

Financial Reporting

*Merchant Card Services
Office of Business and Financial Services*

Welcome!

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Introduction

Payment Card Revenue

Payment card transaction totals are posted daily in the University financial reporting system.

Payment Card Fees - Each payment card transaction is assessed a fee called a discount rate determined by:

- the card-issuing bank
- the type of card used (debit vs. credit)
- the amount of the transaction
- the timeline of transaction authorization and settlement for bank deposit, and overall perceived risk of the transaction (**Card “Present”** or **Card “Not Present”**). The payment card fees are posted to the department CFOAP account monthly by the University Accounting department.

Reconciliation - Each merchant is responsible for reconciling internal sales records to the amounts posted to the University financial system.

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Payment Card Procedures-Depositing and Reporting Payment Card Sales:

- Merchants must process payment card sales transactions using University approved electronic data terminals, registers, or approved e-commerce systems.
- Merchants will complete all payment card transaction settlements at the end of each business day, resulting in a batch settlement report. *Failure to settle terminal/ POS transactions at end of business day could result in [chargebacks](#), which is a loss of transaction revenue, debit to department funds, CFOAP.*
- The batch settlement report is attached to the individual sales receipts. (filed as required by [data retention and disposal](#) policy).

Merchants must also maintain a log of the daily sales transactions.

- The payment card terminal electronically transmits daily transaction activity directly to the bank the same day the transactions have been settled.
- A daily settlement file is obtained from the merchant [acquirer](#). The settlement file contains all batched transactions from the previous day. The University's financial system Banner, creates general ledger feeder based on the transactions batched in settlement.

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Payment Card Procedures-Depositing and Reporting Payment Card Sales:

- Merchant Card Services receives the settlement file and creates the transaction batched settlement file to create the feed for the Banner general ledger.
- Chargebacks and transaction rejects are charged at the end of the month to the merchant's CFOAP by University Accounting.
- Notifications are sent to the dispute resolution or financial reporting unit contacts for the noted bank reports reflecting chargebacks and transactions that have been rejected (***when no revenue/funds have been posted to the department internal funds account***).
- Merchants should perform a monthly reconciliation to ensure the payment card sales recorded in a transaction log, balances to the amounts posted to the University financial system, Banner.
- The monthly reconciliation worksheets should be maintained in a department file.

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Payment Card Procedures-Depositing and Reporting Payment Card Sales:

- Merchants using a clearing fund to record the initial sales transactions are responsible for preparing journal entries to distribute the revenue internally.
- Also, merchants are responsible for ensuring that the clearing fund reconciles to a zero balance at the end of each month.

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Payment Card Sales (revenue) and Fees are recorded in University's Financial System, Banner:

See Merchant Card Services website for reference guide and job aid for accessing department payment card (credit/debit) sales (revenue) and fees at,

Training Resources

Reference Guides/Job Aids, [Payment Credit/Debit Card Sales](#)

Audit Control Reminders

Noted Top Internal Audit Findings,

- Excessive access rights
- Segregation of duties
- Access control compliance with procedures
- Lack of audit trails, records, and logging
- Lack of documentation of controls
- Lack of clean up of access rules following a transfer or termination
- Lack of review of audit trails
- Lack of security awareness programs
- Lack of documented security policies and supporting guidelines and procedures

Audit Control Reminders

University Audits reminders to improve the University's Control Environment:

- Accuracy counts...take your time
- Use expectations or errors as an opportunity to teach what's right
- Don't let abuse or misuse go
- Don't be a party to circumvention of controls

Contact Information

If you have any questions concerning payment card financial reporting, please contact Merchant Card Services by email at merchantcardhelp@uillinois.edu, or by phone at 217-244-9384 or by Fax at 217-239-6719.

Thank You!