



Establishing and Maintaining Credit Card Merchant Accounts

Purpose

This document describes how to create and process credit card payments using credit card/merchant accounts.

Background

Credit card/merchant accounts are established to process credit card payments for income related to project activity. Income from the credit card/merchant account is automatically transferred to a checking account that is established in the name of the Research Foundation (RF). Operating locations then transfer the revenue to the RF corporate banking account, from which it can be posted to the appropriate award.

Establishing a Credit Card/Merchant Account

To establish the credit card/merchant account, you will need to establish both a checking account and the credit card/merchant account. Income from the credit card/merchant account will be automatically transferred to the checking account. The process for establishing each type of account is listed in the sections that follow.

Note: Only projects with an infrastructure that will allow them to coordinate the credit card requirements and process should be allowed to establish credit card/merchant accounts.

Establishing the Checking Account

Submit a "[Bank Account Request Form](#)" to central office requesting approval to establish a regular checking account at Key Bank. Refer to the procedure, "[Establishing and Monitoring Bank Accounts and Petty Cash Funds](#)" for detailed instructions.

Important! In the purpose section of the "[Bank Account Request Form](#)," state that the account will be used in conjunction with a credit card/merchant account and list the reasons why you are establishing the account.

Establishing the Credit Card/Merchant Account

Step	Action
1	Central office will provide the campus with a phone number and a contact person at NOVA Information Services to discuss the establishment of the credit card/merchant account.

	NOVA Information Services will provide information on the type of credit card processing equipment that is needed, and the fees that are involved in setting up and maintaining the account. NOVA will also send the operating location paperwork for setting up the account.
2	The requestor completes the paperwork and sends it to central office for final approval. The account must be set up in the name of the Research Foundation.
3	Central office approves the account and sends the paperwork to NOVA to initiate the account creation.

Processing Credit Card Payments

Who Can Process Credit Card Payments

It is recommended that the project area process the credit card payments.

Fees

Income processed with credit card payments will be reduced by the fees assessed by NOVA. Fees are based on the level of account activity. Once a month, NOVA will debit the checking account for fees associated with the sales for the month. The operating location will want to hold back a small reserve (approximately 3-5%) in the checking account to cover fees and unanticipated fees/debits from NOVA.

Process

When payment is made using a credit card, the project income is deposited into the merchant account and the amount is credited to the checking account on a daily basis or as activity occurs. This is an automatic ACH transaction from the merchant account into the checking account.

On a monthly basis, the operating location must write a check to transfer revenue to the RF corporate banking account. The operating location or central office will post the cash to the appropriate award (see "[Cash Receipts Function](#)" for detailed instructions).

Note: Since customers have the right to challenge credit card assessments to their charge card, the operating location may want to delay the monthly transfer until they are assured that all monthly debits have been deducted from the checking account. Unexpected debits will result in the checking account being overdrawn. It is important to continually monitor activity in the checking account (see the "Monitoring Credit Card/Merchant Account Activity" section below).

Monitoring Credit Card/Merchant Account Activity

Review Daily and Monthly Activity

Key Bank and NOVA provide a monthly statement of account activity. Online access is also available for both accounts and it is recommended that operating locations check the accounts daily.

Bank Reconciliation

Both the merchant and the checking account must be reconciled on a monthly basis. The operations manager or delegate must ensure that the operating location bank account and credit card/merchant account statement is reconciled. A recommended bank reconciliation format is included in EPSS under General Accounting > Forms > Bank Reconciliation Form. Reconciliation of the accounts must be performed by project personnel other than the project director (or whoever deposits funds and authorizes cash disbursements.)

On an annual basis, the operating location must provide to central office a bank reconciliation for both accounts to be used for its annual financial audit.

Change History

- July 7, 2005 - New Document.

Feedback

Was this document clear and easy to follow? Please send your feedback to webfeedback@rfsuny.org.

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