

STANDARD ADMINISTRATIVE PROCEDURE

21.01.04.M0.01 Guidelines for Extension of Credit

Approved August 4, 2011

Next scheduled review: March 4, 2017

Standard Administrative Procedure Statement

Texas A&M University personnel shall adhere to the guidelines set forth in System Regulation 21.01.04, Extension of Credit. This Standard Administrative Procedure (SAP) prescribes the procedures that must be followed when extending credit in order to protect assets.

Reason for Standard Administrative Procedure

This Standard Administrative Procedure (SAP) is provided as a guide to implement System Regulation 21.01.04, Extension of Credit.

Official Procedure/ Responsibilities/ Process

1. GENERAL

1.1 Certain credit conditions and approval are required prior to the extension of credit.

2. EXTENSION OF CREDIT CONDITIONS

2.1 Credit will only be extended when it serves the best interest of the System and the State of Texas. Credit extension, authorized by statute or by contractual agreement, is acceptable in the normal course of business for the following type of receivables:

2.1.1 Billing of services from income service accounts that cannot be predetermined and that are customarily billed after the service is provided,

2.1.2 Sponsored programs, grants and other contractual agreements, including fee contracts that are driven by cost reimbursable arrangements and fixed price agreements with payment terms other than the approved agreement, or

2.1.3 Conference registration fees from participants or companies.

3. APPROVAL TO EXTEND CREDIT

- 3.1 Prior to establishing a method of operation which would require an extension of credit, a department that extends credit must have an extension of credit letter approved by TAMU's Associate Vice President for Finance and Controller. The extension of credit approval must be reviewed annually. Information must be documented on the Extension of Credit Request Form and include the following:
 - 3.1.1 a detailed description of the operation requiring credit extension including estimated amounts and the duration of the operation,
 - 3.1.2 the public purpose served by the extension of credit,
 - 3.1.3 if there is a circumstance that results in credit being extended for a period longer than 30 days, such a circumstance must be documented,
 - 3.1.4 documented extension of credit and collection procedures to be followed by the department seeking approval to extend credit,
 - 3.1.5 any other pertinent information which would influence approval.

Related Statutes, Policies, or Requirements

System Regulation 21.01.04, Extension of Credit
<http://policies.tamus.edu/21-01-04.pdf>

Appendix

[Guidelines for writing Extension of Credit and Collection Procedures](#)

[Identity Theft Prevention Program \(Red Flag Rule\)](#)

[State Hold Requirements](#)

[AR Write Off Procedures](#)

Forms

[Extension of Credit Request Form](#)

[Extension of Credit Request Form Instructions](#)

[Write Off Request Form](#)

[Customer Information Form](#)

[State Hold Form](#)

Contact Office

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