



## Accounts Receivables Procedures

An accounts receivable is money owed to an agency for goods or services rendered that customers have been provided on credit. Customers are sent an invoice for payment. This includes both internal and external customers that do business with the agencies.

Invoices are prepared by unit using iPayment. An external customer information request (AG-257) is requested at time of initial setup to capture EIN and contact information for customers outside the Texas A&M University System. Should an instance occur where a unit cannot submit in iPayment a manual form may be submitted to [BAR@ag.tamu.edu](mailto:BAR@ag.tamu.edu) for entry into iPayment on the unit's behalf. Contact AgriLife Banking and Receivables for guidance should this occur.

**Extension of Credit**, [System Regulation 21.01.04](#) allows units to extend credit only when it serves the best interest of the agencies and the public good of the State of Texas.

- Unit requests may be submitted via written documentation including justification for the need to extend credit. [Extension of Credit Request](#) (AG-222). This form is collected annually in August by Banking & Receivables.
- May only extend credit to customers no more than thirty (30) days. Special circumstances requiring more than thirty (30) days must be disclosed and approved.

## Collections

- Banking and Receivables reviews and follows up on all outstanding receivables until payments are collected or determination has been made for write-off.
- The initial invoice is mailed or emailed to customer at time of issue by the unit. Payment is due net 30 days.
- A first past due notice is mailed around 30 days after initial debt has been issued.
- A second past due notice is mailed or emailed around 30-60 after first past due notice.
- Any feedback from customers resulting in the status of the unpaid accounts receivable being considered "in dispute" is coordinated with the billing unit for their information and potential resolution.
- Coordinate with billing units on any aging accounts receivable. It is the billing units' responsibility to help ensure the unpaid accounts receivable balances are resolved.
- When the aging of an account receivable reaches 181 days the agency Chief Financial Officers are notified for consideration of write-off.
- External customer accounts receivables are not reversed.
- Internal customer accounts receivable 9 months old or older may be reversed. A notification is sent to the billing unit to assist in collections. If the payment is not received within 30 days of this memo, the accounts receivable will be reversed, and it is up to the billing unit to collect the funds. If collection of the unpaid accounts' receivable is made by the billing unit after the reversal date, then the billing unit should deposit the funds and recognize as revenue at that time.



## State Customer Hold

- Completed on external customers with invoices of \$100.00 or more that are 120 days or more past due.
- State Accounting Policy Statement (APS 028) requires state agencies and institutions of higher education to report names of entities with a debt to the state.
- Billing units may be asked to complete the state hold form and submit to AgriLife Banking and Receivables.

## Write-Off

A write-off is a request to remove any uncollected receivable from the sale of a good or services that is at least one year old or if the customer has filed bankruptcy from a unit's account and recognize it as a bad debt expense. At no time is a unit allowed to waive an uncollectable debt without submitting a write-off request. Units may not reduce or cancel payments due from customers.

The following criteria are used for determination of write-off:

- External Customer
- Due by August 1<sup>st</sup> each year to AgriLife Banking and Receivables
- Accounts Receivables one year old or older
- Bankrupt Customers are exempt
- Amounts should not exceed 10% of the total receivables billed for that year.

Upon review of unit accounts receivable write-off and submission to Office of General Counsel by AgriLife Banking and Receivables, the receivable will be reversed, and a bad debt expense recorded.

The recorded expense is entered by Banking & Receivables as follows:

- Cancel invoice
- Record bad debt entry
  - Credit SL – XXXXXX revenue code (as originally recorded)
  - Debit SL – XXXXX
    - 6312 – expense code bad debt expense – Other sales
    - 6313 – bad debt expense C&G Private & Other