	DEPARTMENT OF FINANCE & MANAGEMENT OPERATIONAL GUIDANCE		
Topic:	Vermont Information Consortium (VIC) Processing Fees	**#:** **Issue Date:**	OG-03 May 2015
Related Policy:	N/A	**Revision #:** **Rev. Date:**	N/A N/A
Applicable to:	All State Agencies, Departments, and Offices	**Page:**	1 of 2

A.   Purpose

To provide instructions for the proper accounting treatment of processing fees payable to the Vermont Information Consortium, LLC (VIC) for web-based payment services provided to State agencies, departments and offices ('departments').

B.   Background

The Department of Information & Innovation (DII) contracts with VIC to provide web portal management services for the State of Vermont, including e-commerce platforms for customers to pay departments over the internet for various statutorily authorized fees. VIC is authorized to receive a **processing fee** for hosting these payment platforms.

C.   Accounting Treatment

The scenarios below describe how VIC's processing fee is charged, and then the subsequent VISION accounting instructions departments must follow to properly record and pay the fee:

❖ **Scenario 1:** VIC's processing fee is <u>included</u> in the statutorily authorized fee amount paid by the customer to the department.

> **Instructions:**
> 1) Department records 100% of the fee amount received to the appropriate fund and revenue account.
> 2) VIC submits an invoice to the department requesting payment of processing fees.
> 3) Department processes payment to VIC by creating a purchase order against DII's statewide contract with VIC (contract #24620), using the same fund in Step 1 and expense account 524000-Bank Service Charges.

❖ **Scenario 2:** VIC's processing fee is a service charge <u>added</u> to the statutorily authorized fee amount paid by the customer to the department. *Under this scenario there are two possible options for how VIC's processing fee is initially collected.*

> → **Option A:** The department receives the statutory fee amount only and the processing fee (service charge) is retained by VIC.
>
> > **Instructions:**
> > 1) Department records 100% of the statutory fee amount to the appropriate fund and revenue account, and no accounting for the processing fee is required (*since it was retained by VIC*).

→ **Option B:** The department receives the statutory fee amount <u>and</u> VIC's processing fee.

Instructions:

1) Department records the statutory fee amount (only) to the appropriate fund and revenue account, <u>and</u> then records the amount of VIC's processing fee (only) to the same fund but revenue account 460090-Web Portal Fees Collected (*to not overstate fee revenue*).

2) VIC submits an invoice to the department requesting payment of processing fees.

3) Department processes payment to VIC by creating a purchase order against DII's statewide contract with VIC (contract #24620) using the same fund in Step 1 and expense account 524000-Bank Service Charges.