MISSISSIPPI DEPARTMENT OF FINANCE AND ADMINISTRATION
ADMINISTRATIVE RULE
PAYMENT BY CREDIT CARD, CHARGE CARD, DEBIT CARDS OR OTHER FORMS OF ELECTRONIC PAYMENT OF AMOUNTS OWED TO STATE AGENCIES

The Department of Finance and Administration (DFA) has established the following administrative rule to be followed when agencies, in accordance with §27-104-33, Mississippi Code of 1972, Annotated, elect to accept payments by credit cards, charge cards, debit cards, electronic check, and other forms of electronic payment for various services and fees collectible for agency purposes.

I. Definitions

A. Electronic payments: Consumer and business initiated payments, whether made through the Internet or in person, for various services and fees using any of the following payment instruments: credit cards, bank cards, charge cards, debit cards, electronic checks, direct debits via electronic funds transfer.

B. ACH: Automated Clearing House. Affiliated with the U. S. Treasury and the Federal Reserve System and used as the conduit for electronic payments and collections. The ACH is the settlement vehicle for electronic payments. The ACH is also used to transport direct debit and credit transactions to consumer bank accounts.

C. Application Service Provider (ASP): Web hosting arrangement of an application for a specific agency purpose or operation.

1. An Agency may be its own ASP or an ASP may be an outsourced arrangement.

2. Mississippi.gov (ITS) is the ASP for most applications covered by this rule.

D. DFA: Mississippi Department of Finance and Administration.

E. Existing Agreements: Individual agreements in place for the acceptance of electronic payments prior to the implementation of this policy.

F. EOC Fee: Electronic Government Oversight Committee (EOC) Fee. This portion of the convenience fee is used to offset the costs associated with providing electronic services and operating the electronic portal at ITS. §25-53-151 (2) of the Mississippi Code defines the EOC.

G. Consumer: Consumer, for purposes of these rules, may be any individual person or business representative who initiates a transaction involving electronic payment.

H. Convenience Fee: Convenience fee is the payment-processing fee as calculated and approved by the Department of Finance and Administration (DFA) plus any fee approved by the EOC. No other fees will be defined as convenience fees. All

transactions must include a convenience fee unless DFA has granted express written approval for the Agency to absorb the payment processing and/or EOC costs associated with the specific transaction.

I. ITS: Mississippi Department of Information Technology Services.

J. Point of Sale: Point of Sale (POS). Payments made "over the counter" for fees or services. For the purposes of electronic payments in Mississippi, agencies desiring to accept "over the counter" electronic payments must have a POS application. POS applications may be:

1. A web-based system where all payment information is keyed into application by the client or agency representative;

2. A "card swipe" application similar to those found in commercial enterprises.

K. SAAS: Statewide Automated Accounting System.

L. SPI: SAAS Payment Interface. The SPI defines the accounting entries used to record all electronic payment transactions.

M. Senate Bill 2422, Laws of 2001: The Department of Finance and Administration shall establish policies that allow the payment of various fees and other accounts receivable to state agencies by credit cards, charge cards, debit cards and other forms of electronic payment in the discretion of the department. Any fees or charges associated with the use of such electronic payments shall be assessed to the user of the electronic payment as an additional charge for processing the electronic payment, so that the user will pay the full cost of using the electronic payment. This was codified as §27-104-33 and was amended by House Bill 738, Laws of 2005.

N. House Bill 738, Laws of 2005: Agencies, with the approval of the Department of Finance and Administration, may bear the full cost of processing electronic payments if the agency can demonstrate to the Department's satisfaction that they are able to assume these costs and provide the related service for the same or lesser cost.

O. Record Keeping: An agency must establish and maintain financial records and keep them available for the purposes of audit. The record keeping procedures must include the capture of the details of the electronic payments, associated fees, and supporting reconciliation documentation.

II. Payment Applications – Fees Paid By Consumer

A. Agency applications accepting payments shall use the third party electronic payment processor designated by DFA to accept electronic payments for various services and fees collectible for agency purposes unless express written approval is given by DFA for the use of an alternate payment processor.

1. Designated payment processor is to be used regardless of whether the particular application is a POS application, an application hosted through the Mississippi.gov infrastructure or an application hosted through other ASPs.

2. Rules for obtaining approval of an alternate payment processor are found in section IV.

B. The services provided by the processor and the fees for such services shall be set forth in the contract for such services approved by the State.

C. Funds will be deposited in the account designated by the State Treasurer and transferred to the designated agency funds in SAAS once the bank deposit is balanced.

D. The payment processor will support including, as a separate line item, the convenience fee to the service or fee payment due the agency.

E. DFA will provide the software components to be used by agency applications in calculation of the convenience fee associated with a particular fee or service payment.

1. The standard calculation used by the software ensures the total cost to process the electronic payment is passed to the consumer.

2. The software components are collectively known as the "charges client".

F. The application must inform the consumer of the total amount of the convenience fee that will be added to the fee or service billing before such charges are assessed. The consumer must be able to cancel the transaction at this point without any fees being assessed.

G. The convenience fee shall be plainly included and identified on the electronic receipt provided to the consumer.

H. The convenience fees charged to the consumer and noted in the financial records for verification purposes:

1. Will be recorded in SAAS as a revenue receipt in a DFA fund (known as the Mississippi.Gov Portal Fees Fund).

2. Will not flow through agency accounting journals.

I. The portion of the convenience fee owed the electronic payment processor shall be directly withheld by the processor then aggregated with other fees for that application and recorded appropriately as an expenditure transaction against the Mississippi.Gov Portal Fees Fund.

J. Any rejected items returned by the designated third party processor to DFA will be

forwarded to the appropriate agency for handling after being netted out of the settlement for the day.

K. Revenues for all fees and services shall be recorded at gross in SAAS as revenue as specified by the agency on the SAAS electronic payment distribution tables.

L. Actual processing costs to include fees for authorization, settlement, and Electronic Government Oversight fees, will be recorded as expenditures as specified by the agency on the SAAS electronic payment distribution tables.

III. Payment Applications – Fees Paid By Agency

A. Agencies desiring to pay all fees associated with electronic processing of payments must demonstrate to DFA their ability to do so and receive express written approval from DFA. Requirements for requesting approval are outlined in section VI of these rules.

B. Agency applications accepting payments shall use the third party electronic payment processor designated by DFA to accept electronic payments for various services and fees collectible for agency purposes unless express written approval is given by DFA for the use of an alternate payment processor.

1. Designated payment processor is to be used regardless of whether the particular application is a POS application, an application hosted through the Mississippi.gov infrastructure or an application hosted through other ASPs.

2. Rules for obtaining approval of an alternate payment processor are found in section IV.

C. The services provided by the processor and the fees for such services shall be set forth in the contract for such services approved by the State.

D. Funds will be deposited in the account designated by the State Treasurer and transferred to the designated agency funds in SAAS once the bank deposit is balanced.

E. Revenues for all fees and services shall be recorded at gross in SAAS as revenue as specified by the agency on the SAAS electronic payment distribution tables.

F. Actual processing fees to include fees for authorization, settlement, and Electronic Government Oversight fees, will be recorded as expenditures as specified by the agency on the SPI distribution tables. These fees will be applied against the day's settlement for the agency.

G. Any rejected items returned by the designated third party credit card and/or other electronic processor to DFA will be forwarded to the appropriate agency for handling after being netted out of the settlement for the day.

IV. Approval of an Alternate Payment Processor

A. An agency wishing to use an alternate payment processor must submit a written request to the Department of Finance and Administration, Director, Office of Fiscal Management, 501 North West Street, Suite 1101-B, Jackson, MS 39201.

B. The written request must state:

1. The reason(s) the State-approved payment processor is not suitable for the agency application;

2. The impact if the request is not granted.

C. The application must be approved prior to entering into the procurement process for the alternate payment processing services.

D. The agency must state what processors are available that meet their needs.

E. The agency must describe the agency application including:

1. The agency program supported;

2. The items (services and fees) offered for sale;

3. The individual item costs;

4. The request must include an estimate of usage of the processor (i.e. the number of transactions that will occur per fiscal year);

5. An estimate of the processing costs "per transaction " for the items to be sold;

6. The costs associated with the use of an alternate payment processor including, but not limited to, purchased and leased equipment, training, and contractual services.

F. The agency must acknowledge that if DFA approves for the agency to pursue alternate payment processing services:

1. Funds will be deposited in the account designated by the State Treasurer and transferred to the designated agency funds in SAAS once the bank deposit is balanced.

2. Any request for an exception to this must be clearly documented in the request for the use of the alternate payment processor.

G. The service must be legally procured following the rules for technology procurement. ASP services are considered e-government services and are within the purview of ITS

even if those services are offered at no cost to the agency:

1. DFA will be an active participant in the procurement, implementation, and acceptance of the alternate payment processor before the application supported is placed into production operations;

2. DFA, at their discretion, may require that they be a party to the contract.

H. The alternate payment processor must work with DFA to interface daily settled transactions and any associated fees into SAAS via the Cash Receipts (CR) interface or the SPI.

I. Agencies are still required to collect any State required fees, such as EOC fees.

J. Approval under this section shall not relieve an agency of their responsibility concerning other sections of this rule.

V. Other Uses of Electronic Payment

A. Agencies presently accepting electronic payments in any form other than through the State-approved payment processor will be allowed to continue their present arrangements until the end of their current contracts or until June 30, 2007, whichever occurs first.

B. Agencies will not be allowed to renew these agreements without the express approval of DFA according to section IV of this rule.

C. Within these existing agreements, processing costs for electronic payment transactions and the EOC fee are subject to §27-104-33, Mississippi Code of 1972, Annotated, and must be correctly recorded in SAAS.

D. EOC fees collected must be transferred to the Mississippi.Gov Portal Fees Fund (Agency 130, Fund 3126).

VI. Approval for All Fees To Be Paid By Agency

A. An agency wishing to obtain approval to bear the full cost of processing electronic payments should address the written request to the Department of Finance and Administration, Director, Office of Fiscal Management, 501 North West Street, Suite 1101-B, Jackson, MS 39201.

B. The request must state whether the application is web-based or of another type (example: submission of a file of EFT debits for mortgage payments).

C. The agency must describe the agency application including:

1. The agency program supported;

2. The items (services) offered for sale or collection;

3. The individual item costs;

4. An estimate of the processing cost "per transaction " for the items (services) to be sold.

D. The agency must state whether the agency or the consumer will pay the EOC fee.

E. The agency request must clearly:

1. Document whether the request is for an application where the consumer can purchase only a single item or service at a time (example: drivers' license renewals) or a shopping cart model where multiple items may be purchased (example: hunting and fishing);

2. Demonstrate a dollar neutral cost or cost savings to the agency for absorbing the processing fees rather than having the consumer pay the fees projected over a fiscal year. All assumptions must be documented;

3. Demonstrate that the funds to defray the total cost of electronic processing will be available projected over a fiscal year. All assumptions must be documented.

F. The agency must acknowledge that they will be required to set aside cash/authority at a specified minimum limit in a specified fund to cover expenses (debits) associated with their transactions for the following:

1. Authorization and settlement fees;

2. Refunds;

3. Chargebacks;

4. Voids;

5. Returned items charges.

G. Approval under this section implies that the agency accepts and understands that the application will not be released to production until such time as complete end-to-end testing is approved by DFA.

1. Testing will include financial settlement testing of all payment types.

2. Testing will include refunds and chargebacks.

3. Testing will include full reconciliation using the procedures developed by the agency for that purpose.

VII. Waiver of the EOC Fee

A. All requests to waive EOC fees must be addressed to ITS, Attention: E-government Oversight, 301 North Lamar Street, Suite 508, Jackson, MS 39202.