

## Policy and Guidelines For Electronic Commerce

<b>Office of the State Controller (OSC)</b>		Effective Date: August 16, 2000 Revision Date: October 1, 2005
<b>Policy Area:</b> Electronic Commerce	<b>Title:</b> Authorization for Merchant Card Transactions	

**Authority:** Session Law 1999-434, Senate Bill 222, ratified in July 1999 amended various statutes, authorizing state government agencies to maximize the acceptance of electronic payments, a term which includes credit / debit cards (merchant cards) and electronic fund transfer (EFT). Electronic payments involve both inbound and outbound flows of funds. The primary statutes pertaining to the utilization of electronic payments for State agencies include: G.S. 147-86.10; G.S. 147-86.11(h); G.S. 147-86.20; G.S. 147-86.22; and G.S. 143B-426.40G(a).

Statutes authorizing the Office of the State Controller to issue policies regarding electronic payments include G.S. 143B-426.39(1) and (5); G.S. 147-86.11(a); and G.S. 147-86.22(b).

“Electronic Commerce in Government” is covered under Chapter 66, Article 11A (G.S. 66-58.1 through 66-58.19).

**Program Administration:** The State of North Carolina business environment includes all departments, agencies, boards, commissions and authorities governed, legally controlled and financially accountable to the state’s executive, legislative and judicial branches. Although state agencies offer diverse services, North Carolina intends to use a statewide enterprise approach to implementing electronic payment acceptance.

**Reference:** Policy on “Security and Privacy of Data”

**Policy:** All State agencies or other participants utilizing Merchant Card services, whether through the OSC’s Master Services Agreement or under separate arrangement, shall develop procedures to ensure compliance with the Processor’s operating guide regarding the obtaining of authorizations. Prior to the finalization of a merchant card transaction, an authorization approval code must be obtained from the merchant card processor. Real-time authorization shall be the preferred method, with the telephone authorization being the alternative method. Finalization of a transaction shall include both fulfillment of a sale or acceptance of an accounts payable, and the monetary settlement of the transaction.

Each participant shall be responsible for developing and documenting procedures to handle merchant card exceptions. The procedures shall include the handling of transactions for which an approval is denied, unauthorized card use, non-match of address verification, the use of an alternative payment if authorization is denied, and charge backs.

**Additional Information:** The Master Services Agreement includes by reference, the merchant card processors’ operating guide that describes general procedures and guidelines for handling card payments.