Financial Management Office

Fiscal Administrator's Meeting

Wednesday, June 5, 2019
Topics

- **Payments to Students & Compliance with Fed Regulations**
  - Sherry Proper, UH System Director of Fin Aid Policy and Strategy

- **Guidelines for Postdoctoral Fellowship Payments**
  - James Kashiwamura, Director of Disbursing and Payroll

- **Payment Process Change for Employee Allowances**
  - James Kashiwamura, Director of Disbursing and Payroll

- **FY 2019 Year-end Close Reminders**
  - Karen Morimoto, Director of General and Capital Asset Accounting

- **New Lease Accounting Treatment (GASB 87)**
  - Karen Morimoto, Director of General and Capital Asset Accounting

- **AP 8.710 Credit Card Program and Compliance Updates**
  - Joanne Yama, Treasury Officer
Payments to Students & Compliance with Fed Regulations

- Sherry Proper, UH System Director of Fin Aid Policy & Strategy
Topics to be Discussed

- VP Straney’s Memo & Best Practices Document
- Why Care About This?
- Goals for 2019-2020
- Examples at Other Institutions
- Questions?
VP Straney’s Memo & Best Practices Document

- **UHF & UH Committee on Financial Aid**
  - UHF Staff and UH Financial Officers recognized we were not in compliance in some areas at some campuses

- **Had to Start Somewhere**
  - Vast array of situations, sources of funds, and types of payments to students

- **Best Practices Document Draft is an Example**
  - Hope to develop consistent practices across UH campuses regarding how various payments to students are handled
Why Care About This?

• Last Memo sent in 2005 by VP for Admin Sam Callejo
  ▫ Staffing changes, new technology & procedures

• Increased Scrutiny by U.S. Dept. of Education Regarding Compliance
  ▫ Audit issues & program reviews – not limited to financial aid offices or federal aid programs

• Demonstrate Administrative Capability
  ▫ Required of all institutions that participate in Title IV aid programs
MEMORANDUM

TO: Vice Presidents, Chancellors, Deans and Directors
FROM: Sam Callejo
Vice President for Administration
SUBJECT: Processing of Grants and Scholarships to Students

January 19, 2005

To ensure the University is in compliance with federal Title IV regulations and Internal Revenue Service reporting requirements, effective January 1, 2005 all grants or scholarships awarded to U.S. citizen or resident alien students must be processed through the student’s account in the Banner student information system. This includes but is not limited to grants and scholarships paid from:

1. Extramural funds
2. University endowment funds
3. University of Hawaii Foundation funds

Departments should continue to request payments on the UH Form 26 (except for UH Foundation funds). Submit the Form 26 to your campus business or financial aid office. Manoa departments should submit the Form 26 to the University Cashier’s Office located in QLCSS 106.

Grants or scholarships awarded from extramural funds and University endowment funds to international students who are non-resident aliens must continue to be requested on the UH Form 26 and submitted directly to the Disbursing Office for proper tax accountability.

All grants or scholarships awarded from University of Hawaii Foundation funds to both U.S. citizens and international students should continue to be requested from the University of Hawaii Foundation. UH Foundation will continue to work directly with each campus financial aid office to ensure grants and scholarships are awarded and reported accordingly.

If you have any questions, please call Barbara Kawamoto at 968-6206.

C: Administrative and Fiscal Officers
   Campus Financial Aid Directors
   Michael Wong, Director, Disbursing
   Gail Inoue, Director, Fiscal Services, UH
   Maia Steggs, Director of Scholarships Development, UHF
Other Financial Assistance (Statutory)

- HEA section 480(j) defines “Other Financial Assistance”; basically includes all other assistance known to the school
- “Resources” is the term used for “Other Financial Assistance” under the Campus-Based regulations
- The same items are referred to as “Estimated Financial Assistance” under the FFEL and Direct Loan regulations
  - Resources and EFA generally are the same except EFA excludes AmeriCorps benefits and Chapter 30 Montgomery GI Bill benefits when determining subsidized loan eligibility
What’s In A Name?

- Award names: Scholarship, Grant, Stipend, Tuition Reduction, Waiver, Remission, Fellowship, Assistantship, Work-Study, Loan, etc.
- Regardless of what an award is called, what it is according to Federal and State guidelines determines how it is treated for Title IV purposes.
Rule of Thumb # 1

- If a student receives a form of assistance because he or she is enrolled in postsecondary education, or the assistance is to pay for postsecondary education expenses, then you must determine how it should be treated in the financial aid package.
  - Usually treated as resource and EFA
Goals for 2019-20

• Inclusive & Transparent Process
• Continue Discussions Among UH Financial Aid Officers
  ▫ Consistent practices regarding treatment of resources and increasing COA for certain types of assistance (e.g., study abroad financial support)
• Discussions With Other Constituents
  ▫ Continued discussions with UHF staff
  ▫ Meetings with Financial Administrators?
  ▫ CSSAO & CCAO Discussions
  ▫ Other stakeholders?
• Goals
  ▫ Identification of consistent/best practices by end of Fall 2019 semester
  ▫ Develop website for guidance and other information in Spring 2020 semester
Examples at Other Institutions
Payments to Students within the University of Illinois System

This information provides guidance to University of Illinois System units for making payments to students. The payment types below include detailed information and may consist of an introduction, reporting and regulatory requirements, processing instructions, and information for students.

For the corresponding University of Illinois System policies pertaining to these payment types, see OBFS Policies and Procedures Manual, 8.10 Process Educational Payments to Students.

Select the Payment Type and navigate the information to learn more.

[Expand All] [Collapse All]

- **Assistantships**

- **Participant Support Cost Payments for Recruitment, Public Service, STEM Promotion, and Other Outreach Activities**

- **Payments from Gift or Endowment Income Funds**

- **Payments to Non-Matriculated Students**

- **Prizes and Awards**

- **Research and Travel Payments**

- **Scholarships, Fellowships and Educational Assistance Grants**

- **Tangible Items**

- **Tuition and Fee Waivers**
PSC Procedural Statement: Student Payments

Effective Date: January 1, 2012

Introduction

This procedural statement clarifies when payments to University of Colorado students are processed: through the Procurement Service Center (PSC), Employee Services (ES), or the campus Office of Financial Aid (OFA), and when such payments are reported as taxable income or as financial aid.

This procedural statement is divided into the following sections:

A. Scholarships and Grants
B. Awards, Rewards, and Prizes
C. Participant Support Costs
D. Fellowships and Trainees
E. Stipends, Allowances, and Assistantships
Pay Students

Step-by-Step

The different types of payments made to undergraduate and graduate students are outlined below. Eligibility criteria and scholarship/award amount may vary according to individual scholarship/award program restriction and fund availability established by Mason Colleges. A consolidated chart is available at Payments to Students Chart. Please contact the International Tax Office when a non-U.S. citizen is the proposed recipient of a scholarship, prize or award.

A flowchart to assist user with determining the type of award and payment method is available by clicking the picture below.

Qualified Scholarship to Enrolled Student
University Payments to Students Guide

Resources to assist UVM faculty and staff with processing and reporting scholarships, prizes and reimbursements to students.

Getting Started
- Determine payment type & reporting requirements

Procedures
- Scholarship Payments
- Student Account Payments
- Prize Payments
- Reimbursements

Forms
- Payment Request Forms
- Prize Certification Form
- Student University Business Certification Form
- Check Request (Disbursement Center)

Related Policies
- Payments to Students
- Awards, Prizes & Winnings
- Travel

Resources
- Frequent Questions
- Points of Contact

View our hours
223 Waterman Building
85 South Prospect Street
Burlington, VT 05405
Phone: (802) 656-5700
Fax: (802) 656-4076
E-mail: sfs@uvm.edu

For information about hiring and compensating undergraduate student-employees and/or graduate work-study students, please visit the Student Employment Office; for all other hiring and compensation questions, please contact Human Resource Services.
Payments/Reimbursements to Students for Non-Employment Purposes

Applies to: All payments to students when the payments are for non-employment purposes

I. PURPOSE

This Standard Practice Guide outlines the policy for payments to students from academic or other units when the payments are for non-employment purposes.

To comply with US Department of Education regulations, student payments, awards, prizes, and gifts for academic pursuits or achievements must be reported to the Office of Financial Aid when paid for non-employment purposes.

This policy covers all payments, awards, prizes, and gifts for academic pursuits or achievement.

Academic pursuit is defined as any form of award, payment, reimbursement or other transaction to a student for the purpose of aiding his/her education, study, training, or research.

This Standard Practice Guide does not include information about payments to students when the payments relate to a student's employment at the
Questions?
Guidelines for Postdoctoral Fellowship Payments

- James Kashiwamura, Director of Disbursing and Payroll
Guidelines for Postdoctoral Fellowship Payments

• Created to clarify the DV payment process and affirm our position for 1099 reporting.

• These guidelines cover the following topics:
  ▫ Type of Postdoctoral Appointments
  ▫ Making Payments to Postdoctoral Fellows (non-UH Employees) in KFS using DV Method
  ▫ Tax Treatment of Payments Made to Postdoctoral Fellows
  ▫ Resources for Postdoctoral Fellows Income Tax Return
  ▫ Letter Template to Postdoctoral Fellows about Tax Treatment of Fellowship Payments

• For detailed information on this topic, please go to http://www.fmo.hawaii.edu/payment_reimb/docs/Guidelines_for_Postdoctoral_Fellowship.pdf on the FMO website.
Payment Process Change for Employee Allowances

- James Kashiwamura, Director of Disbursing and Payroll
Payment Process Change for Employee Allowances

- **Relocation Allowances:**
  - Currently processed through Payroll via a PNF

- **Uniform Allowances:**
  - Effective July 1 will be processed through Payroll using Form PAYR-1

- **Mobile Device ($30) and Same-Day Travel ($20) Allowances:**
  - Currently processed through Disbursing via a DV or eTravel
  - The goal is to process these allowances via Payroll
  - Working with stakeholders to make the necessary changes to the PNF and eTravel
  - Implementation Date: TBD
FY 2019 Year-end Close Reminders

- Karen Morimoto, Director of General and Capital Asset Accounting
FY2019 Year End Close Reminders

• Changes from Prior year and key items
  ▫ KFS will be disabled on 7/1 at 7pm **DO NOT PROCESS ANY TRANSACTIONS IN KFS ON 7/1/19 EXCEPT FOR FY19 BANK DEPOSITS/RECEIPTS AND FY19 BANK DEBIT/CREDIT MEMOS**
  ▫ **6/21/2019** – Last day for FA to approve GEC and ST eDocs for clean up of “clearing” (continuation) accounts
  ▫ **PCDOs** with create dates through 6/14/2019 will be system approved at 8pm on 6/20/2019
  ▫ Outstanding invoices for goods/services received on or before 6/30/2019 **should be paid by 8/2/2019**
FY2019 Year End Close Reminders cont.

• Changes from Prior year and key items continued
  ▫ Accounts Payable accrual will be based on vendor and sub-recipient invoices paid through 8/2 with service dates on or prior to 6/30/2019 in the UH KFS AP system (special handling for Bookstore MIT and construction invoices)
  ▫ Record A/P over $100,000 not paid by 8/2/2019 via L-11 JV Worksheet
  ▫ Record ALL construction A/P as of 6/30/2019 (including retainage) via L-11 JV Worksheet
  ▫ There will be no De Minimis for recording construction invoices
FY2019 Year End Close Reminders cont.

• Capital Asset Reminders
  ▫ Annual Inventory Verification Reports will be available on PageCenterX - New FAs will need to be sure they have access to their appropriate mailbox by submitting the KFS Security Form (FSO-40). The form and instructions can be accessed on the FMO website: http://www.fmo.hawaii.edu/financial_systems/index.html#tab
  ▫ Asset edits, loans, transfers, retirements, etc. should be in “Action List Approve” in KFS for CAAO on 6/14/2019 to ensure that updated information is captured for the FY19 Annual Inventory Verification Report
New Lease Accounting Treatment (GASB 87)

- Karen Morimoto, Director of General and Capital Asset Accounting
Topics to Cover

- Overview of GASB 87, Leases
- University of Hawaii’s Implementation Plan
Summary of GASB 87, Leases

• Eliminates the current operating and capital lease classifications
  ▫ New terminology – Lease

• Establishes a single approach to accounting for leases based on the principle that leases are financings of the right to use an asset
  ▫ Lessees required to recognize a lease liability and right-to-use asset
  ▫ Lessors required to recognize lease receivable and deferred inflow of resources

• Effective for fiscal year 2021
  ▫ Restatement of prior periods (starting with July 1, 2019 – FY 2020) is required
Lease liability and right-to-use asset

i.e. When UH pays for rental expense

Lease receivable and deferred inflow resources
i.e. When UH receives rental income

Lessee vs Lessor

Asset right of use

LESSEE

LESSOR

June 5, 2019 FA Town Hall
Definition of a Lease

• A contract that **conveys control** of the right to use another entity’s nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.

• **“conveys control”** is defined as having both
  • Right to **obtain** present service capacity from use of the asset
  • Right to **determine** nature of and manner of use of the asset
Exclusions from GASB 87 Leases Treatment

- Lease with a term of less than 12 months
- Lease between state agencies and campuses
- Lease of intangible assets (e.g. licensing agreements for computer software)
- Lease of biological assets (timber and living plants and animals)
- Lease of inventory
- Service concession arrangement
- Asset financed with outstanding conduit debt (capital financing for a specific third party)
- Supply contracts (power purchase agreements)
- Lease that transfers ownership or held as investments (financed purchases)
Examples of Accounting Treatment for GASB 87 Exclusions

• **Short-term leases (less than 12 months)**
  ▫ Lessee: recognize expense/expenditures as payments are made
  ▫ Lessor: recognize revenue as payments are received

• **Leases that transfer ownership and do not contain termination options**
  ▫ Lessee: record as a financed purchase
  ▫ Lessor: record the sale of an asset
Three Broad Lease Categories

- Property lease
- Equipment lease
- Other contracts containing lease – e.g. agreements that bundle supplies and services with asset usage and right-of-use agreement but not labeled “leases”
Example: Copier Leases

- Managed Print Services Program Agreement
  - Multiple-year agreement
- 50 copiers
- Bundles equipment lease, maintenance and toner
- Minimum 60 monthly payments for each device
- Separate billings for overage and maintenance
Example: Construction with Lease Agreements

• One of the UH campuses enters into agreement with a private company to build and lease a new building.

• The Campus will make prepayments to the private company to fund virtually all construction costs. The Campus will obtain funding for the construction costs via a combination of gifts and internal loans from UH system.
Example: Property Leases

- **Sample conditions affecting evaluations**
  - UH is leasing buildings and various facilities on Oahu.
  - Base rent increase by CPI or 4%, whichever is greater, over initial 14-year term of lease.
  - After 14 years, the term “shall automatically renew for one 15 year renewal term... unless this lease is terminated by UH and/or tenants at least 240 days prior to the expiration of the initial term.”
  - UH receives monthly payments for periods of exclusive use of various facilities by an affiliate of the lessor. In addition, UH receives a monthly fee for use of shared facilities.
Relevant Lease Terms for Accounting Treatment

- Non-cancelable period, plus periods covered by lessees’ and lessors’ option to:
  - Extend the lease, if it is reasonable certain the option will be exercised. And
  - Terminate the lease, if it is reasonable certain the option will NOT be exercised.

- Excludes “cancelable” periods
  - Periods for which lessee and lessor each have the option to terminate or both parties have to agree to extend (rolling month-to-month lease)

- Fiscal funding/cancelation clauses ignored unless reasonably certain it will be exercised
Lease Period

**LESSEE**


Termination option

Reasonable certain

**LESSOR**

Non-cancelable period

Cancelable period

Lease Period for GASB 87 Recording
# Lessee Accounting Overview

<table>
<thead>
<tr>
<th></th>
<th>Assets</th>
<th>Liabilities</th>
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</thead>
<tbody>
<tr>
<td><strong>Lease Inception</strong></td>
<td>Recognize intangible lease asset (right to use underlying asset) equal to the value of lease liability plus prepayments and initial direct costs to place asset in service</td>
<td>Recognize lease liability equal to present value of future lease payments (includes: fixed payments, variable payments based on index rate, reasonably certain residual guarantees, etc.)</td>
</tr>
<tr>
<td><strong>Subsequent Periods</strong></td>
<td>Amortize the intangible lease asset over shorter of useful life of asset or lease term</td>
<td>Reduce lease liability by lease payments (less amount for interest expense)</td>
</tr>
</tbody>
</table>
# Lessor Accounting Overview

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lease Inception</strong></td>
<td><strong>Recognize lease receivable (generally includes same items as lessee’s liability)</strong>&lt;br&gt;<strong>Continue to report the leased asset</strong></td>
</tr>
<tr>
<td><strong>Subsequent Periods</strong></td>
<td><strong>Reduce receivable by lease payments (less amount needed to cover interest)</strong>&lt;br&gt;<strong>Depreciate leased asset (unless indefinite life or required to be returned in its original or enhanced condition</strong></td>
</tr>
</tbody>
</table>
Lease Amendments

• **Lease Termination (Partial or Full)**
  An amendment to a lease contract that results in a decrease to the lessee’s right to use the asset
  ▫ Lessee: Reduce the carrying value of the lease liability and lease asset. Report the difference as a gain or loss.
  ▫ Lessor: Reduce the carrying value of the lease receivable and deferred inflow. Report the difference as a gain or loss.

• **Lease Modifications**
  An amendment to a lease contract that does not decrease the lessee’s right to use the asset
  ▫ Lessee: Re-measure the lease liability and adjust the related lease asset. Report the difference as a gain or loss.
  ▫ Lessor: Re-measure the lease receivable and adjust the related deferred inflow. Report the difference as a gain or loss.
Subleases and Leaseback Transactions

• **Subleases (lessee leases asset to a third party)**
  - Treated as transactions separate from the lease
  - Lessee in the original lease and lessor in the sublease

• **Sale-leaseback Transactions (asset is sold then buyer leases the asset back to the original owner)**
  - Sale and lease portions of transaction should be accounted for as separate transactions
  - Any difference between the carrying value of asset and the net proceeds from the sale should be reported as a deferred inflow of resources and recognized over lease term

• **Lease-leaseback Transactions (lessee leases asset back to lessor)**
  - Accounted for as a net transaction
UH’s Lease Populations (?)

- **Lessor:** UH collects rental income
  - Faculty housing leases
  - Property rentals

- **Lessee:** UH pays rental expense
  - Property leases
  - Equipment leases currently considered operating leases
  - Satellite copier program
University of Hawaii’s Implementation Plan

• Identify all potential leases for GASB 87 treatment
  ▫ Run a list of reports to capture current leases...
  ▫ Enlist help from various offices to identify potential leases: OPRPM, UHM Campus Services, Audit Services, Land Development, ITS, and FAs
  ▫ Send out Lease Survey to all FAs to collect potential lease data

• Update or develop new Administrative Procedures for leases
  ▫ Create a definition of terms to ensure anyone is talking the same language (i.e. possession date, reasonably certain, renewal, expansion, commence date, etc.)
  ▫ Develop processes to collect data at the point of purchase order generation
University of Hawaii’s Implementation Plan

• Ongoing communications with responsible person/department to identify anything that impacts a lease & triggers a re-measurement
  ▫ Renewals and increase in rental charges
  ▫ Terminations
  ▫ Contractions
  ▫ Expansions
  ▫ Impairments/Onerous leases
  ▫ Unexpected rent changes (abated rent)
Essential Data Elements

- **Lease ID Number** - unique identifier for all leases
- **Lease Description** - description of the leased property
- **Lessor Reporting Entity** - the lessor under the contract
- **Lessee Reporting Entity** - the lessee under the contract
- **Lease Inception Date** - month/year to capitalize the lease
- **Lease Term** - term of lease in months
- **Discount Rate** - annual interest rate (stated in lease or incremental financing rate)
- **Payment Date and Amounts** - payments by month over the lease term
Questions?
Updated Administrative Procedure 8.710 – Credit Card Program and Updates to UH’s PCI DSS Process

- Joanne Yama, Treasury Officer, FMO
Updated Administrative Procedure 8.710

*Credit Card Program*

**Purpose**

- Strengthen University’s Payment Card Industry Data Security Standard (PCI DSS) compliance process
- Formalize and document guidelines related to UH’s PCI DSS process for merchant departments

AP 8.711, *Electronic Payments via University Websites* consolidated with AP 8.710
Topics

- Updated Administrative Procedure 8.710 – *Credit Card Program* and Updates to UH’s PCI DSS Process
  - Joanne Yama, Treasury Officer, FMO
Updated Administrative Procedure 8.710 – *Credit Card Program* and Updates to UH’s PCI DSS Process

- Joanne Yama, Treasury Officer, FMO

- DRAFT 05-26-19
Updated Administrative Procedure 8.710

Credit Card Program

Purpose

• Strengthen University’s Payment Card Industry Data Security Standard (PCI DSS) compliance process

• Formalize and document guidelines related to UH’s PCI DSS process for merchant departments

AP 8.711, Electronic Payments via University Websites consolidated with AP 8.710
New AP 8.710 Appendices

Appendix A
- University of Hawai‘i PCI DSS Requirements document
  - ITS PCI DSS Technical Guidelines document
  - Mid-year SAQ Checklist process

Appendix B
- Credit Card Program Participation and Change Request Form
What is PCI DSS?

PCI DSS stands for Payment Card Industry Data Security Standard and are a complex and extensive collection of technical and operational requirements set by the PCI DSS Council to protect cardholder data.

The PCI DSS Council was founded by American Express, Discover Financial Services, JCB International, MasterCard Worldwide and Visa Inc.

The standards apply to all entities that store, process or transmit cardholder data.

PCI DSS is made up of 6 primary goals with 12 requirements. These goals and requirements were designed to ensure safe-handling of sensitive information that is collected to process credit/debit card transactions.
## PCI DSS

<table>
<thead>
<tr>
<th>Goals</th>
<th>Requirement</th>
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<tbody>
<tr>
<td>Build and Maintain a Secure Network</td>
<td>1. Install and Maintain a firewall configuration to protect cardholder data</td>
</tr>
<tr>
<td>and Systems</td>
<td>2. Do not use vendor-supplied defaults for system passwords and other security parameters</td>
</tr>
<tr>
<td>Protect Cardholder Data</td>
<td>3. Protect stored cardholder data</td>
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<tr>
<td></td>
<td>4. Encrypt transmission of cardholder data across open, public networks</td>
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<tr>
<td>Maintain a Vulnerability Program</td>
<td>5. Protect all systems against malware and regularly update anti-virus software or programs</td>
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<td></td>
<td>6. Develop and maintain secure systems and applications</td>
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## PCI DSS, Continued

<table>
<thead>
<tr>
<th>Goals</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement Strong Access Control Measures</td>
<td>7. Restrict access to cardholder data by business need to know</td>
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<tr>
<td></td>
<td>8. Identify and authenticate access to system components</td>
</tr>
<tr>
<td></td>
<td>9. Restrict physical access to cardholder data</td>
</tr>
<tr>
<td>Regularly Monitor and Test Networks</td>
<td>10. Track and monitor all access to network resources and cardholder data</td>
</tr>
<tr>
<td></td>
<td>11. Regularly test security systems and processes</td>
</tr>
<tr>
<td>Maintain an Information Security Policy</td>
<td>12. Maintain a policy that addresses information security for all personnel</td>
</tr>
</tbody>
</table>
Why is PCI DSS Compliance critical for the University?

- The University’s continuing compliance with PCI DSS is required in order to accept credit and debit card payments.
- In addition, non-compliance with PCI DSS could result in contractual penalties, sanctions and potential costs to the University, including:
  - Fines and penalties
  - Notification and response to cardholders who may have had their data stolen
  - Loss of reputation and trust
  - Legal, investigative, administrative and judgment costs
  - Termination of ability to accept credit cards
Internal Audit of Cash Receipts Process

Internal Audit completed a Review of the Cash Receipts Process in March 2019, which included an extensive review of the credit/debit card transactions processing by the University.

 Recommendation:

The University should develop a robust and comprehensive PCI DSS process supplemented with written policies and procedures. The process should include increased training and a process to ensure the quality, accuracy and completeness of merchant prepared Self-Assessment Questionnaires (SAQs).
The Treasury Office concurs with the recommendations and has started implementation of the following:

- Reviewed the University’s PCI DSS process in collaboration with ITS to identify opportunities to strengthen the process
- Updated AP and added PCI DSS requirements document (Appendix A), PCI DSS technical guidelines document and SAQ type checklists to assist merchant staff in compliance
- Planned additional training for merchant staff
- Identify processes to validate information submitted by merchants on their SAQ submissions
Roles and Responsibilities

• All departments that accept credit card payments must be in compliance with PCI DSS and related University policies and procedures

• Non compliance by one merchant department can affect the entire University’s reputation and ability to accept credit card payments

• The updated AP 8.710 provides further guidance on merchant department’s roles and responsibilities related to PCI DSS
Roles and Responsibilities of Dean/Director or Department Head

- Understand the responsibilities of accepting credit card payments by the Campus/School or Department
- Accept responsibility for any fines, fees or penalties assessed for data breaches due to merchant’s non-compliance of PCI DSS
- Appoint Merchant Account Contact
Roles and Responsibilities of Merchant Account Contact

- Submits requests to Treasury Office for new merchant requests and changes to existing merchant processing (new Appendix B)
- Coordinate merchant’s PCI DSS compliance and compiles supporting documentation, as required
- Complete mid-year PCI DSS checklist review
- Seeks assistance on merchant compliance issues
- Complete annual SAQ and submit by due date established to the Treasury Office
- Leads incident response remediation procedures, if necessary
Roles and Responsibilities of Merchant IT Department

- Supports Merchant Account Contact and implements PCI DSS technical requirements
- Supports with any security-related incident response and remediation
Roles and Responsibilities of All Merchant Staff

• Protect credit card data by complying with security requirements and safeguard cardholder data, as set forth by PCI DSS
• Comply with University policies and procedures and with terms of the University’s contract for credit card processing
• Participate in required training
Other Roles and Responsibilities related to PCI DSS

- Treasury Office – sets policies and procedures and coordinates and provides assistance in University’s PCI DSS process
- ITS – Collaborates with Treasury Office on PCI DSS technical requirements and guidelines and provides technical guidance to merchant staff
- Bank of Hawai‘i – Credit card contractor for the University; reports on University’s compliance with PCI DSS to credit card brands
- Security Metrics – contracted by Bank of Hawai‘i to perform University’s external scanning requirements; repository for University’s SAQ submission
Updates to University’s PCI DSS Process

- University’s PCI DSS process described in updated AP 8.710
- New Appendix A – University of Hawai‘i PCI DSS Requirements document
  - Describes merchant process for completion of SAQs
- New Appendix B – Credit Card Program -Participation and Change Request Form
  - Documents proposed merchant processing requests
  - Sign-off by Merchant Account Contact, IT Contact and Dean/Director or Department Head
  - Requires review by Treasury Office and ITS before any changes implemented
  - Approvals by Treasury Office, and if applicable, ITS
Updates to University’s PCI DSS Process, continued

Mid-Year PCI DSS Checklist Review

• Identifies requirements by payment processing method (i.e., SAQ type)
• Notates policies, procedures or guidelines already centrally established
• Identifies supporting documentation that merchant department will need to compile and maintain
• Provides opportunity for Merchant Account Contact to seek assistance before year-end SAQ submission
• Identifies areas of non-compliance that must be remediated before annual SAQ filing due at end of year
## 2019 Training

<table>
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<th>Training</th>
<th>Participants</th>
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<tbody>
<tr>
<td>UH PCI DSS Process – Review of updated AP 8.710 and new merchant process</td>
<td>Mandatory for Merchant Account Contact, IT Contact (all other merchant staff</td>
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<td>and annual SAQ preparation</td>
<td>welcome)</td>
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<tr>
<td>Bank of Hawai‘i Merchant Compliance Department - Training on PCI DSS and</td>
<td>Mandatory for all merchant staff</td>
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<td>SAQ requirements</td>
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<tr>
<td>ITS - PCI DSS Technical Guidance sections</td>
<td>As requested by Merchant Account Contact and IT staff</td>
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<tr>
<td>AP 2.215 - Information Security Awareness Training (ISAT)</td>
<td>Mandatory for all merchant staff</td>
</tr>
<tr>
<td>Treasury Office to provide information on other training opportunities,</td>
<td></td>
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<tr>
<td>as available</td>
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</tbody>
</table>
## Tentative Time Frame for 2019

<table>
<thead>
<tr>
<th>Tentative Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 07, 2019</td>
<td>Distribution of Draft AP8.710 and Appendices to merchant personnel</td>
</tr>
<tr>
<td>June 30, 2019</td>
<td>Merchants complete Appendix B and submit to Treasury</td>
</tr>
<tr>
<td>July 9, 2019</td>
<td>Merchant Training – UH PCI DSS Process (to be broadcast, details to follow)</td>
</tr>
<tr>
<td>August 2019</td>
<td>Training by Bank of Hawai‘i Merchant Compliance Department (details to follow)</td>
</tr>
<tr>
<td>August 30, 2019</td>
<td>Completion and submission of mid-year PCI DSS checklist to Treasury</td>
</tr>
<tr>
<td>September 30, 2019</td>
<td>All merchant staff verified to have current ISAT completed</td>
</tr>
<tr>
<td>September/October 2019</td>
<td>Merchants complete required supporting documentation; ITS PCI DSS technical guidance sessions scheduled as requested</td>
</tr>
<tr>
<td>Tentative Date</td>
<td>Description</td>
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</tr>
<tr>
<td>November 1, 2019</td>
<td>Treasury sends out request to complete annual SAQ</td>
</tr>
<tr>
<td>December 13, 2019</td>
<td>Due date of submission of completed SAQ to Treasury</td>
</tr>
<tr>
<td>December 2019/January 2020</td>
<td>Treasury review of merchant SAQs and preparation of University SAQ</td>
</tr>
<tr>
<td>January 2020</td>
<td>ITS review of University SAQ for technical requirements</td>
</tr>
<tr>
<td>January 25, 2020</td>
<td>Due date for Treasury to submit University SAQ to Security Metrics</td>
</tr>
</tbody>
</table>
Questions?
Thank You