee and participate in the State's MSA.

Each Department is responsible for all expenses associated with credit card merchant accounts and it cannot adjust the price of goods or services based on the method of payment.

B. Accepted Methods for Processing Credit Card Transactions

There are 2 accepted methods for processing transactions: (1) First Data Connect, and (2) card swipe terminal. Other methods of processing credit cards and other gateways are not permitted unless authorized in writing by the Credit Card Compliance Committee and North Carolina State Controller's Office.

A department planning to allow its customers to use credit cards over the web will be responsible for designing the departmental website. This website will serve as the "window" to the approved gateway. Credit card information must not be stored directly on the department's webpage nor entered into the website. The website and its connection to the approved gateway will be reviewed by the Credit Card Compliance Committee to ensure that it meets Payment Card Industry Data Security Standards.

C. Financial Controls

When an item or service is purchased using a credit card, and a refund is necessary, the refund must be credited to the same credit card account from which the purchase was made.

All transactions must be settled and recorded daily in the University's financial system via proper reporting to The Cashier's Office.

The department's (merchant's) copy of the receipt should not contain the full card number and expiration date. The merchant's copy of the receipt should only contain the full number and expiration date *if there is a business reason* for doing so that has been approved by the University Controller. The merchant copy of the receipts must be kept in a secure place (i.e. locked cabinet with minimal access) for no more than 90 days. At the end of 90 days, the receipts should be destroyed in a secure manner, via cross cut shredder.

Departments must assure that all university computers have installed the most recent updated versions of the University recommended antivirus, spyware detection software and other recommended security software. All general purpose (desktop) computers that handle credit card data must run an approved university build and be configured as a "sensitive data" workstation. Exceptions to this policy must be documented with compensating controls to replace the protections provided by the university build and "sensitive data" workstation configuration.

D. Reporting Requirements for Actual or Suspected Security Incidents

Departments must report any actual or suspected security incident in which cardholder information may have been compromised. The incident should be reported to Credit Card Compliance Committee and the University Controller. If the incident involved the loss or suspected compromise of stored or processed electronic data, it must also be reported to the IT Security Officer**. THIS MUST BE DONE IMMEDIATELY. The University must report all breaches to the State Controller's Office within 24 HOURS OF DECTECTION.**

See Credit Card Procedures for operational guidelines.

Appalachian State University

Security Incident Plan 2013

Purpose

To provide the campus community guidelines on what to do and which departments that must be contacted if a department experiences or suspects a security breach that involves credit card information and/or identifying information. Credit card information and identifying information can be both electronic and non-electronic information

Policy

Within 24 hours of a known or suspected security breach, the following departments must be notified:

1. Department Supervisor & University Controller
2. University Credit Card Compliance Committee
3. IT Network Security Officer - if breach involves electronic data
4. University Police-

Departments must report any actual or suspected security incident in which cardholder information may have been compromised. The incident should be reported immediately to the Credit Card Compliance Committee and the University Controller. A written report must be completed that documents and describes the incident. If the incident involves the loss or suspected compromise of stored or processed electronic data, the incident must also be reported to the IT Security Officer. This must be done immediately. The University's Compliance Committee must report all breaches to the State Controller's Office within 24 hours of the detection.

Credit Card Compliance Committee

Denise Foutz, Special Projects 262.6119
Oscar Knight, IT Network Security Officer 262.6946
Karen Main, Internal Audits 262.2289

Credit Card Information

Credit Card sensitive information includes the following data or the combination of such data :

1. Credit Card number & expiration date
2. Name and Billing information
3. CVV2: 3-digit value located on the back of the card.

Any information located on the magnetic stripe.

Identifying Information

Identity theft (as defined by § 14-113.20)

(a) A person who knowingly obtains, possesses, or uses identifying information of another person, living or dead, with the intent to fraudulently represent that the person is the other person for the purposes of making financial or credit transactions in the other person's name, to obtain anything of value, benefit, or advantage, or for the purpose of avoiding legal consequences is guilty of a felony punishable as provided in G.S. 14-113.22(a).

(b) The term "identifying information" as used in this Article includes the following:

(1) Social security or employer taxpayer identification numbers.
(2) Drivers license, State identification card, or passport numbers.
(3) Checking account numbers.
(4) Savings account numbers.
(5) Credit card numbers.
(6) Debit card numbers.
(7) Personal Identification (PIN) Code as defined in G.S. 14-113.8(6).
(8) Electronic identification numbers, electronic mail names or addresses, Internet account numbers, or Internet identification names.
(9) Digital signatures.
(10) Any other numbers or information that can be used to access a person's financial resources.
(11) Biometric data.
(12) Fingerprints.
(13) Passwords.
(14) Parent's legal surname prior to marriage.

Statutory Requirements

1. Cash Management Law, as specified in G.S. 147-86.10

2. G.S. 14-113.20 defines the “identifying information” that is subject to the Identity Theft Protection Act, which includes but is not limited to, “credit card numbers” and “debit card numbers.”

3. G.S. 114-15.1 requires that the State Bureau of Investigation receive written notification of any information or evidence of "damage of, theft from, or theft of, or misuse of, any state-owned personal property." This reporting requirement includes reports of a security threat or breach of the state's information systems.

4. G.S. 147-33.113 requires the head of each State agency to cooperate with the State Chief Information Officer in the discharge of his or her duties by, “Providing the full details of the agency's information technology and operational requirements and of all the agency's information technology security incidents within 24 hours of confirmation.”

5. G.S. 147-64.6(c)(18) requires the State Auditor, after consultation and in coordination with the State Chief Information Officer, to assess, confirm, and report on the security practices of information technology systems.

Cash Management over Disbursements:

Statutory Policy

Cash Management over Disbursements:

The objective of managing disbursements is to maintain funds in interest-bearing accounts for the longest appropriate period of time. This allows the State to recognize the maximum earning potential on its funds. This is not intended to encourage late payment or have a negative impact on relationships with firms who, in good faith, supply goods and services to the State. The following rules should be included in all plans:

1. Monies deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee. To insure compliance, please include the following:

- Procedures for cash disbursements, including all applicable internal controls
- Bank reconciliation procedures
- Any specific policy or procedure in relation to cash disbursements (i.e., Capital Improvement Bonds)

1. Monies deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee.

Outline procedures for cash disbursements and include all applicable internal controls.

Appalachian State University Policies

Distribution of incoming mail

When the mail comes to the Procurement Services building invoices should be addressed to the ASU Controller's Office.

These documents may include:

Regular PO related invoices (related to POs issued using Higher Markets e-procurement system (Yo-Mart) should be forwarded to the Controller's Office.

Regular invoices that are not PO related or are related to POs issued by another University department–Food Services, Bookstore, Athletics, and Library, must be forwarded to the Controller's Office. Business managers for the University Bookstore and Athletics approve payments and invoices are sent to the Controller's Office with a Batch cover page. These batches are not reviewed by the Controller's Office.

Invoices submitted on Direct Pay Forms must include all related authorization forms and supporting documentation and forwarded to the Controller's Office

Blanket, Standing PO's invoices or sales tickets received by ASU employees as materials are picked up, must be sent to Purchasing. Purchasing employees will review the invoice and note the Banner ID, PO Number, Invoice number, and verify the total to be paid. Purchasing also checks for duplicate invoice submission.

If any of the departmental receiving copies do not reflect charge amounts (only quantities received) the associated vendors' invoices with prices must be copied and sent to the department for entry into any internal accounting systems they maintain.

Once this matching process is completed, pay packages must have a note add that all goods on the blanket order invoice have been received at ASU and is ready for payment.

Invoices should then be taken to the Controllers AP section where they will be prepared for data entry in the vouchering system.

Credit memos or subsequent checks to pay credit memos must be given to Purchasing employees to update their records related to returns and overcharges. Once Purchasing credit memo records are updated the credit memo or check must have the related PO#, invoice #, and voucher referenced and submitted to the Controller's AP section where the document will be prepared for data entry.

Other documents may be submitted and are reviewed for accuracy and compliance with policies. These documents include payments for personal services, workshop stipends, research subject payments, travel advances, and travel reimbursements.

AP batching and preparation of invoices for data entry

Invoices come to the AP audit section where the documents should be handled as described below with the remaining documents (non-PO related) flowing as described in the AP system documentation.

A. Unapproved invoices relating to blanketPOs must be sent to the Purchasing to complete the matching process of departmental charge to vendor invoices as described in the Incoming Mail section, Section 1.

B. Approved invoices related to PO blankets along with their supporting department charge information should be placed in the blanket group of invoices. These invoices must include a statement that all goods on the invoice have been received at ASU and signed by the Purchasing employee verifying receipt. When these invoices come from the Purchasing expediters the statement must reflect the dollar amount to be invoiced against each line on the PO. These charges must include a breakdown by account and match the associated PO for data entry purposes. AP will find each invoice by inquiring on FPIPURR Form the PO number, vendor name, remit to address, invoice date, payment due date,

invoice amount, units and units of measure, must be written on the invoice and highlighted for data entry. The AP audit person must also record any 1099 codes needed on the statement.

C. Higher Markets e-procurement system issued POs related to invoices must have their related PO found on Form FPIPURR. If the PO cannot be found, the PO does not describe the items on the invoice, or if the vendor names do not match the PO then these invoices are sent to Purchasing to have the problems resolved as soon as possible. These corrections may include correcting the PO number or modifying the PO's vendor name. For those invoices returned from Purchasing and those invoices matching the PO information on Form FPIPURR the following information should then be highlighted for data entry personnel: PO number, vendor name and remit to address, invoice number, invoice date, pay terms or payment due date, and invoice total. Also note any 1099 codes, shipping, and other amounts being paid to the vendor. The memo bank number for each invoice will be reflected in the batch cover sheet and on the invoices.

There are instances when vendors send statements recapping sales activity with Appalachian. When AP receives these statements they should review for any entries that are potential problems and address these with the vendor. Review Forms FPIPURRR and FTMVEND to determine problems.

Batches are created by the front desk administrative staff after they are signed by the Director of Accounting and then grouped by bank. This administrative person completes a batch cover sheet by providing a voucher total, credit total, and hash total and attaching a tape for backup. The documents are stamped with document numbers and then delivered to the appropriate data entry inbox.

Documents and credit memos are entered using screen FAAINVE in Banner. Data entry must code key information such as vendor number, attachment codes, 1099 numbers and coding, transaction codes (to determine grouping of invoices), descriptions, amounts by fund and account, and other critical information. When the information is complete and verified, data entry personnel click on "complete" and the document is automatically sent to posting. After entering all vouchers in a batch, data entry personnel run two reports, one for batch totals and one for 1099 totals for the batch. If totals do not match, they run a detailed report to determine the problem. If they cannot determine the problem, they ask the data control manager for assistance. After the problem is resolved, the reports are printed and attached to the batch cover sheet and the cover sheet is initialed by the person who keyed and balanced the batch. At the end of the day, all cover sheets are given to the person who writes checks.

Batches of invoices are submitted to Data Entry by memo bank. Invoices submitted electronically by Higher Markets e-procurement undergo a 3 way matching process

in Higher Markets before being fed to Banner for Payment. Invoices must match by PO line item and receiving before transmission for payment. If matching is successful the invoice is submitted electronically to Banner for payment. Invoices that contain errors or fail the matching process are sent to a holding queue for review by purchasing. If purchasing determines that the invoice is valid they will electronically approve the invoice. The Director of Accounting reviews the electronic invoice forwarded by purchasing and submits it to be fed to Banner for payment.

Payroll cash disbursements transactions are made to record the deposit of over payments by employees and to record any manual payroll checks written after the payroll is posted. Both of these transactions are posted to insure enough money is available to cover checks written. Both of these charges are processed through the AP system. (Exhibit E)

Payroll cash disbursement transactions are also made to record the reversal of the manual payroll check's cash disbursements debit recorded in the previous month. The transactions are credits in the check register. These transactions are processed thru the AP system.

In the event one of the previous transactions is entered incorrectly you cannot use the check cancel procedure since the transaction did not add an entry to the outstanding check file. To use the AP check cancel feature the check number must be outstanding on AP's check outstanding file.

Daily Balancing

Each morning the Data Control Officer completes a daily jobs checklist. The checklist includes verification of cash balances for trust, academic, and CI in Banner against a monthly manual control sheet that is maintained on a daily basis. The academic and trust budget reports are run in Banner and receipts and expenditures are verified against manual controls as well. The checklist also covers system balancing, suspended invoices, journal entries, and other incomplete documents, reports regarding bank errors, organization errors, and program errors, and a double check on positive pay processing of check batches. Many of these reports, including a final feed process for the day, run automatically through Appworx on the previous night. These reports go to e-print for future reference if needed. If Appworx does not run the reports properly, they can all be run manually through Banner or Webfocus depending on the report. See the data control officer's daily checklist for a detailed list of reports that are checked each day. Any problems or issues found are researched and corrected typically on that day, either by the data control officer or the appropriate staff person, depending on the issue.

After checks are written each day, a cash requirements summary focus report (AP00010) is run to provide totals by type of disbursement. Data from this report is posted into manual controls by the data control officer, and by the Director of Accounting for state funds. Cash is balanced daily against Banner Finance. Any

discrepancies are reconciled daily. Additionally, a daily focus report (AP00015) gives 1099 information for all disbursements for a given day, which is posted to manual controls and reconciled against Banner Finance as well.

International and Domestic Wire Transfers

Non-Reccurring international and domestic wire transfers are processed in accordance with a policy developed by ASU and the State Treasurer's Office. All non-reccurring wire transfers are processed by the State Treasurer's Office.

- International Wires- The requesting department completes the Wire Transfer Request, obtains departmental approvals, and submits the form in addition to all supporting documentation. Upon submission these documents are reviewed by the Director of Accounting. The Director of Accounting completes the Wachovia/ Wells Fargo Wire Transfer Form and submits the form and related documents to the State Treasurer's Office. The Office of State Controller reviews the wire for tax purposes. Once approved the State Treasurer processes the wire from a State Treasurer maintained international wire account with Wells Fargo. A warrant template has been established with the State Treasurer for ASU to transfer the wire amount plus a wire transfer fee into the State Treasurer's international wire account. The warrant is entered into Banner charging the appropriate FOAP using an EFT rule code.
- Domestic Wires- The documentation requirement for ASU is the same as the requirements for international wires. Domestic wires are submitted to the State Treasurer's office using the Wire Out form. These transactions are processed by the State Treasurer's office as electronic warrants directly from the appropriate STIF or DSB account. Domestic wires are entered into Banner finance using the FGAJVCM and WIR rule code through the manual journal entry process.

Check Writing Process

Once all required batches for the day have been successfully entered, edited, balanced, the check writing process may begin. Checks are written for the Trust and Academic Banks daily using the Banner Finance check writing process as detailed by the Banner Finance Procedures Manual. The check process automatically writes checks for all open invoices with a due date of the current day or before, as long as receiving has been completed on PO related invoices and the invoice is not in suspense for tolerance or other reasons. Checks are printed using E-visions Intellicheck and a positive pay file is submitted to the State Treasurer's office for every check run. Several reports are run following the check writing process including a daily 1099 summary and a cash requirements report.

A copy of the cash requisition report is given to the Director of Accounting and, if appropriate, the Capital Improvements accountant so that they may submit requisition transactions with the Office of the State Controllers Cash Management section. This process is followed to avoid disbursing account overdrafts, warrants should not be released before adequate funds have been requisitioned and approved and deposited to the applicable disbursing account by the OSC and an active positive pay file has been submitted to the State Treasurer. Delegation of Disbursing Authorities must be kept current and must be approved by the State Controller.

Direct Deposits Process

A direct deposit run is completed every day. After the direct deposit process is completed, a focus report provides the total amount of the run (as does the register) and an electronic warrant is completed in the Core Banking system to move funds to cover these payments. On the following morning, the direct deposit file is transmitted to Wells Fargo and then we receive an email confirmation that we use to verify total amount of file. Disbursements from direct deposits are included in the daily cash requirements report.

Online/ Manual Checks

As requests for online checks come to the Controller's Office, the associated documents are audited and verified just as any other voucher. The appropriate backup should then be taken to the person responsible for online checks. Online checks are typically handled through the batch or online check process in Banner. In extreme cases, such as a system outage, manual checks are written on special check stock and later keyed into Banner using the manual check process. In both of these cases, the checks must be manually added to positive pay on the State Treasurer's Core Banking system .

Cancel Check Requests

As requests to delete outstanding checks come to the Controller's Office AP clerks, the clerk must direct the requests to the Controller's Office employee responsible for canceling checks and request the cancellation. If a check to be cancelled is not provided, an affidavit must be completed, notarized, and returned prior to cancellation and reissue. Additionally, cancellation and reissue paperwork are sent through to data entry and a stop payment is completed on the check and the positive pay is deleted using the State Treasurer's Core Banking system upon receipt of the affidavit. If a check is provided, only the cancellation paperwork and reissue paperwork to be entered into Banner via the FAACHKS and FAIINVE screens respectively. A stop payment is not required, but deletion of positive pay on the Core Banking system is still required.

Cash Management Control System (CMCS) Requests

Statutory Authority: The authority under which this directive is issued is the Executive Budget Act (GS 143-3, GS 143-28) and the Statewide Cash Management Statute [GS 147-86.1(h)].

These requests come from the Director of Accounting, Special Funds Accounting, or Capital Improvement Funds. These entries are coded on the CMCS transaction sheets, and show the amount of the transfer, the accounts to be charged, the CMCS reference number, and the amount for each account. These are entered into Banner Finance using FGAJVCM or FGAJVCD with a rule code of EFT and a minus sign in the D/C field to indicate a disbursement of cash.

Monthly Close out

On the last day of the month, Banner Finance cash for Trust, State and CI funds are balanced against the manual controls for the month by the data control officer, and Director of Accounting for State funds. A series of month end reports are run to E-print after the month is closed in Banner. These month end reports include monthly budget reports, check disbursements, 1099 date, and other reports as detailed by the data control officer's month end checklist. Balances for State funds are also reconciled with NCAS on a monthly basis.

Annual Operating Cycle

At year end, the daily and monthly processes are completed as previously noted. Additionally, a series of processes are run to roll key data forward to the new fiscal year in Banner Finance.

1099 Operating Cycle

The University is required to issue 1099 documents and report to the Internal Revenue Service information on those payments made that meet the guidelines and conditions for 1099 reporting as specified by the IRS. Refer to ASU Controller's current procedures for definitions on payments subject to 1099. All of the payments meeting these conditions will be coded and keyed into the SCT AP system at ASU. The AP system will maintain this data and provide the required output for vendors and the IRS.

1099 data is accumulated on a calendar year basis and reported by January 31 of the next calendar year. As 1099 reporting is based on the cash basis of accounting only the vouchers paid during a calendar year are reported to the IRS, not necessarily those that are entered into AP.

1099 Data Files

There are several reports used to maintain the accuracy of 1099 data throughout the year. Reports look for vendors with multiple 1099 IDs, multiple vendors per tax ID, deleted vendors with 1099 information, and other errors. Tax Identification numbers and names are submitted monthly to the IRS to test for matching and modifications are made based on the return report. Although 1099 data is typically entered by data entry as coding on invoices, the data can be adjusted directly to the 1099 tables using FAA1099 in Banner. The person responsible for the 1099 maintenance and the data control officer each has security to make updates on this screen. A manual control sheet is kept by the person primarily responsible for 1099 maintenance and postings are made daily based on a report that provides the 1099 payments for that day after all check runs for the day have been completed.

Mailings of W9 forms are sent several times a year to individuals with 1099 payments but no W9 on file. Upon receipt of the W9, data is verified and indicated that we have the W9 is added to the vendor record. W9 forms are kept on file. Prior to January 31 or each year, the 1099 data is finalized and 1099s are printed and mailed. A Banner job creates the file that is transmitted to the IRS prior to the March 31 deadline.

Internal Controls as listed on the Self Assessment of Internal Control for the State Auditors

Objectives:

All requests for goods and services are initiated and approved by authorized individuals, and are in accordance with budget and appropriation guidelines.

All purchase orders are based on valid, approved requests and are properly executed as to price, quantity and vendor.

All materials and services received agree with the original orders.

All invoices processed for payment represent goods and services received and are accurate as to terms, quantities, prices and extensions; account distributions are accurate and agree with established account classifications.

All checks are prepared on the basis of adequate and approved documentation, compared with supporting data and properly approved, signed and mailed.

All disbursement, accounts payable, encumbrance transactions are promptly and accurately recorded as to payee and amount.

All entries to accounts payable, reserve for encumbrances, asset and expense accounts and cash disbursements are properly accumulated, classified and summarize in the accounts.

Control Activities/Information and Communication

There is a formal organizational chart defining the responsibilities of preparing, recording, approving and follow up of all purchases and accounts payable functions.

There is a written policy establishing procedures to ensure that the best possible price is obtained for purchases not made from state contract.

When construction contracts are awarded, there are a bid and performance bonds as well as retainage required to performance.

Procedures are established to identify cost and expenditures not allowable under grant (federal/state) programs.

If the receiving department is not used, procedures exist to ensure that goods for which payment is to be made have been verified and inspected by someone other than the individual approving payment.

Procedures exist for processing invoices not involving materials or supplies (for example, lease or rental payments, utility bills).

Procedures exist ensuring accurate account distribution of all entries resulting from invoice processing.

Procedures exist for disbursement approval and check signing.

Procedures exist to ensure that all voided checks are properly accounted for and effectively canceled.

A small purchase policy has been documented and implemented.

Invoice processing procedures provide for:

Obtaining copies of requisitions, purchase orders and receiving reports.

Comparison of invoice quantities, prices, and terms with those indicated on the purchase order.

Comparison of invoice quantities with those indicated on the receiving report.

Verification of calculations.

Alteration/mutilation of extra copies of invoices to prevent duplicate payments.

All File copies of invoices are stamped paid to prevent duplicate payments.

Payments are made as close to the discount date as possible.

Splitting orders to avoid higher levels of approval is prohibited.

A record of open purchase orders is maintained.

Receiving reports are prepared for purchase goods.

Goods received are accurately counted and examined to see that they meet quality standards.

Receiving reports are sent directly to the Warehouse/Purchasing.

Payments are made on the basis of original invoices and to suppliers identified on supporting documentation.

Purchasing is promptly notified of return purchases and they solicit vendor credit advices.

Proper control is maintained over vendor credit memos.

All bank accounts are reconciled monthly by the Fixed Assets Office.

Check signing is limited to only authorized personnel.

Invoices are reviewed and approved for completeness of supporting documents and required clerical checking by a senior employee.

Transfers or loans between funds are approved by management.

Before commitment, sufficient funds must be available in the budget for a proposed expenditure.

Include any agency or institution specific policy or procedure in relation to cash disbursements. For example, Capital Improvement Bonds.

Requisitioning Capital Improvement Funds

Capital Improvement checks are issued twice each week.
These check requests are sent to data entry and a cash requirements report is generated.
A cash requisition is submitted for each budget code that had checks issued. The cash to cover these requirements is requisitioned from the State Controller's Office through the TELNET SIPS system.

Capital Improvement EFT Transactions

Capital Improvement checks that are issued from Receipt Supported Capital Improvement codes require that funds are transferred via EFT debiting the ASU account and crediting the appropriate Capital Improvement Code.

When a payment or charge to another department within the University cannot be made by journal entry, an electronic transfer is used. Electronic transfers are made each month to pay the Physical Plant charges made against CI codes. Codes by the ASU Physical Plant are paid monthly via Electronic Transfer.

2. As provided in Section 147-86.10, the order in which appropriations and other available resources are expended shall be subject to the provisions of the Executive Budget Act, G.S. 143-27, regardless of whether the State agency disbursing or expending the monies is subject to the Act.

3. Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds.

4. Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or the due date to the extent practicable.

Cash Management over Disbursements Cycles:

Statutory Policy

5. Disbursement cycles for each agency shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due. In order to avoid disbursing account overdrafts, warrants should not be released before adequate funds have been requisitioned by the agency and approved and deposited to the applicable disbursing account by the OSC. To insure compliance, please include the agencies', departments' or institutions' disbursement processing and check releasing policies and procedures.

Include check mailing and disbursement cycle policies and procedures.

Appalachian State University Policies

Check mailing and disbursement cycle procedure

Checks are then given to the clerk for proper distribution. Checks are written and mailed daily. AP vouchers are written based on a due date entered by the AP clerks while the SCT system writes checks from the invoicing system based on due date and terms.

Daily processes

Unlike the previous batch processing system, each check run is automatically posted following completion. As it posts, the payable is debited and cash is credited. This is the case with all entries that affect cash including EFTs, Check cancellations, receipts feeds, etc.

Each morning the Data Control Officer completes a daily jobs checklist. The checklist includes verification of cash balances for trust, state, and CI funds in Banner against a monthly manual control sheet that is maintained on a daily basis. The state and trust budget reports are run in Banner and receipts and expenditures are verified against manual controls as well. The checklist also covers system balancing, suspended invoices, journal entries, and other incomplete documents, reports regarding bank errors, organization errors, and program errors, and a double check on positive pay processing of check batches. Many of these reports, including a final feed process for the day, run automatically through Appworx on the previous night. These reports are saved to e-print for future reference if needed. If Appworx does not run the reports properly, they can all be run manually through Banner or Webfocus depending on the report. See the Data Control Officer's daily checklist for a detailed list of reports that are checked each day.

Any problems or issues found are researched and corrected typically on that day, either by the Data Control Officer or the appropriate staff person, depending on the issue.

1099 Operating Cycle

The University is required to issue 1099 documents and report to the Internal Revenue Service information on those payments made that meet the guidelines and conditions for 1099 reporting as specified by the IRS. Refer to ASU Controller's current procedures for definitions on payments subject to 1099. All of the payments meeting these conditions will be coded and keyed into the SCT AP system at ASU. The AP system will maintain this data and provide the required output for vendors and the IRS.

1099 data is accumulated on a calendar year basis and reported by January 31 of the next calendar year. As 1099 reporting is based on the cash basis of accounting only the vouchers paid during a calendar year are reported to the IRS, not necessarily those that are entered into AP.

Cash Management over P Cards

7. State administered procurement cards should be used to provide employees with food, lodging and other applicable subsistence in emergency situations. (For OSC policy, see http://www.ncosc.net/sigdocs/sig_docs/cash_mgmt/Cash_Management_in_emergency_situations-2005.pdf.)

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1.2 Benefits and costs/requirements

2.0 Where to Get Help

2.1 Card Provider
2.2 University Names and Addresses

3.0 Cardholder Policies and Procedures

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3.2 Keeping the Procurement Card Secure
3.3 Limitations of Transaction Amounts
3.4 Limitations of Vendors and Emergency situations exceptions
3.5 Changing Card Limits and Updating Cardholder Information
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PROCUREMENT CARD PROGRAM

1.0 Overview of the Procurement Card Program

1.1 Purpose of the Procurement Card

The Appalachian State University Procurement Card is a business Visa Card. The Procurement Card is issued to an employee, empowering this person to purchase goods on behalf of the University. This program has been established to allow rapid purchase of small dollar purchases while simultaneously reducing paperwork and handling costs associated with the purchase process. Under no circumstance may this Visa Card be used for personal purchases.

1.2 Benefits and Costs/Requirements.

1.2.1.1 Benefits to the Cardholder

It is easier to make purchases. The Visa Card is accepted virtually anywhere, and it eliminates delays associated with asking a vendor to accept a small check request or purchase order number. Materials may be acquired faster. Complete transaction reporting is provided on a weekly basis. Vendor information becomes easier to research and locate. Each Procurement Card has a unique number that is tied to departmental Banner accounts.

1.2.1.2 Costs/Requirements

There is currently no fee associated with the program. The Cardholder is responsible for obtaining itemized receipts with pricing for a monthly reconciliation process. Each Cardholder's account is also reviewed and approved by a higher authority (normally at the Department or College level). The Cardholder is

responsible for obtaining information regarding tax paid to the vendor at the time of purchase. The cardholder is responsible for reporting tax information to the Department Reconciler. The Department Reconciler must complete the tax information field on line during the monthly reconciliation.

1.2.2.1 Benefits to the University

The number of purchase order procurements and check requests will decrease, thereby reducing the amount of paperwork and time associated with the small dollar purchase process. There is an opportunity to reduce reimbursements/petty cash accounts. The University has the ability to block specific categories of Vendors (airline reservations, cash advances, liquor purchases, etc.) Fewer payment errors will improve Vendor relations. Transactions and payments will match each Card. Vendors will receive payment within two-to-three working days after the Vendor processes the purchase.

1.2.2.2 Costs/Requirements

The University has purchased an accounting system to handle Procurement Card transactions. The reconciliation process feeds transactions into the Banner Accounting System. The University is committed to providing an on-going audit.

1.2.3.1 Benefits to the Merchant

The Card Provider will pay the Vendor two to three working days after the Vendor processes the purchase. The Vendor will have a higher comfort level. The strength of the Visa name (and the protection the Vendor has when accepting the card) encourages Vendors to make sales that would not be made if it were a credit transaction, such as a purchase order or charge system. The Procurement Card process eliminates Vendor invoicing and the Vendor's accounts receivable process.

1.2.3.2 Costs/requirements

Every transaction made with the Procurement Card carries a fee that the Vendor must pay to the credit card network. This is what finances the credit card industry, and the process is basically the same for all credit cards.

2.0 Where to Get Help

2.1 The Card Provider

We have an agreement with Bank of America (Card Provider) for Visa card services. The card provider will provide monthly statements on-line. To report a lost or stolen card, call Card Provider at 1-888-905-6262 (where help is available 24 hours a day) and notify Appalachian's Procurement Card Administrator of this action. For billing questions, or any customer service questions in general, call Dwayne Odvody,

Procurement Card Program Administrator, first at 262-2082. After Appalachian's business hours, call Card at 1-888-905-6262 where help is available 24 hours a day. Also, to dispute a transaction on your statement, please refer to Section 5 of this guide.

2.2 University Names and Addresses

The University provides support and assistance to Cardholders and Departments in the distribution and processing of new Card applications. The Procurement Office processes all changes in Cardholder information, schedules training, updates all documentation, and audits all aspects of the program. Follow-up audits by Internal Audits will be made. Please call whenever you have any questions.

Procurement Card Program Administrator:
Dwayne Odvody
Procurement Services Office
Procurement Services Building
828/262-2080, fax 828/262-2510
email: odvodyde@appstate.edu

Procurement Card Expeditor:
Chad Hicks
Procurement Services Office
Procurement Services Building
828/262-2080, fax 828/262-2510
email: hicksce@appstate.edu

3.0 Cardholder Policies and Procedures

3.1 Obtaining a Procurement Card

3.1.1 Procurement Cards will be issued to those authorized by the University to purchase goods. Training will be required for each Cardholder, Reconciler and Approver. The Procurement Card will be issued only to permanent personnel. The names of the University and the Cardholder both appear on the card. Card Provider currently does not charge for the issuance of a Card; however, low usage Cards will be reviewed regularly.

3.1.2 Purchases from sponsored programs must strictly adhere to all contracts, grants and other agency guidelines. These guidelines may restrict the purchase of specific items through sponsored accounts. Individual granting agencies also may be more restrictive and may not allow certain purchases. It is the Cardholder's responsibility to be aware of the rules and guidelines applicable to each account.

3.1.3 Enrollment Forms can be found at the Procurement Office home page under Procurement Card.

3.2 Keeping the Procurement Card Secure

Always keep the Procurement Card in a secure place. Treat it like cash.

3.3 Limitations of Transaction Amounts

3.3.1 The following limits have been assigned to the Procurement Card:

Single purchase limit of $1,499 (Including tax and shipping)

Daily purchase limit of $3,000

Monthly purchase limit of $10,000

Daily number of transactions is unlimited at this time

Monthly number of transactions is unlimited at this time

3.3.2 These are general limitations. If these do not fit your purchasing patterns please contact the Procurement Program Administrator to discuss modification of the limits. A limit modification request form must be completely filled out, signed by the Departmental Approver and submitted to the Program Administrator for consideration.

3.3.3 Cardholders are reminded that splitting transactions in order to remain within the established purchase limit per transaction is prohibited and doing so may result in loss of Procurement Card privileges and/or disciplinary action up to and including termination of employment.

3.4 Limitations of Vendors

3.4.1 Each Vendor accepting VISA cards is registered with a financial institution under a specific Merchant Category Code (MCC) identifying its type of business. (e.g.. Airlines, music stores, medical services, florist, ABC stores, restaurants, office supplies, etc.) The University has blocked all categories deemed inappropriate for Appalachian State University use (e.g., ABC stores, off-track betting, etc).

Exception for Deployment to Disaster Areas:

If an employee is deployed to an area affected by disaster (either caused by nature or event), the PCard may be used to provide employees with food, logging and other applicable subsistence in situations where basic necessities are not available.

The employee must already have an active PCard issued in their name.

The Procurement Card Program Administrator must receive notification from either the appropriate Vice Chancellor or the University Emergency Center Officer. The PCard Administrator can then ensure that Merchant Category Codes for such services are unblocked and spending levels are increased.

The employee must provide travel authorization that includes the type of disaster and reason for deployment at the time of monthly reconcilement. This information along with the notification from the Vice Chancellor or the University Emergency Officer will be filed in Procurement Services Office.

3.4.2. A Procurement Card cannot be used to purchase from Vendors in a blocked category on the MCC list. If a particular Vendor does not accept the card, please contact Dwayne Odvody or Chad Hicks at 828/262-2080 within 48 hours. They will contact the Card Provider to determine why the charge was denied and what can be done to rectify the problem.

3.5 Changing Card Limits and Updating Cardholder Information

To request a change in the monetary limits on the Card, you must submit a request on the appropriate form in writing to the Procurement Card Program Administrator, and it must have Department or College level approval (Section 3.3). Changes of personal data (address, phone, Banner etc.) may be e-mailed to the Procurement Card Program Administrator (odvodyde@appstate.edu).

3.6 Additional Procurement Guidelines

3.6.1 It is the Cardholder's responsibility to insure that purchases are made only from legitimate companies. If you have any questions about the legitimacy of a Vendor or individual, please contact the Procurement Services Office prior to providing the card number.

3.6.2 Follow procedures that are already in place with the small dollar purchase process. The Cardholder is responsible for purchases that commit University resources, and is therefore responsible for determining the legitimacy of the purchase and the selection of the Vendor.

3.6.3 The Procurement Card is strictly for University business. Purchases must be for the use and benefit of the University. No personal purchases are allowed. Intentional misuse or abuse of the Procurement Card will result in the immediate revocation of privileges, and may be cause for disciplinary action up to and including termination of employment.

3.6.4 North Carolina Term Contracts and University Contracts

When a State or University contract is available the contracted supplier must be used. Contracts may be reviewed by visiting the NC Department of Administration

Purchase and Contract Home Page, by viewing the Procurement Home Page or by calling the Procurement Services Office to speak with the appropriate purchasing agent.

3.6.5 Using the Internet

Many companies offer the option of making purchases via the web. If you choose to purchase on the web, you must make sure the vendor site is secured before entering the credit card number. Look for the padlock icon located on the vendor's order form.

3.7 Automatic Renewal of the Card

3.7.1 A Procurement Card will be issued to you as you enter the program. Once you have the Card, nothing will be required from you to continue from year to year. Cards have a 2-year expiration date and will be mailed directly to you approximately one month prior to the expiration date. Return the expired card to the Procurement Card Program Administrator.

3.7.2 All Vendors that have the Procurement Card number on file must be contacted with the new expiration date for continued approval of charges. If the expiration date expires and you have not contacted them, the bank will deny charges.

3.7.3 Each Procurement Card is tied to a default Banner Fund. If that account number changes, you must contact the Procurement Card Program Administrator to update the information.

3.8 Termination of Employment

The Procurement Card remains the property of Appalachian State University and/or Card Provider. The Procurement Card must be surrendered immediately upon termination of employment or upon the request of either your supervisor or the Procurement Card Program Administrator. Vendors with the Procurement Card number on file must be contacted in order to discontinue future charges in your name by the department.

3.9 Transfer to Another Department

If the Cardholder, Reconciler or Approver transfers to another department, different University financial account information will be involved. It is the Cardholder's, Reconciler's and Approver's responsibility to provide the correct financial information for a new card. If you transfer to another Department, the current Card issued to you must be cancelled and returned to the Procurement Card Program Administrator. A new enrollment form will need to be submitted and approved by

the appropriate Department head. Attending the training class will not be required if you have had a Procurement Card in your previous position.

3.10 Inactive Accounts

To protect the security of the Procurement Card Program, any Procurement Card that has not been used for six (6) months will be cancelled. Exceptions may be appealed to the Procurement Card Program Administrator.

4.0 How to Use the Procurement Card

4.1 University Rules and Regulations
Procurement with the Card does not change the rules and regulations of the University or your internal Departmental procedures. The Procurement Card is merely another means of payment for small purchases. You must obtain an itemized receipt with pricing for every purchase.

4.2 Authorized Cardholder
Please remember that the Cardholder is the only person authorized to make purchases with the Procurement Card. Giving the Card or Card number to another person or using someone else's Card may result in revocation of Procurement Card privileges and/or disciplinary action up to and including termination of employment. To assist in keeping track of transactions and receipts, a transaction log is provided for your use. The Procurement Card Program Administrator requires this log.

4.3 Purchases in Person

4.3.1 You should follow the proper internal procedures set up specific to your Department for determining that a purchase is required and authorized.

4.3.2 Determine whether the Procurement Card is the most appropriate tool to use for the purchase (Example: Less than $1,500, not a restricted item and not available through an existing contract).

4.3.3 Determine that the total amount of the purchase including shipping, handling, postage, freight, insurance, etc., does not exceed either the $1,500 limit or the daily/monthly limits listed above. If a limit is exceeded, the bank will automatically refuse the transaction and the vendor will reject the purchase.

4.3.4 Determine that the price quoted is the best you can obtain.

4.3.5 Determine at the time of purchase if the vendor has charged sales tax for out-of-state and out-of-country purchases, and record this amount (preferably on the transaction log). Reports sales tax paid, as part of the reconciliation process.

4.3.6 Obtain a receipt at the time of purchase or pickup. If ordered on the internet, print a copy of the final order/acknowledgment/receipt. If an item is shipped the packing slip must be kept. All receipts and other paperwork must be forwarded each month to the Card Administrator as part of the reconciliation process.

4.3.7 Remember to give the supplier your name, department, phone number, and complete delivery instructions. It is recommended that purchases be shipped directly to your campus address whenever possible. If Central Receiving is used as the delivery point (due to weight, size or need for loading dock), please use the following address:

<Department Name>
ASU Central Receiving
Appalachian State University
1039 State Farm Road
Boone, NC 28608

4.4 Purchases by Phone, Fax, or Mail

4.4.1 Remember - the Cardholder is the only person authorized to place an order. You may, when necessary, have someone else pick up the items; however, this person is not authorized to sign the credit card sales slip.

4.4.2 Phone - An entry on the transaction log should be made when placing a telephone order. Sales tax information should be recorded for all out-of-state/country purchases, since this is a critical part of the monthly reconciliation.

4.4.2.1 When you call, state that you are calling from Appalachian State University and that you will be making your purchase on a Visa Procurement (credit) Card.

4.4.2.2 Emphasize that the University is exempt from sales tax, and that we do not want sales tax added to the purchase. If sales tax is charged, record the amount of sales tax paid on the purchase log.

4.4.2.3 Give the supplier your name, delivery address, phone number, and complete delivery instructions.

4.4.2.4 Request that an itemized receipt and/or packing slip that shows DOLLAR AMOUNTS be sent with the purchase. Retain this with your transaction log.

4.4.3 FAX - Follow all applicable steps from the instructions for phone orders. Retain a copy of the fax, and also the fax confirmation, for your records. Do not mail a copy of the order to the vendor, because this increases the chance that the order will be duplicated. If the vendor requires the original, be sure to clearly mark it "CONFIRMATION OF FAX ORDER, DO NOT DUPLICATE. "

4.4.4 MAIL - Follow all applicable steps from the instructions for phone orders. Retain a copy of the order for your records, and request a receipt for your records.

4.5 Other Forms to Complete

When using the Procurement Card there is usually no need to submit any additional paperwork to a Vendor. If, however, a duplicate shipment is mistakenly made, it is the responsibility of the Cardholder to resolve the issue with the Vendor. If unable to resolve in a timely manner, contact the Procurement Card Expeditor, Chad Hicks, at 262-2080 or e-mail: hickcs@appstate.edu

4.6 Returns, Damaged Goods, and Credits

4.6.1 Items purchased with the Procurement Card will periodically need to be returned for one reason or another. Credits should be listed on the transaction log. Credit receipts/memos should be received and turned in with the monthly statement. Credits listed on the monthly statement should be documented as to when the original charge was made if a credit invoice is not available.

4.6.2 Always retain boxes, containers, special packaging, packing slips, etc.; until you are certain that you are going to keep the items. Some items, such as software or fragile pieces, cannot be returned without the original packing materials.

4.6.3 Read all enclosed instructions carefully. Often a critical phone number and other instructions are included the packing slip and/or receipt.

4.6.4 In some cases there may be a restocking fee. The Procurement Card may be used to pay this fee as long as it does not exceed any of the Card limits.

4.6.5 If you need help in packaging goods for return please contact Warehouse at 262-3060.

5.0 Disputed Transactions

5.1 Dispute of Statement Items

5.1.1 Purchases appearing on the monthly statement from the Bank may be disputed up to thirty days from the date of the statement.

5.1.2 If the Cardholder does not recognize a charge or some other problem arises, the first step is to contact the Vendor for information regarding the charge. Contacting the Vendor saves time and usually solves most issues.

5.1.3 If you are not satisfied with the outcome of communications with the Vendor, complete the on-line dispute form and review it with the Procurement Card

Expeditor. The Procurement Card Expeditor will then determine the next step. You also should notify the Procurement Card Program Administrator about the situation.

5.1.4 A copy of the dispute form should be submitted with the monthly statement.

5.2 Dispute with Vendor

If you have a Vendor dispute and are unable to obtain satisfaction from the Vendor, contact the Procurement Card Expeditor. You will be required to describe the problem and all of the efforts you have made in attempting to resolve it. The Procurement Card Expeditor will advise you on the next step. If you are not satisfied with the outcome, please contact the Procurement Card Program Administrator.

6.0 Reconciliation Procedures

6.1 Importance

Reconciliation of purchases by the Cardholder is the final step in the Procurement Card process. It is also one of the most important steps, because this is where the Cardholder provides itemization and pricing of all items purchased. Statements are available mid-month and will be distributed by the Departmental Reconciler.

6.2 Billing Cycle/Statements

The billing cycle for the Procurement Card ends on the 10th of each month and the statements are due to the Procurement Card Program Administrator on or before 10 working days after the 10th of that same month. If any statement remains open after this date the Card will be immediately cancelled and the Cardholder, Reconciler, and Dean (or other division head) will be notified of the cancellation. Timely reconciliation and responsible purchasing are the only ways to keep a card.

6.3 Documentation provided by the Card Provider

The Card Provider provides an electronic feed, which transmits all transactions posted for the previous week from Monday-Friday on a daily basis.

6.4 Information in Appalachian State University Banner

Successful receipt of the feed is critical to the continuation of the Procurement Card Program. The electronic feed from the Card Provider is used for three purposes:

a. First, the financial data is used to reconcile the overall charges to the University. These charges are checked for accuracy on a daily basis. At the end of each billing cycle, the departmental Banner Fund to which the Procurement Card transactions apply are debited for the billed amount. Remittance is made to the Card Provider on the basis of these charges.

b. Second, all of the data, including information about Cardholders, purchases, Vendors, etc. are in the reconciliation database. Searches by Vendor, dates, state, etc., may be made, and data is saved for five years. Access to the database follows security procedures already in use by Banner, and Reconcilers will be given access upon approval of request for security clearance to the Procurement Card Program.

c. Third, the reconciliation procedure, which the Reconcilers use to verify all Card purchases, is updated. The Procurement Card Program allows Reconcilers to modify Banner Fund numbers and account codes, enter out-of-state taxes, verify weekly purchases and balance monthly printouts. Reconcilers approve all purchases on-line. Continued failure to reconcile transactions on-line will result in revocation of Procurement Card privileges.

6.5 On-line Reconciliation

Specific instructions for navigating through the reconciliation process are provided in a separate document and are available from the Procurement Card Home Page. The primary responsibility for insuring integrity of the Procurement Card Program rests with the Cardholder and Departmental Reconciler.

7.0 Procurement Card Privileges Reinstatement Policy

7.1 Delinquent Statements

All delinquent statements must be turned in to the Procurement Card Program Administrator before consideration can be given to reinstatement of privileges.

7.2 Memorandum

A memorandum from the Department Head and next level supervisor must be submitted to explain the reason for the discrepancy which caused the cancellation and steps that will be taken to prevent it from happening in the future.

7.3 Account Privileges

Procurement Card privileges may be reinstated no earlier than one week following completion of the steps described in sections 7.1 and 7.2, above.

7.4 Schedule for reinstatement of privileges:

First Offense – Reinstatement will occur one week after receipt of delinquent statement and memo with sufficient explanation.

Second Offense – Four weeks after receipt of delinquent statement and memo with sufficient explanation.

Third Offense – Privileges will not be reinstated.

7.5 Incomplete Documentation

Every effort will be made to give the Cardholder opportunity to provide the incomplete information (missing receipts, receipts not itemized, etc.) by using, email, fax, campus mail, and /or phone. However, if Cardholder consistently provides incomplete information, the following will occur:

7.5.1 Account will be put in a hold status. Cardholder (and possibly Reconciler and Approver) will be required to attend another Procurement Card class or have a review of rules and regulations with the Procurement Card Program Administrator. Upon satisfactory completion of this review, account will be taken off hold status.

7.5.2 Account will be closed. If, after retraining, the Cardholder continues to submit statements with incomplete information, account will be closed.

7.6 Penality for Purchase Over Limit

If Cardholder makes a purchase over the transaction limits as detailed in section 3.3 the account will be revoked for a period of two months. Written explanation from the Department Head and Cardholder and attendance by both at another Procurement Card class, is required before privileges will be reinstated.

7.7 Abuse of Procurement Card Privileges

If Cardholder abuses the Procurement Card privileges (personal purchases, lets others use card, etc.), privileges will be suspended and a review will be conducted. If deemed necessary, privileges will be revoked.

8.0 Responsible Authority

The authority to enforce this policy lies within the Procurement Services Office. Any questions may be directed to 828/262-2080 or odvodyde@appstate.edu.

Authority: G.S. 143-49(8)

1NCAC 5B.1522

Cash Management of External Banking Relations:

Statutory Policy

Policy
Receipts generally must be deposited with the State Treasurer. External bank accounts can be established for small disbursing accounts with the approval from the State Treasurer.

Appalachian State University Policies

New York Loft Account

The Director of the New York Loft deposits monies daily into the Bank of America-NY account. A copy of this deposit slip is faxed to Student Accounts (located on main campus- Boone, NC). Student Accounts updates the Financial Records System account and certifies the deposit with State Treasurer in ASU's State STIF account per attached letter from the Office of the State Treasurer.

The Bank of America is the official state depository bank for accounts from the New York Loft operations.

New York Loft

Clearing Accounts

The following accounts are clearing accounts set up to provide distribution of refunds and payroll to student bank accounts and to provide clearing for returned checks and to received electronic or wire payments:

ASU Clearing & Returned Checks
ACH Clearing Account
Payroll ACH Clearing Account

Other Accounts

The following account is to provide loans to students in emergency situations or funds for academic classes with a focus on Investments or Portfolio Management.

ASU Student Emergency Loan Fund 2
Student Investment Fund
ASU Food Services Beverage Acct

Independent Operations

The following accounts are used by New River Light and Power Company, which is an Appalachian State University endowment owned electric utility serving both the University and the town of Boone. All of the following accounts are located at BB&T.

New River Light and Power Operations
New River Good Neighbor Round Up
New River Project Fund