

21.01.04.E0.01 Extension of Credit

Approved July 24, 2006
Revised October 5, 2009
Revised July 7, 2014
Next Scheduled Review: July 7, 2019

Supplements System Regulation 21.01.04

Standard Administrative Procedure Statement

Texas A&M Engineering Experiment Station (TEES) 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.

Procedures and Responsibilities

1. GENERAL

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

2. EXTENSION OF CREDIT CONDITIONS

Credit will only be extended when it serves the best interest of the System and the public good of the State of Texas. Credit extension is acceptable for the following type of receivables:

- 2.1 billing of services from income service accounts that cannot be predetermined and that are customarily billed after the service is provided,
- 2.2 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
- 2.3 conference registration fees from participants or companies.

3. APPROVAL TO EXTEND CREDIT

Prior to establishing a method of operation which would require an extension of credit, a division that extends credit must have an extension of credit letter approved by TEES' Chief Financial Officer (CFO). 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 a detailed description of the operation requiring credit extension,
- 3.2 the public purpose served by the extension of credit,
- 3.3 if there is a circumstance that results in credit being extended for a period longer than 30 days, such a circumstance must be documented,
- 3.4 any other pertinent information which would influence approval.

Related Statutes, Policies, or Requirements

[Extension of Credit Request Form](#)

[Regulation 21.01.04, Extension of Credit](#)

Contact Office

Fiscal Office

(979) 458-7430