



# Standard Administrative Procedure (SAP)

## 21.01.04.L0.01 Extension of Credit

**First Approved:** July 12, 2013  
**Revised:** June 6, 2019  
**Next Scheduled Review:** June 6, 2024

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### Procedure Statement and Reason for Procedure

The Comptroller's Office is responsible for extending credit and creating invoices. All departments are required to adhere to Texas A&M University System (System) policy regarding the issuance and receipt of all payments.

The purpose of this SAP is to establish procedures for extension of credit and collection to ensure consistency, proper internal controls, segregation of duties, and adequate safeguards of Texas A&M International University (TAMIU) assets.

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### Procedures and Responsibilities

#### 1. Extension of Credit

- 1.1 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. Refer to [System Regulation 21.01.04, Extension of Credit, Delinquent Accounts, Collections and Write-offs](#).
- 1.2 A memorandum requesting approval for the extension of credit should be submitted to the Vice President for Finance and Administration. Once approved, the memorandum must be on file with the Comptroller's Office in order for the Comptroller's Office to issue invoices and monitor receivables. The memorandum must include the expected monthly average and the aggregate total receivables per fiscal year and should reflect all SL accounts involved in the receivable process for the specific department.

- 1.3 Once approval has been received, credit may be extended when:
- a. TAMIU 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 TAMIU to conduct its operations in a more efficient way;
  - d. The extension of credit will result in a savings of administration costs for TAMIU or will result in net benefit.

## 2. Departmental Receivables

2.1 With pre-approval from the Comptroller's Office, a department may be permitted to extend credit on behalf of TAMIU. When such approval is granted, the department is also responsible for adhering to the following rules which apply to maintaining departmental receivables:

- 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 must show a remit address as follows:

Texas A&M International University  
Accounts Receivable Department  
5201 University Boulevard, Killam Library Building, Room 162  
Laredo, Texas 78041

- c. All payments are due within 30 days of the invoice date.
- d. If payment is not received within 30 days of the invoice date, past due notices should be sent out. The Accounts Receivable Department will send the past due notices to each department monthly, and the department will be responsible for mailing those notices and contacting the customer concerning payment. At a minimum, these notices should be sent out on a bi-monthly basis. No further credit should be issued to the customer until payment is made.
- e. An aged receivable report detailing all past due accounts should be prepared and reviewed on a monthly basis by the supervisor in the billing department. At the completion of each quarter (November, February, May, and August), this report should also be submitted to Comptroller's Office for review.
- f. The staff accountant responsible for Accounts Receivables in the Comptroller's Office will review past due accounts on a regular basis to determine if they continue to be collectible. If after 2 years an account is deemed uncollectible, the Accounts Receivable Department will send a "Request for Write-Off" form to the department for approval and will submit it to the Comptroller for further processing. A bad debt expense will be charged to the SL account used to record the original revenue. Once an account has been written off as uncollectible, no further credit should be issued to the customer.

- g. Each unit should create its own internal accounts receivable procedures. Procedures should be detailed steps of departmental processes. These detailed steps should map out the course of action so that persons not familiar with the process can follow them to perform the duties when necessary. The Comptroller's Office will review the procedures to ensure that the appropriate separation of duties are achieved, giving consideration to the department's staffing level. Segregation of duties is essential to prevent one individual from having full responsibility of every component in the extension of credit. These components are creating invoices, collecting payments, clearing invoices, depositing, and reconciling. When developing extension of credit procedures, departments should always consider the importance of internal controls and segregation of duties and include these two concepts in all procedures.

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## **Related Statutes, Policies, Regulations, or Rules**

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[System Regulation 21.01.04, Extension of Credit, Delinquent Accounts, Collections and Write-offs](#)

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## **Contact Office**

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Comptroller's Office, 956-326-2378