



## MISSISSIPPI DEPARTMENT OF FINANCE & ADMINISTRATION

Title 12:	Finance & Administration
Part 4:	MS Management Reporting Systems
Part 4 Chapter 1:	Mandatory Electronic Payment of Vendors and Electronic Invoicing by Vendors

### **Rule 1.1 General Purpose**

- A. The Mississippi Department of Finance and Administration (DFA) serves as the primary executive branch agency for fiscal management. Under §7-7-41, the State Fiscal Officer has the authority to prescribe rules and regulations concerning the issuance of warrants and other forms of payments for all departments, institutions and agencies of the state. Unless otherwise noted, this rule establishes that vendors of the State of Mississippi shall invoice electronically, be paid electronically, and shall be provided the supporting remittance detail by electronic means.
- B. This rule is a means for reducing the costs to produce paper warrants and remittance advices. The State has documented significant savings in the move to electronic payment and remittance. The State avoids the costs associated with printing, sorting, distributing, copying, and mailing warrants. Additionally, the State has determined that there are reduced opportunities for fraud and lost payments under this means of payment and remittance. This rule is also a means of expediting the delivery and processing of vendor issued invoices by agencies.
- C. Vendors benefit by receiving notification of pending deposits of funds and have options for interfacing the remittance data from the State into their accounts receivable systems. Vendors also benefit by submitting online invoices or importing a file of invoices to agencies, thus eliminating the costs associated with paper invoices.

Source: §7-7-41, 27-104-33, 31-7-301

### **Rule 1.2 Definitions**

- A. 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.
- B. EFT: Electronic Funds Transfer. Electronic Funds Transfer (EFT) provides for electronic payments and collections. EFT is safe, secure, efficient, and less expensive than paper check payments and collections. Issuance costs for EFT payments are approximately 80% less than the cost to issue the same payment on a paper warrant. EFT transactions use the ACH network associated with the Federal Reserve System.
  1. The State of Mississippi uses "standard EFT" for transferring funds to employee bank accounts for direct deposit of payroll payments and for some transfers to checking accounts of State agencies.

2. The State uses expanded EFT in the transfer of funds and remittance information using PayMode™. The State has established PayMode™ as the default payment method for those payments and transfers requiring supporting remittance information.
- C. E-payment vehicle: Tool that captures the payment and remittance information and pushes it electronically to the designated vendor from the source system (Statewide Automated Accounting System or successor system). The ACH is used to move the funds while a proprietary system is used to provide access to supporting remittance data and notification of the availability of funds to the State's vendors.
- D. E-invoicing vehicle: Tool that allows vendors to submit invoices electronically to individual agencies.
- E. MAGIC: Mississippi's Accountability System for Government Information and Collaboration, the successor system for SAAS and SPAHRS.
- F. PayMode™: A Bottomline Technologies product offered through Bank of America, PayMode™ is the State's present repayment and re-invoicing vehicle.
- G. Primary Agency: State agency with which a vendor transacts most of his business.
- H. SAAS: Statewide Automated Accounting System.
- I. SPAHRS: Statewide Payroll and Human Resource System.
- J. Vendor Payments: Payments initiated and approved by State Agencies for various goods and services or as used to transfer funds to other governing authorities such as school districts, cities, and counties.

Source: §7-7-41

### **Rule 1.3 Contract Language Requirements**

All contracts, other than those for contract workers paid through SPAHRS, entered into or amended on or after July 1, 2009, must contain the following combined language for e-Payment and e-Invoicing:

*The State requires the Contractor to submit invoices electronically throughout the term of the agreement. Vendor invoices shall be submitted to the state agency using the processes and procedures identified by the State. Payments by state agencies using the Statewide Automated Accounting System (SAAS), or any specific successor system (MAGIC) shall be made and remittance information provided electronically as directed by the State. These payments shall be deposited into the bank account of the Contractor's choice. Contractor understands and agrees that the State is exempt from the payment of taxes. All payments shall be in United States currency.*

Source: §7-7-41

### **Rule 1.4 Requirements for Transitioning to E-payment Vehicle**

- A. All vendors set up as of April 1, 2006, for payment through standard EFT, unless otherwise approved as an exemption, must be enrolled in PayMode™.
- B. All vendors established as new vendors in the Statewide Automated Accounting System (SAAS) on or after April 1, 2006 must be established for e-payment and remittance via PayMode™.
- C. All remaining SAAS vendors, unless specifically exempted, must convert to

- PayMode™ on the schedule determined by the DFA.
- D. To register for PayMode™, vendors should go to the Bank of America's™ enrollment website at <http://v.pyinode.com/mississippi>.
1. Vendor must have a valid email address in order to enroll with PayMode™. This email address can be obtained through one of the free email services such as Yahoo, Gmail, or Hotmail.
  2. Vendor must have access to a computer. As computers are generally accessible in all businesses, as well as in Public Libraries or other public forums, no exemption will be granted for having only limited or no access to a computer.
  3. Vendor may request assistance in enrolling with the State's e-payment service provider by contacting PayMode Customer Support at 1-866-2527366.

Source: §7-7-41

### **Rule 1.5 Requirements for Transitioning to E-invoicing**

- A. All vendors who contract with a state agency must agree to invoice the State electronically through PayMode.
- B. To register for PayMode E-invoicing, vendors must first register with PayMode for E-payment.
- C. Vendors must then complete additional information on the PayMode website to enroll in E-invoicing.
- D. Vendors may request assistance in enrolling in PayMode E-invoicing by contacting PayMode Customer Support at 1-866-252-7366.

Source: §7-7-41

### **Rule 1.6 Exemptions**

- A. The following are exemptions from this rule:
1. Payments to State employees as defined in §25-9-107;
  2. Payments to Contract Workers — note that Independent Contractors are not exempt from this rule (Additional information about Independent Contractor vs Employee may be found in IRS Publication 15A);
  3. Payments to Vendors specifically approved for "one of payments using the specific vendor number designated for that purpose by the Office of Fiscal Management;
  4. Right-of-Way acquisition payments made by the Mississippi Department of Transportation;
  5. Debt service payments made by the Office of the State Treasurer;
  6. Tax payments to the Internal Revenue Service (standard EFT);
  7. Tax payments to the Mississippi Department of Revenue (standard EFT);
  8. Transfers to the Public Employees Retirement System of Mississippi (standard EFT)
  9. Transfers to the Mississippi Deferred Compensation and Trust/SBA

(standard EFT);

10. Payments to vendors who are approved for exemption by DFA (see VI.B).

B. To apply for an exemption not listed in VI.A.(1 — 9), the vendor can obtain a Mandatory E-Payment and E-Invoicing Exemption Request 17.10.20 from the Vendor's Primary Agency.

C. Mandatory E-Payment and E-Invoicing Exemption Request 17.10.20 must detail the following:

1. Reason(s) exemption is being requested. This must be a narrative explanation of the reason for the request;
2. Documentation of supporting cost and legal issues associated with the request for the exemption.

D. DFA will issue a written determination within 10 business days of the receipt of the exemption request. The written determination of DFA will be considered the final determination.

Source: §7-7-41

## **Part IV Chapter 2 Payments by Credit Card, Charge Card, Debit Cards or Other Forms of Electronic Payment of Amount Owed to State Agencies**

**Rule 2.1 Authority** 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.

The State 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.

Agencies with the approval of the Department of Finance and Administration may bear the full cost of processing such electronic payment 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.

Source: §27-104-33

## Rule 2.2. 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, or 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): An application service provider (ASP) provides computer-based services to customers over a network. The most limited definition is that of providing access to a particular application program (such as license renewals, registrations, etc.) using a standard protocol such as HTTP. ASP applications for purposes of this rule are those which accept electronic payments either through a browser-based application, or other revenue input sources.
- D. DFA: Mississippi Department of Finance and Administration.
- E. E-Government Transaction Fee: E-government Transaction Fee is the mark-up above any regulatory fee plus the cost of sales as agreed to in an agency specific Statement of Work (SOW). A description of the E-Government Transaction fee shall be included in the SOW. E-Government Transaction fees are disbursed by the State to the vendor on a daily basis. Additional/Supplemental fees above the E-Government Transaction fees must be described and itemized in the agency specific SOW.
- F. EOC FEE: Electronic Government Oversight Committee (EOC) Fee. This fee is used to offset the costs associated with providing electronic services and operating the electronic portal ([www.mississippi.00v](http://www.mississippi.00v)) at ITS. §25-53-151 (2) of the Mississippi Code defines the EOC. The original twenty-eight portal applications still collect this fee. On occasion, ITS has granted a written exemption of this fee for a specific Agency to absorb and directly remit the EOC fees associated with transactions for a specific application to DFA payable to the DFA – MS – Gov Portal Fees Fund. Henceforth, with new applications, the State collects 2% of the net operating profit each month through E-Government Transaction Fees. Those monies are deposited to the DFA – MS – Gov Portal Fees Fund on a monthly basis. The portal vendor is sent their portion of the fees on a daily basis.
- G. Consumer: Consumer, for purposes of these rules, may be any individual person or business representative who initiates a transaction involving electronic payment.
- H. Processing Fee: Processing fee is the payment-processing fee approved by the Department of Finance and Administration (DFA). ~~No processing fee~~: All transactions must include a unless DFA has granted express written approval for the Agency to absorb the payment processing costs associated with the transactions for a specific application and for the agency to remit those fees to DFA payable to the DFA – MS – Gov Portal Fees Fund.
- I. ITS: Mississippi Department of Information Technology Services.
- J. Point of Sale: Point of Sale (POS). Payments made "over the counter" for fees for 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: A web-based system where all payment information is

keyed into the application by the client or a "card swipe" application similar to those found in commercial enterprises. POS applications must be certified to meet PCI Compliance Standards.

- K. PPI: Portable Payment Interface: The PPI defines and creates the accounting entries used to record all electronic payment transactions in the State's accounting system.
- L. 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.
- M. Payment Card Industry — Data Security Standards: PCI-DSS is the result of collaboration between the major credit card brands to develop a single approach to safeguarding sensitive data. PCI-DSS defines a series of requirements for handling, transmitting, and storing sensitive data. The PCI-DSS standards can be found at <https://www.pcisecuritystandards.org/>.
- N. Revenue Input Source: Electronic transactions from Web-based, Point of Sale (POS), Interactive Voice Response (IVR), Over the Counter Sales, etc. §27-104-33. Payment by credit card, charge card, debit card, or other form of electronic payment amounts owed to state agencies.  
The State 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.  
Agencies with the approval of the Department of Finance and Administration may bear the full cost of processing such electronic payment 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. TPE – Transaction Processing Engine: TPE is a secure electronic payment solution built specifically for state and local government that provides complete transaction management services from payment to disbursement.
- P. Payment Processor: The company that settles approved payment transactions with the acquiring banks that issued the customer's credit/debit card or maintains the customer's bank account. The State's payment processor is Mississippi Interactive LLC (MSI) and they are the merchant of record with the credit card companies for maintaining the State's PCI compliance.

Source: §25-53-151 (2)

## **Rule 2.3 Approvals for Internet-based Applications and Services for State Agencies**

- A. E-government applications and services require additional review and approval by ITS and by DFA (in contrast to traditional software applications.) Because of the multiple costing models used by vendors for e-government applications, as well as the necessity for ensuring appropriate security for all public-facing applications, the normal ITS procurement delegations to agencies do not apply for these types of acquisitions. In addition, DFA must approve and schedule any implementations that involve payments. See 001-025 Approvals for Internet-based Applications and Services in the ITS Procurement Handbook.  
<http://dsitspe01.its.ms.gov/its/procman.nsf/TOC4?OpenView>

Source: §25-53-151 (2)

## **Rule 2.4 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 where the application is hosted (agency, ITS, third-party).
  2. Rules for obtaining approval of an alternate payment processor are found in Section V.
- B. The services provided by the processor and the fees for such services shall be set forth in the contract approved by the State. All such agreements are considered e-government agreements and are under the purview of ITS (see 001-020 Acquisitions within ITS Purview, item 3, in the ITS Procurement Handbook). The applications on MS.Gov operate under Project Number 37577. Agencies and the vendor will complete a detailed Statement of Work (SOW) describing provided services and the costs of the services, equipment rental, etc.

In most cases funds will be deposited in the account designated by the State Treasurer and transferred to the designated agency funds in the state's accounting system once the bank deposit is balanced. On a case by case basis, deposits may be made to an account outside the state treasury but detailed accounting instruction will be developed and implemented to ensure proper accountability.

- C. The Payment Processor will provide the software components to be used by agency applications in calculation of the processing fee associated with a particular fee or services payment.
- D. The Processing Fee is charged to the consumer and collected into DFA – MS – Gov Portal Fees Fund controlled by DFA and will not flow through the agency accounting journals. Those fees are reimbursed to the payment processor on a daily basis and are recorded as an expense transaction.
- E. The Processing Fee owed the electronic payment processor will be reimbursed to them on a daily basis. It will be recorded as an expenditure transaction against the Mississippi.Gov Portal Fees Fund.
- F. Any returned items received by DFA from the designated third party processor

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

- G. Revenues for all fees and services shall be recorded at gross in the state's accounting system of record as revenue, as specified by the agency on the accounting system's electronic payment distribution tables.
- H. Actual processing costs to include fees for authorization, settlement, Electronic Government Oversight fees and E-Government Transaction fees, will be recorded as expenditures as specified by the Agency on the accounting\_system's electronic payment distribution tables.
- J. Revenues for all fees and services shall be recorded at gross in the state's accounting system as revenue, as specified by the agency on the accounting system's electronic payment distribution tables.
  - K. 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.

Source: §25-53-151 (2)

#### **Rule 2.5. 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. The Electronic Government Oversight Committee must also approve this procedure and include it in the agencies cost model. Agencies must demonstrate they are able to assume the cost and provide the same service for the same or lesser cost of the pre-portal service. 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](http://Mississippi.gov) infrastructure, or an application hosted through other ASPs.
  - 2. Rules for obtaining approval of an alternate payment processor are found in section V.
- C. The services provided by the processor and the fees for such services shall be set forth in the contract approved by the State. All such agreements are considered e- government agreements and are under the purview of ITS (see 001-020 Acquisitions within ITS Purview, item 3, in the ITS Procurement Handbook). <http://dsitspe01.its.ms.gov/its/procman.nsf/TOC4?OpenView>
- D. In most cases funds will be deposited in the account designated by the State Treasurer and transferred to the designated agency funds in the state's accounting system once the bank deposit is balanced. On a case by case basis, deposits may be made to an account outside the state treasury but detailed accounting instruction will be developed and implemented to ensure proper

accountability.

- E. 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.
- F. Revenues for all fees and services shall be recorded at gross in in the state's financial system of record as revenue as specified by the agency on the financial system of record electronic payment distribution tables.
- G. Actual processing fees to include fees for authorization, settlement, and other fees, will be recorded as expenditures as specified by the agency on the Portal Payment Interface (PPI) distribution tables. These fees will be applied against the day's settlement for the agency.
- H. Any returned items received from the designated third party credit card/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.

Source: §25-53-151 (2)

## **Rule 2.6 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, Office of Fiscal Management, Attn: Portal Transactions, 501 North West Street, Suite 701 B, Jackson, MS 39201. Request for an alternate payment processor will be coordinated through the EOC to ensure procurement procedures are followed and that cost model data can be included for future state projects.
- 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 by DFA prior to entering into the procurement process for the alternate payment processing services.
- D. The agency must state what payment processors are available that meet their needs. The agency will provide the appropriate Attestation of Compliance document from the vendor stating they comply with Payment Card Industry – Data Security Standards (PCI-DSS) and that the vendor will maintain those standards throughout the engagement with the agency.
- 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 estimated 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 through the alternate payment processor.
  - 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; and charges for refunds, return items, and PCI-DSS compliance.
- F. The agency must acknowledge that if DFA approves the agency's request 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 the state's financial system of record once the bank deposit is reconciled and balanced by the agency. DFA will not perform this reconciliation and will not approve the transfer of funds to the state's financial system until proof of reconciliation is provided.
  2. Any request for an exception to the above reconciliation requirement must be clearly documented in the request for the alternate payment processor.
- G. The service must be legally procured following the rules for technology procurement. All such 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. (See 001-020 Acquisitions within ITS Purview, item 3, in the ITS Procurement Handbook):  
<http://dsitspe01.its.ms.gov/its/procman.nsf/TOC4?OpenView>
1. DFA will be an active participant in the procurement, implementation, and acceptance of the alternate payment processor before the application supported is certified for production operations.
  2. DFA, at its discretion, may require that DFA be a party to the contract.
- H. The alternate payment processor and/or 3rd party vendor must work with DFA to interface daily settled transactions and any associated fees into state's accounting system via thePPI.
- I. Agencies are required to collect any State required fees, such as E-government Transaction Fees.
- J. Approval under this section shall not relieve an agency of its responsibility concerning other sections of this rule.

Source: §25-53-151 (2)

### **Rule 2.7 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, Office of Fiscal Management, Attn: Portal Transactions, 501 North West Street, Suite 701 — B, Jackson, MS 39201. This request will be coordinated with EOC to ensure the funding model approved by the EOC remains intact.
- B. The request must state whether the application is web-based or of another type (example:Point of Sale (POS), over the counter (OTC), subscription, Interactive Voice Recognition (IVR)).
- C. The agency must describe the agency application including:
  1. The agency program supported.
  2. The items (services) offered for sale or collections.
  3. The individual item costs.
  4. An estimate of the processing cost "per transaction" for the items (services) to be sold.
- D. 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 licenses).
  2. Demonstrate a dollar neutral cost or cost saving to the agency when

- 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.
- E. The agency must acknowledge that it will be required to set aside cash/authority at a specified minimum limit in a specified fund to cover expenses (debits) associated with the agency's transactions for the following:
  - 1. Authorization and settlements fees
  - 2. Refunds
  - 3. Chargebacks
  - 4. Voids
  - 5. Returned items charges
- F. Approval under this section implies that the agency accepts and understands that the application will not be certified for 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.

Source: §25-53-151 (2)

- A. Rule 2.8 Request a Waiver for E-Government Transactions Fees. An agency wishing to obtain approval for a waiver of E-Government Transaction Fees should address the written request to the Department of Information Technology Services, Attention: E-Government Oversight Committee, 3771 Eastwood Drive, Jackson, MS 39211.

If an agency is granted a waiver the agency should send a copy of the approval to The Department of Finance and Administration, Bureau of Financial Documents, P.O. Box 1060, Jackson, MS 39215-1060.

Source: §25-53-151 (2)

### **Rule 2.9 Third Party Processing and Fulfillment Costs**

- A. §7-7-9, Mississippi Code (Laws of 1972) states the following:
 

*"The Mississippi General Accounting Office shall maintain a complete system of general accounting to comprehend the financial transactions of every state department, division, officer, board, commission, institution or other agency owned or controlled by the state, except those agencies specifically exempted in Section 7-7-1, whether at the seat of government or not and whether the funds upon which they operate are channeled through the State Treasury or not, either through regular procedures having to do with the issuance of the State Fiscal Officer receipt warrants and disbursement warrants or through controls maintained through reports filed periodically as required by the State Fiscal*

*Officer in accordance with the reporting provisions contained in said Section 7-7-1.*

*All Transactions in public funds, as defined in Section 7-7-1, shall either be handled directly through the State Fiscal Officer and the State Treasury, or shall be reported to the State Fiscal Officer at the times and in the form prescribed by the State Fiscal Officer and the Legislative Budget Office, so that a complete and comprehensive system of accounts of the fiscal activities of all state governmental agencies shall be made available at all times in the General Accounting office.*

- B. This policy is established by the Department of Finance and Administration, Office of fiscal Management (OFM) for direct or indirect payment to vendors to support internal business functions in the fulfillment of orders and completion of transactions initiated in person or through the Internet. These transactions may include, but are not limited to, the collection of taxes, issuance of licenses, production of reports, and other collections or payments for services that are conducted by agencies in their normal course of business.
- C. Any cost incurred directly (by an agency) or indirectly (passed directly to the consumer) for a party to complete agency business transactions must be reflected as a cost of doing business for this agency. To do otherwise would not fully disclose costs of the State to conduct business or reflect revenue generated by a vendor who is providing services under contract for the State of Mississippi. Likewise, any charge to the consumer for processing these transactions should be recognized by the agency as revenue.
- D. Agencies will report revenues and expenses on a Journal Voucher (JV) according to the Mississippi Agency Accounting Policy and Procedure (MAAPP) Manual, Section 16. The JV will be created within 5 workdays of the end of the fiscal quarter.

Source: §7-7-9

#### **Rule 2.10. Payment Card Industry — Data Security Standards (PCI-DSS)**

- A. State agencies accepting credit and/or debit cards through an approved alternate payment processor will comply with Payment Card Industry — Data Security Standards (PCI- DSS) to safeguard cardholder and sensitive cardholder data, regardless of revenue input source. (e.g. Internet application, point-of-sale, Interactive Voice Recognition System, etc. Agencies must provide to DFA yearly, proof of the alternate processor's compliance with PCI-DSS.

Source: 27-104-33

**Rule 2.11. Development/Hosting Options and Ultimate Responsibility for PCI-DSS and Fines and Penalties**

- A. Through a contracted partnership with NIC and Mississippi Interactive (MSI), DFA now provides payment processing services through RFP 3564, Project Number 37577, Statement Of Work 001, Payment Processor Solution. MSI/NIC is the official "Merchant of Record" for payments processed online through the Common Checkout Page (CCP) and Transaction Processing Engine (TPE), reducing the PCI-DSS compliance responsibility for the State of Mississippi by locating the software and hardware for payment processing at NIC's PCI Compliant data center. Agency's will be responsible for training their employees on proper handling of credit card data should they receive it in any other manner outside of the NIC provided solution. This includes completing SAQ A attesting that they have outsourced all electronic processing and properly trained employees. \*Please Note: CCP and TPE are components of NIC's PCI Compliant Payment Services that separate the state's online application from communicating directly with the payment processor.
  
- B. Responsibility for PCI-DSS continues for agencies that connect their applications to payment processors outside of TPE or CCP within in the state. Also, in the event that an application requires the manual handling or entry of credit card information by agency personnel, the agency is responsible for PCI compliance at the SAQ A level for all individuals within the agency processing those payments. For more information on PCI-DSS SAQ A, please visit: <https://www.pcisecuritystandards.org/> .

Source: §25-53-151 (2)

**Rule 2.12. Security Breaches and Notifications**

- A. In the event of a security breach, credit card or debit card data could be compromised. Agencies will immediately terminate the application/services to preserve evidence and notify:
  - 1. DFA's Chief Systems Information Officer at 601-359-6570.
  - 2. Mississippi Department of Information Technology Services, Security Division at 601-432-8180 and E-Government at (601) 432-1846.

3. Mississippi State Attorney General's Office, Consumer Protection Division at (601) 359-3680 or 1 (800) 281-4418 and the Cyber Crimes Division at (601) 359-3817.
- B. The agency shall notify their customers of the breach once law enforcement informs the agency that customer notification will not impede an investigation.
1. Agencies may notify customers using written notices or electronic notices. As a last resort, telephone notices can be given. Documentation that notices were provided, to whom they were provided, and when such notices were provided must be maintained by the Agency.
  2. The notice shall be clear and conspicuous and include:
    - a. A description of the incident in general terms.
    - b. The type of personal information subjected to unauthorized access or acquisition.
    - c. The general acts the agency has taken to protect the information from further unauthorized access.
    - d. A telephone number that the customer can call for further information.
    - e. Advice that directs the customer to remain vigilant by reviewing account statements and monitoring free credit reports or close an account.

Source: §25-53-151 (2)

**Rule 2.13. Appeal Process**

- A. An agency wishing to appeal a cease and desist letter must submit a written request to the Department of Finance and Administration, Director, Office of Fiscal Management, 501 North West Street, Suite 701 -B, Jackson, Ms 39201.
- B. The agency must provide the following information in the written request:
  1. The agency program supported.
  2. The items (services) offered for sale or collections.
  3. The individual item costs.
  4. An estimate of the processing cost "per transaction" for the items (services) to be sold.
  5. The number of items sold per year and the total cost of those items.
  6. A detailed description of how the system works.
  7. A detailed list of software operating on the system.
  8. A detailed list of equipment, including the name, model number, and purposed of the equipment.
  9. A detailed description of accounting entries made to account for revenue and processing and other fees.
- C. The agency must state whether the agency or the consumer pays the E-Government Transaction fee. The agency request must clearly:
  1. Document whether 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 licenses).
  2. Demonstrate a dollar neutral cost or cost saving to the agency when absorbing the processing fees rather than having the consumer pay the fees projected over a fiscal year if the agency is to pay the processing fees. All

assumptions must be documented. Cost data will be coordinated with the Electronic Oversight Committee.

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

D. If the agency is paying processing fees, 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 the agency's transactions for the following:

1. Authorization and settlements fees
2. Refunds
3. Chargebacks
4. Voids
5. Returned items charges

- E. The agency will also submit their PCI Self-Assessment Questionnaire, Remediation Plan, and cost estimates to correct deficiencies identified in the Remediation Plan. Once the agency information is reviewed, the agency will be given a written response to the appeal request.

Source: §25-53-151 (2)



## MISSISSIPPI DEPARTMENT OF FINANCE & ADMINISTRATION

Title 12:	Finance & Administration
Part 4:	MS Management Reporting Systems
Part 4 Chapter 1:	Mandatory Electronic Payment of Vendors and Electronic Invoicing by Vendors

### **Rule 1.1 General Purpose**

- D. The Mississippi Department of Finance and Administration (DFA) serves as the primary executive branch agency for fiscal management. Under §7-7-41, the State Fiscal Officer has the authority to prescribe rules and regulations concerning the issuance of warrants and other forms of payments for all departments, institutions and agencies of the state. Unless otherwise noted, this rule establishes that vendors of the State of Mississippi shall invoice electronically, be paid electronically, and shall be provided the supporting remittance detail by electronic means.
- E. This rule is a means for reducing the costs to produce paper warrants and remittance advices. The State has documented significant savings in the move to electronic payment and remittance. The State avoids the costs associated with printing, sorting, distributing, copying, and mailing warrants. Additionally, the State has determined that there are reduced opportunities for fraud and lost payments under this means of payment and remittance. This rule is also a means of expediting the delivery and processing of vendor issued invoices by agencies.
- F. Vendors benefit by receiving notification of pending deposits of funds and have options for interfacing the remittance data from the State into their accounts receivable systems. Vendors also benefit by submitting online invoices or importing a file of invoices to agencies, thus eliminating the costs associated with paper invoices.

Source: §7-7-41, 27-104-33, 31-7-301

### **Rule 1.2 Definitions**

- K. 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.
- L. EFT: Electronic Funds Transfer. Electronic Funds Transfer (EFT) provides for electronic payments and collections. EFT is safe, secure, efficient, and less expensive than paper check payments and collections. Issuance costs for EFT payments are approximately 80% less than the cost to issue the same payment on a paper warrant. EFT transactions use the ACH network associated with the Federal Reserve System.

1. The State of Mississippi uses "standard EFT" for transferring funds to employee bank accounts for direct deposit of payroll payments and for some transfers to checking accounts of State agencies.
  2. The State uses expanded EFT in the transfer of funds and remittance information using PayMode™. The State has established PayMode™ as the default payment method for those payments and transfers requiring supporting remittance information.
- M. E-payment vehicle: Tool that captures the payment and remittance information and pushes it electronically to the designated vendor from the source system (Statewide Automated Accounting System or successor system). The ACH is used to move the funds while a proprietary system is used to provide access to supporting remittance data and notification of the availability of funds to the State's vendors.
- N. E-invoicing vehicle: Tool that allows vendors to submit invoices electronically to individual agencies.
- O. MAGIC: Mississippi's Accountability System for Government Information and Collaboration, the successor system for SAAS and SPAHRS.
- P. PayMode™: A Bottomline Technologies product offered through Bank of America, PayMode™ is the State's present repayment and re-invoicing vehicle.
- Q. Primary Agency: State agency with which a vendor transacts most of his business.
- R. SAAS: Statewide Automated Accounting System.
- S. SPAHRS: Statewide Payroll and Human Resource System.
- T. Vendor Payments: Payments initiated and approved by State Agencies for various goods and services or as used to transfer funds to other governing authorities such as school districts, cities, and counties.

Source: §7-7-41

### **Rule 1.3 Contract Language Requirements**

All contracts, other than those for contract workers paid through SPAHRS, entered into or amended on or after July 1, 2009, must contain the following combined language for e-Payment and e-Invoicing:

*The State requires the Contractor to submit invoices electronically throughout the term of the agreement. Vendor invoices shall be submitted to the state agency using the processes and procedures identified by the State. Payments by state agencies using the Statewide Automated Accounting System (SAAS), or any specific successor system (MAGIC) shall be made and remittance information provided electronically as directed by the State. These payments shall be deposited into the bank account of the Contractor's choice. Contractor understands and agrees that the State is exempt from the payment of taxes. All payments shall be in United States currency.*

Source: §7-7-41

### **Rule 1.4 Requirements for Transitioning to E-payment Vehicle**

- E. All vendors set up as of April 1, 2006, for payment through standard EFT, unless otherwise approved as an exemption, must be enrolled in

PayMode™.

- F. All vendors established as new vendors in the Statewide Automated Accounting System (SAAS) on or after April 1, 2006 must be established for e-payment and remittance via PayMode™.
- G. All remaining SAAS vendors, unless specifically exempted, must convert to PayMode™ on the schedule determined by the DFA.
- H. To register for PayMode™, vendors should go to the Bank of America's™ enrollment website at <http://v.pyinode.com/mississippi>.
  - 1. Vendor must have a valid email address in order to enroll with PayMode™. This email address can be obtained through one of the free email services such as Yahoo, Gmail, or Hotmail.
  - 2. Vendor must have access to a computer. As computers are generally accessible in all businesses, as well as in Public Libraries or other public forums, no exemption will be granted for having only limited or no access to a computer.
  - 3. Vendor may request assistance in enrolling with the State's e-payment service provider by contacting PayMode Customer Support at 1-866-2527366.

Source: §7-7-41

### **Rule 1.5 Requirements for Transitioning to E-invoicing**

- E. All vendors who contract with a state agency must agree to invoice the State electronically through PayMode.
- F. To register for PayMode E-invoicing, vendors must first register with PayMode for E- payment.
- G. Vendors must then complete additional information on the PayMode website to enroll in E-invoicing.
- H. Vendors may request assistance in enrolling in PayMode E-invoicing by contacting PayMode Customer Support at 1-866-252-7366.

Source: §7-7-41

### **Rule 1.6 Exemptions**

- E. The following are exemptions from this rule:
  - 1. Payments to State employees as defined in §25-9-107;
  - 2. Payments to Contract Workers — note that Independent Contractors are not exempt from this rule (Additional information about Independent Contractor vs Employee may be found in IRS Publication 15A);
  - 3. Payments to Vendors specifically approved for "one of payments using the specific vendor number designated for that purpose by the Office of Fiscal Management;
  - 4. Right-of-Way acquisition payments made by the Mississippi Department of Transportation;
  - 5. Debt service payments made by the Office of the State Treasurer;
  - 6. Tax payments to the Internal Revenue Service (standard EFT);
  - 7. Tax payments to the Mississippi Department of Revenue (standard EFT);

8. Transfers to the Public Employees Retirement System of Mississippi (standard EFT)
9. Transfers to the Mississippi Deferred Compensation and Trust/SBA (standard EFT);
10. Payments to vendors who are approved for exemption by DFA (see VI.B).

F. To apply for an exemption not listed in VI.A.(1 — 9), the vendor can obtain a Mandatory E-Payment and E-Invoicing Exemption Request 17.10.20 from the Vendor's Primary Agency.

G. Mandatory E-Payment and E-Invoicing Exemption Request 17.10.20 must detail the following:

1. Reason(s) exemption is being requested. This must be a narrative explanation of the reason for the request;
2. Documentation of supporting cost and legal issues associated with the request for the exemption.

H. DFA will issue a written determination within 10 business days of the receipt of the exemption request. The written determination of DFA will be considered the final determination.

Source: §7-7-41

## **Part IV Chapter 2 Payments by Credit Card, Charge Card, Debit Cards or Other Forms of Electronic Payment of Amount Owed to State Agencies**

**Rule 2.1 Authority** 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.

The State 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.

Agencies with the approval of the Department of Finance and Administration may bear the full cost of processing such electronic payment 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.

Source: §27-104-33

## Rule 2.2. 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, or 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): An application service provider (ASP) provides computer-based services to customers over a network. The most limited definition is that of providing access to a particular application program (such as license renewals, registrations, etc.) using a standard protocol such as HTTP. ASP applications for purposes of this rule are those which accept electronic payments either through a browser-based application, or other revenue input sources.
- D. DFA: Mississippi Department of Finance and Administration.
- E. E-Government Transaction Fee: E-government Transaction Fee is the mark-up above any regulatory fee plus the cost of sales as agreed to in an agency specific Statement of Work (SOW). A description of the E-Government Transaction fee shall be included in the SOW. E-Government Transaction fees are disbursed by the State to the vendor on a daily basis. Additional/Supplemental fees above the E-Government Transaction fees must be described and itemized in the agency specific SOW.
- F. EOC FEE: Electronic Government Oversight Committee (EOC) Fee. This fee is used to offset the costs associated with providing electronic services and operating the electronic portal ([www.mississippi.gov](http://www.mississippi.gov)) at ITS. §25-53-151 (2) of the Mississippi Code defines the EOC. ~~All transactions must include an EOC fee unless ITS has granted express written exemption of this fee for a specific Agency application or has granted approval for the Agency to absorb and directly remit the EOC fees associated with transactions for a specific application to DFA payable to State Treasury Fund 3126. The original twenty-eight portal applications still collect this fee. On occasion, ITS has granted a written exemption of this fee for a specific Agency to absorb and directly remit the EOC fees associated with transactions for a specific application to DFA payable to the DFA – MS – Gov Portal Fees Fund. Henceforth, with new applications, the State collects 2% of the net operating profit each month through E-Government Transaction Fees. Those monies are deposited to the DFA – MS – Gov Portal Fees Fund on a monthly basis. The portal vendor is sent their portion of the fees on a daily basis.~~
- 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 Processing Fee: ~~Convenience fee Processing fee~~ is the payment-processing fee as calculated and approved by the Department of

Finance and Administration (DFA). ~~No other fees, including the EOC fee, will be defined as convenience fees processing fee.~~ All transactions must include a ~~convenience fee~~ unless DFA has granted express written approval for the Agency to absorb the payment processing costs associated with the transactions for a specific ~~transaction~~ application and for the agency to remit those fees to DFA payable to the DFA – MS – Gov Portal Fees Fund. ~~to State Treasury Fund-3126.~~

- I. ITS: Mississippi Department of Information Technology Services.
- J. Point of Sale: Point of Sale (POS). Payments made "over the counter" for fees for 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: A web-based system where all payment information is keyed into the application by the client or a "card swipe" application similar to those found in commercial enterprises. POS applications must be certified to meet PCI Compliance Standards.
- K. PPI: Portable Payment Interface: The PPI defines and creates the accounting entries used to record all electronic payment transactions in the State's accounting system.
- L. 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.
- M. Payment Card Industry — Data Security Standards: PCI-DSS is the result of collaboration between the major credit card brands to develop a single approach to safeguarding sensitive data. PCI-DSS defines a series of requirements for handling, transmitting, and storing sensitive data. The PCI-DSS standards can be found at <https://www.pcisecuritystandards.org/>.
- N. Revenue Input Source: Electronic transactions from Web-based, Point of Sale (POS), Interactive Voice Response (IVR), Over the Counter Sales, etc. §27-104-33. Payment by credit card, charge card, debit card, or other form of electronic payment amounts owed to state agencies.  
The State 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.  
Agencies with the approval of the Department of Finance and Administration may bear the full cost of processing such electronic payment 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. TPE – Transaction Processing Engine: TPE is a secure electronic payment solution built specifically for state and local government that provides complete transaction management services from payment to disbursement.
- P. Payment Processor: The company that settles approved payment transactions with the acquiring banks that issued the customer's credit/debit card or maintains the customer's bank account. The State's payment processor is Mississippi Interactive LLC (MSI) and they are the merchant of record with the credit card companies for maintaining the State's PCI compliance.

- Q. ~~SAAS: Statewide Automated Accounting System.~~
- R. ~~SPI: SAAS Payment Interface. The SPI defines the accounting entries used to record all electronic payment transactions.~~
- S. ~~Self-Assessment Questionnaire (SAQ): The PCI Data Security Standard Self-Assessment Questionnaire is a validation tool intended to assist merchants and service providers in self-evaluating their compliance with the Payment Card Industry Data Security Standard (PCI DSS).~~
- T. ~~Payment Application Approved Scanning Vendor (PA-ASV): Organizations that validate adherence to certain DSS requirements by performing vulnerability scans of Internet-facing environments of merchants and service providers.~~
- U. ~~Payment Application Qualified Security Assessor (PA-QSA): Companies or employees that have been certified by the Payment Card Industry Security Standards Council to validate an entity's adherence to the PCI PA-DSS.~~
- V. ~~Cardholder Data: Data that includes cardholder full name, full account number, expiration date, service code, full magnetic stripe, PIN/PIM Block or Card Validation Code (e.g., three digit or four digit value printed on the front or back of a payment card). Card Validation Code is also known as the CVV2 or CVC2 code.~~
- W. ~~Sensitive Cardholder Data: Data includes Card Validation Code (e.g., three digit or four digit value printed on the front or back of the payment card (e.g., CVV2 and CVC2 data)).~~
- X. ~~Payment Application Data Security Standards (PA-DSS): A program managed by the Payment Card Industry Security Standards Council (PCI SSC). PA-DSS is a set of standards designed to assist software vendors in developing secure payment applications that comply with PCI-DSS requirements.~~  
~~The PA-DSS standards can be found at~~  
~~<https://www.pcisecuritystandards.org/>~~

Source: §25-53-151 (2)

### **Rule 2.3 Approvals for Internet-based Applications and Services for State Agencies**

- A. E-government applications and services require additional review and approval by ITS and by DFA (in contrast to traditional software applications.) Because of the multiple costing models used by vendors for e-government applications, as well as the necessity for ensuring appropriate security for all public-facing applications, the normal ITS procurement delegations to agencies do not apply for these types of acquisitions. In addition, DFA must approve and schedule any implementations that involve payments. See 001-025 Approvals for Internet-based Applications and Services in the ITS Procurement Handbook. <http://dsitspe01.its.ms.gov/its/procman.nsf/TOC4?OpenView>

Source: §25-53-151 (2)

### **Rule 2.4 Payment Applications - Fees Paid By Consumer**

- I. 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 where the application is hosted (agency, ITS, third-party).
  - 2. Rules for obtaining approval of an alternate payment processor are found in Section V.
- J. The services provided by the processor and the fees for such services shall be set forth in the contract approved by the State. All such agreements are considered e-government agreements and are under the purview of ITS (see 001-020 Acquisitions within ITS Purview, item 3, in the ITS Procurement Handbook). The applications on MS.Gov operate under Project Number 37577. Agencies and the vendor will complete a detailed Statement of Work (SOW) describing provided services and the costs of the services, equipment rental, etc.

In most cases funds will be deposited in the account designated by the State Treasurer and transferred to the designated agency funds in the state's accounting system once the bank deposit is balanced. On a case by case basis, deposits may be made to an account outside the state treasury but detailed accounting instruction will be developed and implemented to ensure proper accountability.

- K. The Payment Processor will provide the software components to be used by agency applications in calculation of the processing fee associated with a particular fee or services payment.
- L. The Processing Fee is charged to the consumer and collected into DFA – MS – Gov Portal Fees Fund controlled by DFA and will not flow through the agency accounting journals. Those fees are reimbursed to the payment processor on a daily basis and are recorded as an expense transaction.
- M. The Processing Fee owed the electronic payment processor will be reimbursed to them on a daily basis. It will be recorded as an expenditure transaction against the Mississippi.Gov Portal Fees Fund.
- N. Any returned items received by DFA from the designated third party processor will be forwarded to the appropriate agency for handling after being netted out of the settlement for the day.
- O. Revenues for all fees and services shall be recorded at gross in the state's accounting system of record as revenue, as specified by the agency on the accounting system's electronic payment distribution tables.
- P. Actual processing costs to include fees for authorization, settlement, Electronic Government Oversight fees and E-Government Transaction fees, will be recorded as expenditures as specified by the Agency on the accounting system's electronic payment distribution tables.
- Q. ~~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.~~
- R. ~~The payment processor will support, as a separate line item on the transaction-payment summary presented to the customer, the convenience fee for the service and fee payment due the agency.~~
- S. ~~DFA will provide the software components to be used by agency applications in calculation of the convenience fee associated with a particular fee or services~~

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".~~
- T. ~~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 fee being assessed.~~
- U. ~~The convenience fee and EOC fee shall be plainly included and identified on the electronic receipt provided to the consumer.~~
- V. ~~The convenience fee charged to the consumer and noted in the financial records for verification purposes:~~
1. ~~Will be recorded in SAAS as a revenue receipt in DFA fund 3126 (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.~~
- L. ~~Any rejected items returned to DFA by the designated third party processor will be forwarded to the appropriate agency for handling after being netted out of the settlement for the day.~~
- M. ~~Revenues for all fees and services shall be recorded at gross in SAAS the state's accounting system of record as revenue, as specified by the agency on the accounting system's SAAS electronic payment distribution tables.~~
- N. ~~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.~~

Source: §25-53-151 (2)

## **Rule 2.5. Payment Applications - Fees Paid By Agency**

- I. 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. The Electronic Government Oversight Committee must also approve this procedure and include it in the agencies cost model. Agencies must demonstrate they are able to assume the cost and provide the same service for the same or lesser cost of the pre-portal service. Requirements for requesting approval are outlined in section VI of these rules.
- J. 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 V.
- K. The services provided by the processor and the fees for such services shall be set forth in the contract approved by the State. All such agreements are considered e- government agreements and are under the purview of ITS (see 001-020 Acquisitions within ITS Purview, item 3, in the ITS Procurement Handbook). <http://dsitspe01.its.ms.gov/its/procman.nsf/TOC4?OpenView>
- L. In most cases funds will be deposited in the account designated by the State Treasurer and transferred to the designated agency funds in the state's accounting system once the bank deposit is balanced. On a case by case basis, deposits may be made to an account outside the state treasury but detailed accounting instruction will be developed and implemented to ensure proper accountability.
- M. 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.
- N. Revenues for all fees and services shall be recorded at gross in ~~SAAS~~ in the state's financial system of record as revenue as specified by the agency on the financial system of record electronic payment distribution tables.
- O. Actual processing fees to include fees for authorization, settlement, and ~~Electronic Government Oversight~~ other fees, will be recorded as expenditures as specified by the agency on the SPI Portal Payment Interface (PPI) distribution tables. These fees will be applied against the day's settlement for the agency.
- P. Any ~~rejected~~ returned items ~~returned~~ received from by the designated third party credit card/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.

Source: §25-53-151 (2)

## **Rule 2.6 Approval of an Alternate Payment Processor**

- I. An agency wishing to use an alternate payment processor must submit a written request to the Department of Finance and Administration, Office of Fiscal Management, Attn: Portal Transactions, 501 North West Street, Suite 701 B, Jackson, MS 39201. Request for an alternate payment processor will be coordinated through the EOC to ensure procurement procedures are followed and that cost model data can be included for future state projects.
- J. 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.
- K. The application must be approved by DFA prior to entering into the procurement process for the alternate payment processing services.
- L. The agency must state what payment processors are available that meet their needs. The agency will provide the appropriate Attestation of Compliance document from the vendor stating they comply with Payment Card Industry –

- Data Security Standards (PCI-DSS) and that the vendor will maintain those standards throughout the engagement with the agency.
- M. 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 estimated 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 through the alternate payment processor.
  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; and charges for refunds, return items, and PCI-DSS compliance.
- N. The agency must acknowledge that if DFA approves the agency's request 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 the state's financial system of record~~ once the bank deposit is reconciled and balanced by the agency. DFA will not perform this reconciliation and will not approve the transfer of funds to SAAS the state's financial system of record until proof of reconciliation is provided.
  2. Any request for an exception to the above reconciliation requirement must be clearly documented in the request for the alternate payment processor.
- O. The service must be legally procured following the rules for technology procurement. All such 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. (See 001-020 Acquisitions within ITS Purview, item 3, in the ITS Procurement Handbook):
- <http://dsitspe01.its.ms.gov/its/procman.nsf/TOC4?OpenView>
1. DFA will be an active participant in the procurement, implementation, and acceptance of the alternate payment processor before the application supported is certified for production operations.
  2. DFA, at its discretion, may require that DFA be a party to the contract.
- P. The alternate payment processor and/or 3rd party vendor must work with DFA to interface daily settled transactions and any associated fees into ~~SAAS state's accounting system~~ via the Cash Receipts (CR) interface or the SPIPPI.
- K. Agencies are required to collect any State required fees, such as ~~EOC E-government Transaction Fees. fees.~~
- L. Approval under this section shall not relieve an agency of its responsibility concerning other sections of this rule.

Source: §25-53-151 (2)

### **Rule 2.7 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, Office of Fiscal Management, Attn: Portal Transactions, 501 North West Street, Suite 701 — B, Jackson, MS 39201. This request will be coordinated with EOC to ensure the funding model

approved by the EOC remains intact.

- 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~~ Point of Sale (POS), over the counter (OTC), subscription, Interactive Voice Recognition (IVR).)
- C. The agency must describe the agency application including:
1. The agency program supported.
  2. The items (services) offered for sale or collections.
  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.~~D. 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 licenses).
  2. Demonstrate a dollar neutral cost or cost saving to the agency when 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.~~E. The agency must acknowledge that it will be required to set aside cash/authority at a specified minimum limit in a specified fund to cover expenses (debits) associated with the agency's transactions for the following:
1. Authorization and settlements fees
  2. Refunds
  3. Chargebacks
  4. Voids
  5. Returned items charges
- ~~G.~~F. Approval under this section implies that the agency accepts and understands that the application will not be certified for 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.

Source: §25-53-151 (2)

### **Rule 2.8 Request a Waiver for E-Government Transactions Fees of the EOC Fee**

- B. An agency wishing to obtain approval for a waiver of E-Government Transaction Fees should address the written request to the Department of Information Technology Services, Attention: E-Government Oversight Committee, 3771 Eastwood Drive, Jackson, MS 39211.

- ~~B. If an agency is granted a waiver the agency should send a copy of the approval to The Department of Finance and Administration, Bureau of Financial Documents, P.O. Box 1060, Jackson, MS 39215-1060. All requests to waive EOC fees must be addressed to Department of Information Technology Services, Attention: E-government Oversight Committee, 301 North Lamar Street, Suite 508, Jackson, Ms 39202.~~

Source: §25-53-151 (2)

## **Rule 2.9 Third Party Processing and Fulfillment Costs**

- A. §7-7-9, Mississippi Code (Laws of 1972) states the following:  
*"The Mississippi General Accounting Office shall maintain a complete system of general accounting to comprehend the financial transactions of every state department, division, officer, board, commission, institution or other agency owned or controlled by the state, except those agencies specifically exempted in Section 7-7-1, whether at the seat of government or not and whether the funds upon which they operate are channeled through the State Treasury or not, either through regular procedures having to do with the issuance of the State Fiscal Officer receipt warrants and disbursement warrants or through controls maintained through reports filed periodically as required by the State Fiscal Officer in accordance with the reporting provisions contained in said Section 7- 7-1.*  
*All Transactions in public funds, as defined in Section 7-7-1, shall either be handled directly through the State Fiscal Officer and the State Treasury, or shall be reported to the State Fiscal Officer at the times and in the form prescribed by the State Fiscal Officer and the Legislative Budget Office, so that a complete and comprehensive system of accounts of the fiscal activities of all state governmental agencies shall be made available at all times in the General Accounting office.*
- B. This policy is established by the Department of Finance and Administration, Office of fiscal Management (OFM) for direct or indirect payment to vendors to support internal business functions in the fulfillment of orders and completion of transactions initiated in person or through the Internet. These transactions may include, but are not limited to, the collection of taxes, issuance of licenses, production of reports, and other collections or payments for services that are conducted by agencies in their normal course of business.
- C. Any cost incurred directly (by an agency) or indirectly (passed directly to the consumer) for a party to complete agency business transactions must be reflected as a cost of doing business for this agency. To do otherwise would not fully disclose costs of the State to conduct business or reflect revenue generated by a vendor who is providing services under contract for the State of Mississippi. Likewise, any charge to the consumer for processing these transactions should be recognized by the agency as revenue.
- D. Agencies will report revenues and expenses on a Journal Voucher (JV) according to the Mississippi Agency Accounting Policy and Procedure (MAAPP) Manual, Section 16. The JV will be created within 5 workdays of

the end of the fiscal quarter.

Source: §7-7-9

### **Rule 2.10. Payment Card Industry — Data Security Standards (PCI-DSS)**

- B. State agencies accepting credit and/or debit cards through an approved alternate payment processor will comply with Payment Card Industry — Data Security Standards (PCI- DSS) to safeguard cardholder and sensitive cardholder data, regardless of revenue input source. (e.g. Internet application, point-of-sale, Interactive Voice Recognition System, etc. Agencies must provide to DFA yearly, proof of the alternate processor’s compliance with PCI-DSS.
- ~~C. To assist agencies in complying with PCI—DSS mandates, state agencies will use Project Number 37081, a Professional Services Agreement Between Coalfire Systems, Inc. and the Mississippi Department of Information Technology Services on Behalf of the Agencies and Institutions of the State of Mississippi. To request services under this agreement see <http://www.its.ms.00v/PCI.shtm1>.~~
- ~~1. Agencies will attend a Self Assessment Workshop when scheduled by DFA and ITS.~~
  - ~~2. Agencies will complete a Self Assessment Questionnaire (SAQ) and participate in interviews to evaluate their current operations and network. If an agency accepts credit cards via mail, manually or other non-Internet means, the Self Assessment Questionnaire is still required. Additionally, there may be other operational security issues the agency will need to address.~~
  - ~~3. All agencies will have quarterly scans on all Internet facing Internet Protocol (IP) addresses used in the processing and storing of credit card data under the Professional Services Agreement between Coalfire Systems, Inc. and ITS.~~
  - ~~4. Agencies will make a good faith effort to correct deficiencies identified in the remediation plan and provide status or remediation tasks as requested by DFA and ITS.~~
- ~~D. Agencies that do not participate in PCI-DSS cannot accept credit cards/debit cards as a form of payment. If an agency is found accepting credit/debit cards as payment and has not completed the steps for PCI compliance, DFA under the authority of §27-104-33, will issue the agency a cease and desist letter to close the system down. To request an appeal see Section XII.~~

Source: 27-104-33

### **Rule 2.11. Development/Hosting Options and Ultimate Responsibility for PCI-DSS and Fines and Penalties**

- C. Through a contracted partnership with NIC and Mississippi Interactive (MSI), DFA now provides payment processing services through RFP 3564, Project Number 37577, Statement Of Work 001, Payment Processor Solution. MSI/NIC is the official "Merchant of Record" for

payments processed online through the Common Checkout Page (CCP) and Transaction Processing Engine (TPE), reducing the PCI-DSS compliance responsibility for the State of Mississippi by locating the software and hardware for payment processing at NIC's PCI Compliant data center. Agency's will be responsible for training their employees on proper handling of credit card data should they receive it in any other manner outside of the NIC provided solution. This includes completing SAQ A attesting that they have outsourced all electronic processing and properly trained employees. \*Please Note: CCP and TPE are components of NIC's PCI Compliant Payment Services that separate the state's online application from communicating directly with the payment processor.

D. Responsibility for PCI-DSS continues for agencies that connect their applications to payment processors outside of TPE or CCP within in the state. Also, in the event that an application requires the manual handling or entry of credit card information by agency personnel, the agency is responsible for PCI compliance at the SAQ A level for all individuals within the agency processing those payments. For more information on PCI-DSS SAQ A, please visit: <https://www.pcisecuritystandards.org/>.

~~C. Agencies are responsible for ensuring their vendors are PCI-DSS compliant. Vendors will use Payment Application Data Security Standards (PA-DSS) to develop applications. The PA-DSS standards can be found at <https://www.pcisecuritystandards.org/>.~~

~~D. Should an agency wish to move the hosting of their applications to Mississippi Department of Information Technology Services (ITS), the agency will bear the responsibility and cost to bring the application into PCI compliance before it is transferred to ITS. The agency will ensure the transfer takes place no later than 90 days after the last PCI scan. Another scan will occur after the transfer to ITS and the agency will be responsible for all PCI non-compliance items.~~

~~E. The following table is a general guideline for PCI-DSS responsibility and liability:~~

<del>System Type or Web Development/Hosting</del>	<del>Responsible Entity</del>
<del>ITS Developed/ITS Hosted</del>	<del>State is responsible for PCI-compliance, fines and penalties</del>
<del>Agency Developed/ITS Hosted</del>	<del>State is responsible for PCI-compliance, fines and penalties for state network infrastructure. The agency is responsible for PCI-compliance, fines and penalties for the agency application and internal agency business practices</del>

Agency Developed/Agency-Hosted	The agency is responsible for PCI-compliance, and all fines and penalties
3rd Party Vendor-Developed/Agency Hosted	The agency is responsible for PCI-compliance, and all fines and penalties
3rd Party Vendor Developed/ITS-Hosted	State is responsible for PCI-compliance, fines and penalties for state network infrastructure. The agency is responsible for PCI-compliance, fines and penalties for the agency application.
3rd Party Vendor Developed/3rd-Party Vendor Hosted	The agency is responsible for PCI-compliance and all fines and penalties
Non-Web based systems, Point-of-Sale (POS), Interactive Voice-Response (IVR), Over the-Counter Sales, Telephone Sales, Mail in, etc.	The agency is responsible for PCI-compliance and all fines and penalties

Source: §25-53-151 (2)

**Rule 2.12. Security Breaches and Notifications**

- A. In the event of a security breach, credit card or debit card data could be compromised. Agencies will immediately terminate the application/services to preserve evidence and notify:
  - 1. DFA's Chief Systems Information Officer at 601-359-6570.
  - 2. Mississippi Department of Information Technology Services, Security Division at 601-432-8180~~359-2690~~ and E-Government at (601) ~~359-2742~~432-1846.
  - 3. Mississippi State Attorney General's Office, Consumer Protection Division at (601) 359-3680 or 1 (800) 281-4418 and the Cyber Crimes Division at (601) 359-3817.
- B. The agency shall notify their customers of the breach once law enforcement informs the agency that customer notification will not impede an investigation.
  - 1. Agencies may notify customers using written notices or electronic notices. As a last resort, telephone notices can be given. Documentation that notices were provided, to whom they were provided, and when such notices were provided must be maintained by the Agency.
  - 2. The notice shall be clear and conspicuous and include:
    - a. A description of the incident in general terms.
    - b. The type of personal information subjected to unauthorized access or acquisition.
    - c. The general acts the agency has taken to protect the information from further unauthorized access.
    - d. A telephone number that the customer can call for further information.
    - e. Advice that directs the customer to remain vigilant by reviewing

account statements and monitoring free credit reports or close an account.

Source: §25-53-151 (2)

### **Rule 2.13. Appeal Process**

- F. An agency wishing to appeal a cease and desist letter must submit a written request to the Department of Finance and Administration, Director, Office of Fiscal Management, 501 North West Street, Suite 701 -B, Jackson, Ms 39201.
- G. The agency must provide the following information in the written request:
  - 1. The agency program supported.
  - 2. The items (services) offered for sale or collections.
  - 3. The individual item costs.
  - 4. An estimate of the processing cost "per transaction" for the items (services) to be sold.
  - 5. The number of items sold per year and the total cost of those items.
  - 6. A detailed description of how the system works.
  - 7. A detailed list of software operating on the system.
  - 8. A detailed list of equipment, including the name, model number, and purposed of the equipment.
  - 9. A detailed description of accounting entries made to account for revenue and processing and other fees.
- H. The agency must state whether the agency or the consumer pays the ~~EOC-E-~~ Government Transaction fee. The agency request must clearly:
  - 1. Document whether 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 licenses).
  - 2. Demonstrate a dollar neutral cost or cost saving to the agency when absorbing the processing fees rather than having the consumer pay the fees projected over a fiscal year if the agency is to pay the processing fees. All assumptions must be documented. Cost data will be coordinated with the Electronic Oversight Committee.
  - 2. Demonstrate that the funds to defray the total cost of electronic processing will be available projected over a fiscal year if the agency is to pay the processing fees. All assumptions must be documented.
- I. If the agency is paying processing fees, 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 the agency's transactions for the following:
  - 1. Authorization and settlements fees
  - 2. Refunds
  - 3. Chargebacks
  - 4. Voids
  - 5. Returned items charges
- J. The agency will also submit their PCI Self-Assessment Questionnaire, Remediation Plan, and cost estimates to correct deficiencies identified in the Remediation Plan. Once the agency information is reviewed, the agency will be given a written response to the appeal request.

Source: §25-53-151 (2)