McMaster University

Administration Procedure

Complete Procedure Title: **Procedures for Acceptance of Payment Cards and E-Commerce Payments**	Procedure Number:
Approved by: **Manager of Financial Reporting**	Date of Most Recent Approval: **February 2018**
Date of Original Approval: **February 2018**	Supersedes/Amends Procedure dated: **n/a**
Responsible Executive: **Assistant Vice-President (Administration) & CFO**	Enquiries: finserv@mcmaster.ca
DISCLAIMER:	*If there is a discrepancy between this electronic policy and the written copy held by the policy owner, the written copy prevails.*

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Purpose

This document provides detail associated with the policy on Acceptance of Payment Cards and E-Commerce Payments (https://www.mcmaster.ca/bms/pdf/policy-pcards-ecomm-payments.pdf). These procedures detail the requirements for complying with **established industry standards for the processing of purchase transactions electronically.**

Definitions

Include definitions of any words or phrases that would improve the clarity of the policy and promote understanding for the reader/user.

Procedures

A. PCI Security Procedures

1. This section is maintained in consultation with UTS's IT Security department.
   [Detailed procedures are under development.]

B. Moneris Procedures

1. Moneris is the University's contractually approved Preferred Payment Provider. In order to obtain a Moneris merchant number and begin processing Payment Card and eCommerce transactions Departments must complete and submit an application using the Payment Card Merchant Number Approval Form.

   http://www.mcmaster.ca/bms/pdf/PCMA.pdf

   [Detailed procedures are under development.]

C.   PayPal Procedures

I.   STEPS TO OBTAIN APPROVALS

1. Once it is established that the product or service cannot be sold through the Preferred Payment Provider (currently Moneris), the department must collect sufficient information to assess if an Approved Payment Provider (such as PayPal) can be used as an alternative. The decision to proceed with an Approved Payment Provider will be made with approval from Financial Affairs and IT Security.

2. The department should send the initial request to the Information Security Officer (c-it-security@mcmaster.ca) and the Manager Financial Reporting (FinServ@McMaster.ca).

3. Financial Affairs will be the primary respondent, and will provide information on the costs of maintaining a PayPal account and receive confirmation from the department that they need an Approved Payment Provider instead of the Preferred Payment Provider. Financial Affairs and IT Security will provide guidance on the type of information needed to support the formal application.

4. The department must send the formal request, including the information supporting the need to use of the Approved Payment Provider (PayPal) to t Information Security Officer (c-it-security@mcmaster.ca) and the Manager Financial Reporting (FinServ@McMaster.ca). See Appendix A for a sample application.

5. Information Security Officer will assess the circumstance and information provided to determine if the Preferred Payment Provider can be used. IT Security may consult Moneris.

6. Approval will come through Financial Affairs, and will only be given after IT Security is convinced that the product or service cannot be sold through Moneris and Financial Affairs is comfortable with Department's plans for the receipts and reconciliation process.

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7. The Manager Financial Reporting will keep the PCI-DSS Steering Committee informed of permissions granted to use Alternative Payment Providers such as PayPal.

II.   **STEPS TO CREATE PAYPAL ACCOUNT**

Department:

1. Once approved to use Paypal, the PayPal account will be set up using the following steps

    a. Obtain from UTS, a generic department email address to be used by more than one McMaster employee and easily transferred from one employee to another.

    b. Go to the website www.PayPal.ca and click on signup.

    c. Click on "Signup for business account" under "Business – for people and businesses who want to receive payments".

    d. Click on "Get Started" under "PayPal Payments Standard – $0/month".

    e. This will take you to Signup for Business Account page. Enter the generic department email address, create a password and click continue.

    f. Complete the section for business contact information (several pages) using the department's information. Check the boxes confirming your agreement and the "Agree and Continue" button

    g. Enter details in account holder's information page. Check the checkboxes confirming your agreement and click the "Submit" button.

    h. Once the account is set up, the department may add other secondary email addresses.

    i. Link the university bank account to PayPal account (Profile, Business Setup, Account Setup) using the information provided by the Manager Financial Reporting. PayPal will send small transactions to confirm the bank account. Work with Financial Affairs to determine dollar amounts and enter these in to PayPal to finalize the bank account setup.

    j. Set up "auto sweep" to have the daily balances transferred to the University bank account nightly (Profile, My Money, PayPal balance, More, AutoSweep)

2. Once the electronic registration is complete, the department must forward the following information to Financial Affairs

    a. PayPal account details

    b. Deposit account chart field

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c. PayPal fee chart field

d. PCI Levy for PayPal chart field

Financial Affairs

3. Once the Department has set up the electronic PayPal account, Financial Affairs will add the Department's PayPal account under umbrella of McMaster University's master PayPal account

III.   INTERIM PAYPAL PROCEDURES

A separate bank account has been created for PayPal transactions to simplify the process of recording and reconciling PayPal transactions. The new bank account called "*CIBC PayPal Deposit account*" is used to process transactions. Until the automated procedures are in place, **the department is responsible for transferring the funds for each days' transactions to McMaster University's bank account and for informing Student Accounts & Cashiers via an email to acctrec@mcmaster.ca.**

1. Revenue - Department

a. It is the responsibility of the Department to reconcile the PayPal account, as well as to manage refunds and chargebacks.

b. The Financial Affairs' Financial Coordinator will create the deposit as they receive emails from departments.

2. Accounting process - Student Accounts & Cashiers (SAC)

a. SAC will confirm the amount in the bank statement.

b. SAC will prepare the daily journal entries in PeopleSoft General Ledger (GL), this entry will be based on the amount stated in the daily email from the department.

c. SAC will first get a Deposit ID by entering the following information in Total and Payments Tabs of the Regular Deposit section located in the path: *Finance-Accounts Receivable-Payments-Online Payments-Regular Deposit*

> i.   Payment ID;
> ii. Accounting date;
> iii. Amount;
> iv. Payment Sequence (Auto populated);
> v.   Currency (Auto populated);
> vi. Rate Type (Auto populated);
> vii. Exchange Rate (Auto populated) and;
> viii. checking the box "Journal Directly"

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d. SAC will create the accounting entry by entering the following information in the Accounting Entries tab of Create Accounting Entries section located in the path: *Finance-Accounts Receivable-Payments-Direct Journal Payments-Create Accounting Entries*

    i. GL Unit;
    ii. Line amount;
    iii. Currency;
    iv. Account, Fund, Dept, and; Program

e. The accounting entry will be as follows:

    Dr PayPal Deposits account   XXXXXX
        Cr Departmental revenue account (s)   XXXXXX

3. **Bank account reconciliation Process - Financial Affairs**

a. Financial Affairs monitors the PayPal Deposit account receiving PayPal payments and prepares the bank reconciliation.

4. **PayPal Charges**

The following principles and procedures are to be adopted:

a. All revenues should be recorded on the gross basis. Departments receive only the net amount in the bank account as PayPal fees are deducted before disbursement.

b. The Department should set up its own criteria and document how to record the PayPal fees against its revenues. The department is responsible to ensure that revenues are recorded in accordance with Canadian accounting standards for not-for-profit organizations

5. **Transactions and Refunds**

The following principles and procedures are to be adopted:

a. The Department should set up its own criteria to approve refunds, including documenting the approval process. The department is responsible to ensure that its employees are trained in the transaction and refund procedures.

b. Departments should maintain appropriate documents to support refund.

c. All refunds should be processed through the same PayPal account.

d. The deposit and transaction records must be reviewed by a person other than the person who prepared them. Ideally, this will be the department account holder.

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6. **PCI Levy for PayPal - Financial Affairs**

   a. At the time of account setup, Financial Affairs will journal entry the approved fee for PayPal setups to the chart field provided by the department, based on the rates set by the PCI-DSS Steering Committee.

   b. Each year, usually in April, Financial Affairs creates a journal entry to charge the approved annual PCI Levy to all departments which process payment cards. PayPal accounts are included in the list of accounts that will be charged, based on the rates determined by the PCI-DSS Steering Committee.

Related Links

- PCI-DSS Policy
  https://www.mcmaster.ca/bms/pdf/policy-pcards-ecomm-payments.pdf

Appendix A – Sample letter of application to use an Approved Alternate Payment Provider (ie PayPal)

McMaster University

Department Name	Department phone
Address	number
Email	Fax number

DATE

Dear Financial affairs and IT Security,

We are writing to request to the use of PayPal to collect and transfer funds from our recent ebook 'ABC' We have chosen to use a U.K. based platform called PayHip, which uses PayPal instead of Moneris to transfer earned funds. We have detailed our reasoning for its use below and hope you will consider granting approval to use PayPal.

Recently, we published an electronic version of our book. The ebook offers significant enhancements over the print version including: embedded videos; a glossary that provides pop-up definitions; easy navigation within and across chapters through hyperlinks and a search feature; as well as self-tests with pop-up answers. To develop these features we worked with partners at the eBook Foundry to create an interactive PDF. Our decision to develop a PDF rather than another format (ePub or Mobi) was based on previous experience developing interactive PDFs, as well as wanting the book to be read across as many platforms as possible (e.g., computers running Mac or Windows; mobile phones; and tablets).

We were quite limited by the platforms that would sell a PDF with none of the conventional ebook sellers (e.g., Amazon; Kindle, Kobo, iBooks, or GooglePlay) being an option. This left only a few possible sellers: GumRoad (currently used by the ebook foundry); LuLu; and PayHip. In looking for a platform to sell our ebook our highest priority was to ensure some security over the PDF to deter individuals from copying or sharing it illegally. The options for securing a PDF are either to purchase third-party software that would support Digital Rights Management (DRM) or to have a watermark stamp placed throughout the book with the purchaser's information. Purchasing third-party DRM is cost prohibitive for a book marketed at $XX and we were therefore left with stamping each ebook with a watermark. PayHip was the only seller that would offer a stamp on every page of the purchased PDF and would watermark the PDF with both the purchasers name and their PayPal account number.

Taking all of this into account, temporary solutions are being explored but to ensure that the ebook is sold in a secure manner we feel that PayHip, and therefore the use of PayPal, will maximize sales and reduce illegal sharing. We have a strong financial team who is capable of reconciling the sales between PayHip, PayPal and the university bank account and would be happy to discuss the steps involved in setting this up and, if approved, the process for handling funds.

Thank you for your consideration,

Signature

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