

Section 09.01

EXTENSION OF CREDIT

Departments responsible for extending credit and creating invoices will be required to adhere to system policy regarding the issuance and receipt of all payments. The following are procedures to ensure consistency of all departments throughout the university

Extension of Credit

1. Credit may be extended only when it serves the best interest of the System and is for the public good of the State of Texas ([TAMUS Regulation 21.01.04](#)).
2. An Extension of Credit Request form approved by the Executive Vice President for Finance and Administration must be on file with the Texas A&M University – Corpus Christi Comptroller’s Office in order for a department to extend credit as part of its normal departmental activities. Only one form is needed for each department extending credit on a regular basis; the expected monthly average and the aggregate total receivables per fiscal year should reflect all SL accounts involved in the receivable process for the specific department. This form will need to be updated annually and sent to Comptroller’s Office for record keeping.
3. Once approval has been received, credit may be extended when:
 - a. The agency receives the greater benefit by the extension of credit.
 - b. It is impossible or impractical to (a) require payment in full or (b) request posting a bond or cash deposit prior to delivery of goods or services
 - c. The extension of credit will allow the agency to conduct its operations in a more efficient way
 - d. The extension of credit will result in a savings of administration costs for the agency or will result in net benefit

Departmental Receivables

A department that is responsible for extending credit on behalf of the university is also responsible for rules that apply to maintain departmental receivables. The following is a list of rules that should be followed when creating and collecting on account receivable.

- a. Invoices should be issued within one week of the date of delivery of the goods or the date the services were performed.

- b. All invoices should be created using the TAMUCC Invoice Template which can be obtained from the Accounts Receivable Department or online on the [Accounting Services website](#).
- c. All invoices must show a remit address of the following:
 - Texas A&M University-Corpus Christi
 - Accounts Receivable Department
 - 6300 Ocean Drive Unit 5767
 - Corpus Christi, Texas 78412-5767
- d. Invoice numbers can be obtained by contacting the Accounts Receivable Department.
- e. All invoices should be sent to the Accounts Receivable Department for entry into the FAMIS accounting system. Departments should also maintain a log of all invoices created.
- f. All payments are due within thirty days of invoice date.
- g. If payment is not received within thirty days of the invoice date, past due notices should be sent out. The accounts receivable department will send an aging schedule to each department monthly and the department will be responsible for mailing past due notices and contacting the customer concerning payment. At a minimum, past due notices should be sent out on a bi-monthly basis. Units may elect to send them out more frequently on a monthly basis. No further credit should be issued to the customer until payment is made.
- h. An aged receivable report detailing all past due accounts should be prepared and reviewed on a monthly basis by the Accounts Receivable Department. At the completion of each quarter (November, February, May & August), this report should also be submitted to Comptroller's Office for review.
- i. When the department determines a debt to be delinquent, the customer should be placed on hold with the state, see Section 09.03 of the [Accounting Handbook](#). The department should send the delinquent customer a demand letter within 30 calendar days of when the account is considered delinquent. A second demand letter should be mailed 30 – 60 days after the date of the first letter. University Holidays of less than 5 consecutive days are included in the 30 and 30-60 day calculation. Holidays of five or more consecutive calendar days are excluded from the calculation. No more than two (2) demand letters can be sent to the customer per [System Policy and Regulations 21.01.04 \(4.1\)](#). Documentation of all attempts to collect the debt must be recorded and maintained on file.
- j. Accounts Receivable will review past due accounts on a regular basis to determine if they continue to be collectible. If after two (2) years on the books, an account is deemed to be

uncollectible, the Accounts Receivable Department will send a Request for Write Off form to the department for approval and then will submit to the Comptroller's Office for further processing. A bad debt expense will be charged to the department. Once an account has been written off as uncollectible, no further credit should be issued to this customer see Section 09.02 of the [Accounting Handbook](#).

- k. Each unit should create its own internal Accounts Receivable procedures.

For additional details see [TAMUS Regulation 21.01.04](#)



EXTENSION OF CREDIT REQUEST

DATE: _____

TO: TAMUCC Comptroller’s Office FROM: _____

(1) I am requesting authorization to extend credit within the following department (include FAMIS department code and provide detailed description of the operation requiring a credit extension)

(2) This authorization is to be for the following time period: (Check One)

From _____ TO _____

Indefinite Time Period

(3) I expect the average monthly credit sales not to exceed: \$ _____

(4) I expect aggregate credit sales not to exceed: \$ _____

(5) Anticipated Write Offs are: \$ _____

(6) The Public Purpose served by this extension of credit is: (Check all that Apply)

(a) To Avoid loss due to spoilage/deterioration of product

(b) To sell a unique, limited market research or educational product in a wider area.

(c) The extension of credit will allow the agency to conduct its operations in a more efficient way.

(d) Other: _____

I confirm that I have read and understand TAMU System and University regulation 21.01.04 regarding the extension of credit located at <http://www.tamus.edu/offices/policy/policies/pdf/21-01-04.pdf>. I confirm that my department has written procedures for extending credit including collection procedures and have attached a copy of my department’s procedures. I understand that payment for the sales of goods and services on credit is expected within 30 days and special circumstances requiring the extension of credit for longer than 30 days must be disclosed in writing to the Accounts Receivable department.

_____ **Departmental Approval**

Signed _____

Printed Name _____

Title _____

Dept/Unit _____

Date _____

_____ **Comptroller’s Office Review**

Signed _____

_____ **EVPFA Approval**

Signed _____

Printed Name _____

Date _____