Processing Credit Card Payments
Policy and Procedures – AR08M

1. Document History

Revision Number	Revision Date	Effective Date	Description of Changes	Prepared By	Approved By
1	5/14/04	5/17/04	Initial Release	Sam Davis	Susan Jones

2. Table of Contents

3. Purpose of This Document

This document describes the procedure the Business Manager (BM) uses to process credit card payments.

4. Definitions

Marking the transaction for capture - After the transaction is input in the Paymentech system and has received an approval code, it waits in the settlement queue until the BM initiates the settlement (capturing) procedure. Placement in the settlement queue "marks" the transaction.

Settle Transactions - Transactions must be manually settled (finalized) on the system. Settling a transaction instructs the system to present the transaction to the credit card company and asks the bank to collect the money.

The ☀ icon indicates the presence of an internal control.

5.   Policy

The ability to accept credit cards as a payment source can be an extremely valuable tool in managing collections and the company's Accounts Receivables. However, because of the processing costs charged by the credit card companies (2 percent in the case of ABC), the use of this payment method must be managed effectively. It is ABC's policy that acceptance of cash or check is our primary and preferred payment method. Credit card payments are a secondary payment method and are to be accepted generally by exception. Also, it is ABC's policy that the costs associated with credit card payments are to be passed onto the customer, but can only be done if the customer authorizes it by signature.

As a rule, the acceptance of a credit card from an advertiser needs to be limited to the following instances:

* Governmental agencies whose only means of payment is a credit card or purchasing card.

* Cash-in-advance customers who do not have funds available to issue a check or cash at the time of signing the contract.

* Customer accounts that are 90+ days past due and who do not have funds available to issue a check or cash.

* Any other customer who agrees in writing to pay a 2 percent processing fee, in addition to the price of their advertising contract.

Account Executives (AEs) need to be instructed that payments by credit card are accepted on a limited basis and only in cases where it makes economic sense for the company.
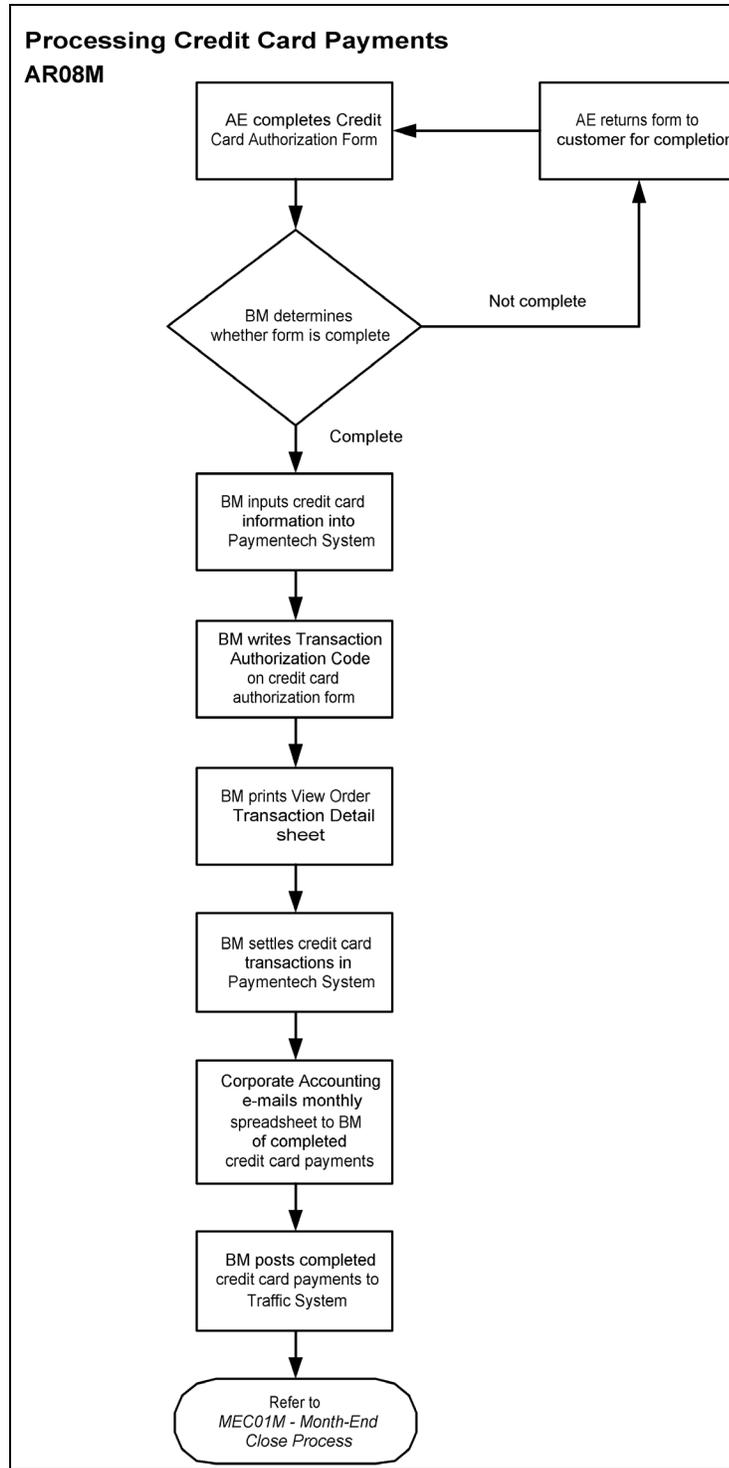
6.   Process Summary

The process objective is accurate and timely processing of credit card payments.

The financial statement elements associated with credit card payments are Cash and Accounts Receivable.

The Process Manager for this policy and procedure is the BM.

The systems involved in this procedure are the Paymentech system, Excel, and the Accounts Receivable system.

7.   Workflow

**Processing Credit Card Payments
AR08M**

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┌─────────────────────┐              ┌─────────────────────┐
│  AE completes Credit │◄─────────────│  AE returns form to  │
│ Card Authorization   │              │ customer for         │
│      Form            │              │   completion         │
└─────────────────────┘              └─────────────────────┘
           │                                     ▲
           ▼                                     │
        ╱─────────╲                  Not complete│
       ╱  BM       ╲─────────────────────────────┘
       ╲ determines ╱
        ╲ whether  ╱
         ╲form is complete╱
              │
         Complete
              ▼
   ┌─────────────────────┐
   │ BM inputs credit card│
   │   information into   │
   │  Paymentech System   │
   └─────────────────────┘
              │
              ▼
   ┌─────────────────────┐
   │ BM writes Transaction│
   │ Authorization Code   │
   │   on credit card     │
   │ authorization form   │
   └─────────────────────┘
              │
              ▼
   ┌─────────────────────┐
   │ BM prints View Order │
   │ Transaction Detail   │
   │       sheet          │
   └─────────────────────┘
              │
              ▼
   ┌─────────────────────┐
   │ BM settles credit card│
   │   transactions in    │
   │  Paymentech System   │
   └─────────────────────┘
              │
              ▼
   ┌─────────────────────┐
   │ Corporate Accounting │
   │   e-mails monthly    │
   │  spreadsheet to BM   │
   │    of completed      │
   │ credit card payments │
   └─────────────────────┘
              │
              ▼
   ┌─────────────────────┐
   │ BM posts completed   │
   │ credit card payments │
   │   to Traffic System  │
   └─────────────────────┘
              │
              ▼
       ╭─────────────────╮
       │     Refer to     │
       │ MEC01M - Month-End│
       │  Close Process   │
       ╰─────────────────╯
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8. Procedure

The ABC credit card processing system is an Internet-based system provided by Paymentech. This system, titled **Orbital Virtual Terminal**, uses the Internet to create a direct terminal connection with the credit card processing system, and it includes a full range of features allowing the user to authorize and settle "Card Not Present" transactions.

Using the ABC credit card processing system, a Market can accept Visa and MasterCard from its customers as a payment method. Other credit card types are not accepted on our system, but may be considered in the future.

The BM in each ABC Market is responsible for all credit card transactions processed in that Market. The BM in each Market is also responsible for administering the system and for ensuring that the Orbital Virtual Terminal system logon ID and password are kept secure.

Upon initial setup on the system, the BM in each Market will be issued an **Orbital Gateway - Virtual Terminal Security Matrix** form, listing a user name and password for the system. Also, each BM receives the following:

- *Virtual Terminal Quick Reference Guide* (provided by Paymentech)

- *Orbital Virtual Terminal User Manual* (provided by Paymentech)

- ABC Company Inc. – Credit Card Authorization Form (hardcopy and electronically by e-mail)

Note: The transaction amount entered on the Credit Card Authorization Form represents the total amount of the advertising invoice plus any processing fee amount that the AE may have negotiated as part of the sales price of the underlying contract.

Follow the procedure in this section to process credit card payments.

8.1 Account Executive Completes Credit Card Authorization Form

AE completes credit card information on the Credit Card Authorization Form using details provided by the customer.

Note: ABC requires that cash or check be accepted as the primary and preferred payment method. The AE discusses this policy with the customer before providing the Credit Card Authorization Form. Refer to Section 5 for policy details.

The AE routes the completed Credit Card Authorization Form to the BM.

8.2 Business Manager Verifies That Form Is Complete

The BM determines whether the customer has authorized the credit card payment, as evidenced by their signature.

8.2.1 Form Is Incomplete

If the form is incomplete, the BM returns it to the AE. The AE reviews the form with the customer to correct the problem, and resubmits it to the BM.

8.2.2 Form Is Complete

If the form is complete, continue with the procedure in Section 8.3.

When the application is complete, the BM records the credit card information using the Paymentech System.

8.3 Business Manager Inputs Credit Card Information

When the application is complete, the BM records the credit card information using the Paymentech System.

1. Log onto the Orbital system. Refer to the "Getting Started" section on page 5 of the *Orbital Virtual Terminal Merchant User Guide* for instructions on logging onto the system. The "Group," "User Name," and "Password" required for log in are listed on the Orbital Gateway Virtual Terminal Security Matrix form.

    Following logon, the Orbital system defaults to the **New Order Entry** screen.

2. Input the credit card information obtained from the customer and provided on the Credit Card Authorization Form. All information fields under the **"Mandatory"** section of the **New Order Entry** screen must be completed for the system to accept the transaction. The "Order ID #" field should be completed with a Market name abbreviation and the date of the transaction (such as "ATL 12-31-01").

3. After all the information is entered, select the **Auth and Capture** button. **Auth and Capture** instructs the system to request an authorization for the transaction from the credit card company and, after receipt of the authorization, prepares the transaction for settlement, termed "marking the transaction for capture" by the system. DO NOT use the **Submit Auth** button.

    Notes:

    *   Credit card transactions can be entered to the system between the hours of 6 A.M. and 11 P.M. on a business day. No credit card transactions can be entered on the final three business days of a month or on weekends.

    *   The Market's daily credit card transactions are automatically batched and processed by the application at 12:30 A.M. on the following day.

    *   The transaction is settled and funds are deposited to the ABC Corporate account, generally two business days following the submission date.

Note: Credit card transactions should not be processed on the last three business days of the month.

8.4 Business Manager Records Authorization Code

For each transaction entered and authorization requested, the system issues an authorization Approval or Disapproval code. The BM writes the Approval or Disapproval authorization number received on the system on the bottom of the Credit Card Authorization Form.

Transactions that receive a Disapproval code are not processed, and no deposit is made. The related advertising schedule for customers whose credit cards have been disapproved should be pulled immediately from traffic. The AE contacts the customer to let them know the customer credit card was disapproved and arranges payment by cash (greenbacks), money order, or cashiers check. Until payment is received, customer is not allowed to run advertising schedule.

8.5   Business Manager Prints View Order Transaction Detail

For each transaction processed on the system, the BM is responsible for printing a "View Order" transaction detail sheet from the system as a record of the transaction. This transaction detail sheet serves as the Market's posting source to the Traffic System, and as proof that the credit card payment transaction has been authorized in the system. In the event a customer requests a receipt for the transaction, a copy of this detail can be provided.

The "View Order" can be found under the **Open Batch** screen in the application after a transaction has been submitted for authorization and marked for capture. Obtain the View Order Detail by first selecting an open transaction from the **Open Batch** screen (a box is provided on the left of each transaction to select the transaction), and then select the **"View Order"** button at the bottom of the screen. Print the View Order Transaction Detail for your records.

8.6   Business Manager Settles Credit Card Transactions

After all credit card transactions to be processed on a particular day have been entered and the View Order Transaction Detail printed, the transactions must be settled (captured) on the system. Settling a transaction on the Orbital system instructs the credit card processing company to process the payment, and it instructs the bank to deposit the money to our account.

1. From the **Open Batch** screen, select all transactions by using the button box to the left of each transaction.

2. Click **Settle** at the bottom of the screen. The system produces a Summary Total screen that lists the total dollars of the batch and the total number of transactions.

3. BM performs a transaction count of the detail sheets and a tally of the total dollars to double-check the day's transactions.

4. BMs must keep all original customer credit card authorization forms in the current month file and verify against the Corporate credit card listing that all customer's credit card payments have been entered for the month.

8.7   Corporate E-Mails Business Manager Monthly Credit Card Spreadsheet

As part of the month-end process, Corporate Accounting e-mails a spreadsheet to the BM that summarizes the amount of credit card payments collected by Market, by day. This spreadsheet is usually sent two days prior to the end of the month. The BM uses this document to verify that the amount of money posted to the Traffic System as credit card deposits matches the amount of money collected in the Corporate Credit Card account.

Note: No credit card transactions are entered on the final three business days of the month to accommodate the month-end process.

Cash deposits from all the Market's settled credit card transactions are deposited to a central bank account maintained by the Corporate office. Credit card deposits are not deposited to the Market's US Bank lockbox account and, as such, are not recorded by the Market as a regular lockbox deposit. Credit card deposits are not entered in the "cash worksheet" tab or "other cash receipts" tab on the Month-End Close Template.

8.8   Business Manager Posts Credit Card Payments to Traffic System

When posting credit card payments to the Traffic System, only the net amount due from the advertising contract is entered. Do not deduct the 2 percent processing fee charged to ABC by the credit card company. Also, when a customer has paid the 2 percent processing fee, do not bill this amount through the Traffic System.

Only settled credit card transactions for which the company has received the transaction deposit are posted to the Traffic System as a cash receipt.

Credit card payments for a given month are entered in the Market's Traffic System using the date of the second calendar Saturday of the deposit month as the receipt date. For example, for the month of April 2004, all credit card transactions processed and settled in April should be posted to the Traffic System using a receipt date of Saturday, April 10, 2004. Also, when posting credit card receipts, the words "Credit Card" should be entered to the check number field in the Traffic System to identify the receipt as a credit card payment.

The amount posted in the Traffic System to an account collected by credit card should equal the amount invoiced, regardless of the amount ultimately charged to the customer's credit card. No adjustments are made for the 2 percent processing fee involved. In cases where the customer has agreed to pay the 2 percent processing fee on top of the advertising contract, the amount applied against the customers account in the AR System will not equal the amount charged to the customer's credit card.