Cash Management

2012 Assessment Report

Expected Outcomes: Payment Card Industry Data Security Standards (PCI) Compliance

Ensure protection of credit cardholder data.

Assessment methods:

Engage and facilitate a consultant(s). The consultant conducted 33 interviews with various key Auburn University employees. The consultant conducted the assessment using Version 1.2 of the PCI security audit procedures. The 5 day onsite visit began March 28, 2011. Consultant reviewed the following documentation: Auburn University and Affiliated Organizations Policies for Credit Card Processing and Security, Electronic Data Disposal, and IMS Policies and Procedures.

Findings:

The Consultant’s report revealed a Compliance Level of 22%. While not a compliance requirement itself, the largest item that the consultant recommended be remediated is the scope of the AU network. The AU network is designed as a single flat network. PCI assessment is only concerned with systems that store, process, or transmit cardholder data. If these systems could be clustered into a single security compartment the scope of PCI would be reduced significantly. It was recommended that the network be redesigned to facilitate the use of a de-militarized zone (DMZ) and to place all Internet reachable and customer facing systems (related to credit cards) within this space. Also cited is that current AU security policy and procedure documentation is not complete. These documents form the foundation of an information security program. The consultant recommends that AU immediately begin to develop a full set of documents. The complete report has been reviewed by administration and is available for review by appropriate persons involved with assessment.

How did you use findings for improvement?

Management is supportive of upgrades and improvements noted by the consultant and will use the findings to allocate resources to attain compliance. The Office of Information Technology (OIT) has begun the creation of a separate network to segregate credit card transactions and completion is projected by year-end. Further, OIT has assigned a project manager to facilitate the scheduling of the network build out and the moving of appropriate systems to the new network. The project manager, with assistance from the Working Committee, has created a definitive time line for the project. A Committee has been appointed to develop University Policy and Procedures related to the cardholder data environment according to PCI standards.

Additional Comments:

Quarterly project status reports are being issued by the PCI Working Group and reviewed by the entire PCI Committee. Progress toward compliance continues with 38% of merchant accounts compliant.
**Expected Outcomes:** Minimize credit card merchant fees

Ensure that Auburn University credit card merchant fees are held to the minimum levels possible.

**Method:**

Engaged credit card consultant, PE Systems, to find opportunities to reduce credit card processing fees paid by AU. Based on analysis of our monthly credit card statements, PE Systems will evaluate the total processing environment from card entry to deposit into the AU account by concentrating on Assessment fees, Interchange fees, and markup. Their analysis will begin with the calculation of the Historic Cost from our Merchant statements. Once this is established, the proprietary software developed by PE Systems to compare rates being charged to appropriate transaction types, compares our Historic (adjusted from time to time to reflect any changes in the Visa or Mastercard fee structure) and current costs to the industry standards. Opportunities for improvement are then reported to AU on a monthly basis with suggestions for remediation.

**Findings:**

Analysis of the following fee components: Assessment Fees, Interchange Fees, and Markup revealed findings as follows: Assessment Fees were being undercharged by the processor. Markup (pricing) was found to be “competitive for Industry”. Interchange fees offered an opportunity for improvement and cost savings. PE Systems produces a monthly report detailing merchant accounts where fees can be improved. For example, transactions processed without AVS detail are accessed at a higher fee and it was discovered that a few merchants were using credit card machines that did not have the AVS activated. AVS (Address Verification System) is a system used to verify the address of a person claiming to own a credit card. The system will check the billing address of the credit card provided by user with the address on file at the credit card company.

**How did you use these findings for improvement?**

In the example above, PE Systems identified the merchant(s) with downgrades due to lack of AVS transmission and the Credit Card Coordinator was then able to contact the merchant and work with them to upgrade or reprogram the credit card machine to require AVS. We are in the second year of engagement of PE Systems and to date total savings of approximately $31,000.00 have been achieved.

**Additional Comments:**

None
Expected Outcomes: Maintain sufficient liquidity to meet the daily cash obligations of the University.

Maintain a positive collected balance in the University operating account sufficient to meet current obligations without sacrificing investment returns.

Method:

Review monthly bank statement analysis to determine if the collected balance maintained a positive balance throughout the month. If yes, further confirm for each month that the AVERAGE collected balance did not exceed $10,000,000. Collected balances in excess are to be invested to achieve maximum returns within the Investment Policy. Use investment reporting to forecast maturities/calls/interest payments to monitor cash flow and place future investments.

Findings:

A positive collected balance within the desired range has been maintained in the Operating Account 100% during the year.

How did you use findings for improvement?

Will continue to maintain and search for opportunities for improvement.

Additional Comments:

None.