

Department of Finance and Administration – Policy 24
Electronic Commerce
(Revised September, 2007)

Introduction and Background

1. With the widespread growth of electronic commerce and the development of the state portal contract for Internet access, the use of electronic transactions is increasing across state government. Electronic commerce adds increased complexity to operations due to additional technical issues related to computer interfaces and security, banking settlement requirements, privacy of information, and State liability. This Policy Statement 24 has been developed to provide consistency and compatibility of statewide electronic commerce methods and to facilitate its administration, accountability, and necessary internal control system.

Applicability and Effective Date

2. This policy statement is issued by the Department of Finance and Administration in accordance with the authority granted under T.C.A. 4-3-1007 and is effective immediately upon approval. The Department of Finance and Administration may develop additional implementation procedures to assist agencies in the administration of electronic commerce processes. Institutions of the University of Tennessee and the Tennessee Board of Regents are excluded from this policy statement.

General Rule

3. The Department of Finance and Administration will maintain statewide contracts providing various methods of electronic commerce including debit cards, electronic checks and credit cards using the Visa or Mastercard network, as well as additional acceptance contracts as needed for Discover and American Express cards or others that the State may deem necessary. State agencies and departments are required to use these contracts for all forms of electronic commerce including acceptance via use of point-of-sale equipment, telephone, fax, Internet or through charges originating with a third party vendor that is providing services on behalf of the State.

4. State agencies and departments that have department-specific software contracts that will use electronic commerce are also required to use statewide electronic commerce contracts maintained by the Department of Finance and Administration. Agencies and departments should include this requirement in all applicable Requests for Proposals (RFPs).

Reconciliation, Internal Control and Security Provisions

5. The Department of Finance and Administration will encourage electronic reporting and centralized payment for all credit card vendors. Agencies and departments are responsible on every business day for the reconciliation of credit card reports to departmental transactions. While it is expected that assigned staff in the agency fiscal office will have day to day responsibility for the monitoring and reconciliation of credit card transactions, agency fiscal officers are ultimately responsible for oversight of the program within their department. In departments that have internal audit units, fiscal officers should meet periodically (at least once annually) with their internal auditor to review their department's card program(s) and assess that suitable procedures are in place to mitigate agency risk.
6. Departments should note that TCA 47-18-126 specifically prohibits state agencies that accept credit or debit cards for business transactions from printing more than five (5) digits of the card number or the expiration date on either the receipt retained by the merchant or the receipt provided to the cardholder at the point of sale. This provision applies only to receipts that are electronically printed, and not to handwritten receipts or imprints.
7. The Department of Finance and Administration, Office of Information Resources has recommended that storage of the payment card's full Primary Account Number (PAN) be prohibited on State systems with the exception of any superseding federal or state law which requires such storage. Acceptance of credit and debit cards by state agencies requires compliance with the Payment Card Industry (PCI) Data Security Standard (DSS). In situations in which storage of the PAN is necessary, full compliance with PCI/DSS requirements will be required, including encryption or some other suitable technique which renders the card number unreadable. Additional information on this requirement is available from the Office of Information Resources or the Division of Accounts.

Exceptions

8. Exceptions to this policy must be approved by the Chief of Accounts, Department of Finance and Administration.

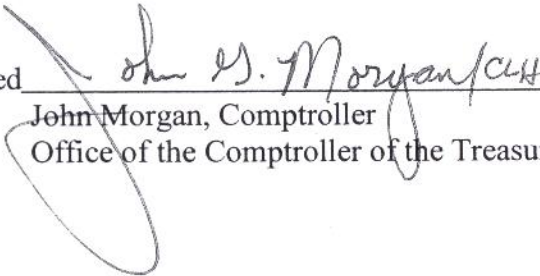
Approval of the Commissioner of Finance and Administration

I, M. D. Goetz, hereby approve of this Policy Statement 24 of the Department of Finance and Administration, and authorize actions necessary to implement its requirements.

Signed  Date 8/29/07
M.D. Goetz, Commissioner
Department of Finance & Administration

Approval of the Comptroller of the Treasury

I, John G. Morgan, hereby approve of this Policy Statement 24 of the Department of Finance and Administration, and authorize actions necessary to implement its requirements.

Signed  John G. Morgan/CLH Date 9-24-07
John Morgan, Comptroller
Office of the Comptroller of the Treasury