

# SAP 21.01.04.T0.01 Extension of Credit

Approved: February 22, 2016  
Next Scheduled Review: February 22, 2021



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## Procedure Statement

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This procedure provides guidelines for the extension of credit, collection efforts, and referral of delinquent accounts to The Texas A&M University System Office, Office of General Counsel and/or the Attorney General of Texas.

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## Reason for Procedure

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This procedure establishes the standard process for Tarleton State University (Tarleton) for the extension of credit and the related collection processes.

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## Procedures and Responsibilities

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### 1. EXTENSION OF CREDIT

- 1.1. Credit may be extended only when it serves the best interest of Tarleton and for the public good of the State of Texas.
  - 1.1.1. Extension of credit to a student is appropriate and the responsibility of the Business Services Office - Student Accounts.
  - 1.1.2. Accounts receivable generated for expenditures extended to granting agencies are billed in accordance to the grant contract or agreement, which is billed monthly or quarterly and is the responsibility of the Business Services Office – Grant Accounting.
  - 1.1.3. Departmental receivables are to be generated by the Business Services Office.

### 2. INTERNAL CONTROL

- 2.1. Guidelines to approve requests for extension of credit must ensure the information, record keeping and control systems used for decision making provide the accuracy and reliability required to protect Tarleton's assets.
- 2.2. The Business Offices will maintain adequate records of accounts receivable and prepare monthly reconciliation.

### 3. DELINQUENT ACCOUNTS

- 3.1 The Attorney General's uniform collections guidelines provide that no more than two demand letters should be transmitted to debtors. The first demand letter should be sent no

more than 30 days after the obligation has become delinquent, and the second demand letter should be sent 30-60 days after the first demand letter. Documentation of all attempts to collect the debt must be recorded and maintained on file.

- 3.2 When the debt is determined to be delinquent, the university should utilize the State Comptroller's warrant hold process to ensure payments are not issued to the individual or entity that is indebted to the state. The warrant hold process is detailed in the State Comptroller's Accounting Policy Statement No. 028, *Reporting of State Debts and Hold Offset Procedures*.
- 3.3 Reasonable tolerance levels should be established to determine when delinquent accounts should be referred for collection. Factors to consider when establishing tolerance levels should include:
  - a. Size of debt;
  - b. Existence of any security or collateral;
  - c. Likelihood of collection through passive means; and
  - d. Cost to the agency in attempting to collect the obligation.

#### 4. WRITE-OFF OF UNCOLLECTED ACCOUNTS

- 4.1. If the a debt is approved for write-off, procedures outlined in the State Comptrollers' Accounting Policy Statement No. 027, *Accounting for Uncollectible Accounts*, should be followed to record the entry correctly if the transaction is associated with a State Treasury bank account.
- 4.2. If the debtor is deceased, the delinquent obligation is classified as uncollectible and permanently written off after attempts to collect against the estate have been unsuccessful.

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### **Related Statutes, Policies, or Requirements**

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Comptroller of Public Accounts, Accounting Policy Statement; [027, Accounting for Uncollectible Accounts](#)

Comptroller of Public Accounts, Accounting Policy Statement; [028, Reporting of State Debts and Hold Offset Procedures](#)

System Regulation; [21.01, Extension of Credit](#)

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### **Contact Office**

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