



PROCEDURE STATEMENT

This procedure establishes guidelines for Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL) regarding the extension of credit, pursuant to System regulation 21.01.04, *Extension of Credit*. Agency units provide a variety of goods and services to other system components; to local, state, federal and private organizations; and to private individuals. One of the ways service is provided by the units is through the extension of credit.

REASON FOR PROCEDURE

These procedures establish uniform procedures for TVMDL extension of credit to clients.

PROCEDURES AND RESPONSIBILITIES

1.0 EXTENSION OF CREDIT

Credit will be extended to TVMDL clients on the basis of a completed account credit application, proof of good trade references, likeliness of collection of credit balance, and the possibility of continued use of TVMDL services. TVMDLS-ADM-SOP-0700 is followed when extending credit and creating new client accounts.

2.0 CLIENT ACCOUNTS

Continued extension of credit will be determined on a case-by-case basis after reviewing the monthly aging report and taking into consideration:

- 2.1 Frequency of account delinquency;
- 2.2 Dollar amount of delinquency; and
- 2.3 Reason for delinquency.

3.0 DELINQUENT ACCOUNTS

3.1 TVMDLS-ADM SOP0709, "Past Due Accounts" details the procedures to address past due accounts.

3.1.01 The first demand letter is sent to clients when accounts reach 31 days past due.

3.1.02 The second demand letter is sent to clients when accounts reach 60 days past due.

3.2 When accounts reach 180 days past due, they are deemed delinquent and a letter will be sent to the client stating their account will be inactivated and they will be put on state vendor hold with the State Comptroller's Office.

3.3 When the account is deemed delinquent at 180 days, finance charges will stop being accessed.

4.0 WRITE-OFF OF ACCOUNTS

- 4.1 At 360 days delinquent, the Accounts Receivable Write-Off Request Form (AG-219) will be completed. Copies of the client statement, the two past due letters, inactivation letter, and Comptroller Payee Vendor Hold Form will be attached.
- 4.2 All write-off requests must be approved by the Chief Financial Officer.
- 4.3 Annually, on or before July 1, the write-off requests and supporting documentation will be sent to the Texas A&M University System Office of General Counsel for review.
- 4.4 Any accounts that have reached 360 days delinquent will have balances moved into the write off ledger in the receivables program. TVMDLS-ADM-F0707, "Account Adjustments" is used for this process.
- 4.5 All approved amounts will be written off as part of the year end process.
- 4.6 Clients and vendors that have been written off as uncollectible should not have further credit extended to them in the future.

5.0 COLLECTION

- 5.1 The agency has established a tolerance of \$5,000 when determining which accounts should be referred to collection. The following factors are:
 - 5.1.01 Size of debt, and if bankruptcy is involved,
 - 5.1.02 Existence of any security or collateral,
 - 5.1.03 Likelihood of collection through passive means, and
 - 5.1.04 Cost to the agency in attempting to collect the obligation

RELATED STATUTES, POLICIES, OR REQUIREMENTS

[System Regulation 21.01.04](#), *Extension of Credit*

TVMDLS-ADM-SOP0700, "Creating New Client Account"

TVMDLS-ADM-SOP0709, "Past Due Accounts"

Texas Administrative Code, Title 1, Part 3, §§59.2, 59.3

Texas Comptroller of Public Accounts, Accounting Policy Statement 027, *Accounting for Uncollectible Accounts*

TVMDL Form TVMDLS-ADM-F0700, "New Account, Credit Application" Form

TVMDL Form TVMDLS-ADM-F0707, "Account Adjustment" Form

CONTACT OFFICE

For questions, contact the TVMDL Finance Office at 979-458-3207.