

## **Texas A&M AgriLife Banking and Receivables 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.

Request for Accounts Receivable Invoices are prepared by units using iPayment. 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.

See document "Processing an Accounts Receivable via iPayment" for details on how to enter account receivable in iPayment.

**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)
- 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.
- Must have documented unit procedures for collections including aging of outstanding accounts.
- Follow Federal Trade Commission's Red Flag Rule by understanding and following the agencies Identity Theft Prevention Program.

### **Collections**

- AgriLife Banking and Receivables distributes monthly past due notices on all unpaid FAMIS AR balances. Monthly personal contact (i.e. email, phone) with customer once the AR reach 31 days past due from date of sale.

- Any feedback from customers resulting in the status of the unpaid accounts receivable being considered “in dispute” is sent to the billing unit for their information and potential resolution.
- Communicate with billing units showing on outstanding accounts receivable and their aging. It is the billing units’ responsibility to use notices 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.
- Unpaid accounts receivable 9 months old or older may be reversed. A memo 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.
- External customer accounts receivables are not reversed.

### **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 all state agencies and institutions of higher education to report names of entities with a debt to the state.
- Billing units will receive email notice listing all customers approaching the 120-day mark
- Billing units are responsible for completing the state hold form and submitting to AgriLife Banking and Receivables.

## Write-Off

A write-off is a request to remove any uncollectible revenue from the sale of a good or services that is at least 1 year old from a unit's account and re-class 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. Following criteria are used for determination of write-off:

- External Customers Only
- 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.

- Close AR
- Bad Debt Entry recorded via journey entry
  - Credit SL – XXXXXX revenue code (as originally recorded)
  - Debit SL – XXXXX 6312 – expense code Bad Debt Expense – Other sales or 6313 Bad Debt Expense – C&G Private & Other, whichever is applicable