

**ADMINISTRATIVE PROCEDURES**

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| **20.04 Accounts Receivable** | **Revised: February 1, 2023** |

1. GOVERNING REGULATIONS

Extension of credit related to accounts receivable is governed by A&M System Regulation [21.01.04](http://policies.tamus.edu/21-01-04.pdf), *Extension of Credit, Delinquent Accounts, Collections and Write-offs* and System Office of Budgets and Accounting, [*Collection and Write-Off Guidance*](http://assets.system.tamus.edu/files/budgets-acct/pdf/CollectionWriteOffGuidance.pdf).

1. AUTHORIZED RECEIVABLES

While extension of credit is generally prohibited by the State, the following types of receivables are authorized and will be reviewed biennially:

* 1. Grant and Contract Receivables – all grants and contracts billed on a reimbursement basis.
  2. Interagency and Government Entity Receivables – all billings for training registration fees for federal, state and local agencies and volunteer fire department personnel and emergency response reimbursement from federal and state agencies.
  3. Employee Travel Advance Receivables – all travel advances issued to employees in accordance with Texas A&M Forest Service Administrative Procedure [20.03](http://tfsfinance.tamu.edu/modules/finance/admin/admin_procedures/2003%20Travel.docx) Travel.
  4. Management Services – sales of services to landowners, along with incidental supplies and equipment rental charges. NOTE: While the fee for management services cannot usually be determined in advance, it is appropriate to collect a deposit when services begin if the fee will be significant.
  5. Voluntary Assessments – participating landowner assessments, co-op membership dues and similar revenues (not extensions of credit).
  6. Reimbursements Due to the agency – includes vendor overpayments and credits, amounts due from employees from incidental or improper use of agency resources, returned checks or credit card chargebacks and other unplanned receivables.
  7. Cooperator Agreement Reimbursements – reimbursements from cooperators under a written agreement signed by the Associate Director for Finance and Administration.

1. BILLING OF RECEIVABLES
   1. Grants and contracts are billed on a monthly basis, unless otherwise required by the sponsor.
   2. Other receivables are billed at the time the original invoice is generated by the billing department. With the exception of the Risk Pool program and sponsored activities, departmental billings are generated through the [eInvoice](https://tfsapps.tamu.edu/einvoice) system.
2. RECORDING OF RECEIVABLES
   1. The sponsored research module in FAMIS creates invoices for grants and contracts and posts the related receivable at the end of each billing cycle. Occasionally a manual invoice must be prepared, and the Grants Administrator provides a listing to accounts receivable staff in the Budgets and Accounting Department for these grants and contract invoices when billed. The list contains the sponsor, description and invoice amount. The Budgets and Accounting Department enters the manual invoices into FAMIS.
   2. Employee travel advances are recorded in FAMIS when the voucher is processed to issue a check. (See Administrative Procedures [20.03](http://tfsfinance.tamu.edu/modules/finance/admin/admin_procedures/2003%20Travel.docx) Travel, section 3). A detailed listing of outstanding advances is prepared monthly and balanced to FAMIS by Budgets and Accounting Department staff.
   3. Other invoices are recorded in FAMIS by the Budgets and Accounting Department staff using approved invoices from the Risk Pool program, the FAMIS Sponsored Research Module or the [eInvoice](https://tfsapps.tamu.edu/einvoice) system.
3. REPORTING OF RECEIVABLES

A detail listing of receivables (FAMIS report IBMR053) is reviewed each month by the Budgets and Accounting Department. The Associate Director for Finance and Administration is also provided a copy for review.

1. COLLECTION EFFORTS
   1. When invoices become past due, the Budgets and Accounting Department will follow up with the customer and provide a copy of the invoice. The respective billing department will be contacted if additional information is needed.
   2. Employee travel expense and other expense reimbursements are held until all delinquent debts to the agency are paid.
   3. Individuals leaving employment are required to process an [Employee Out-Processing Checklist](http://tfsfinance.tamu.edu/modules/finance/admin/procedures/Employee%20Out%20Processing%20Checklist%20-%20Terminating.docx), which provides an opportunity for them to clear outstanding debts with the Budgets and Accounting Department.
   4. The Payroll and Support Services Department contacts the Budgets and Accounting Department to determine if a terminating employee has any outstanding receivables prior to processing requests for TRS or ORP refunds.
   5. The Budgets and Accounting Department may initiate a local or state vendor hold process for delinquent receivables when routine collection efforts have been unsuccessful.
2. WRITE OFF OF RECEIVABLES
   1. When a department determines a receivable (regardless of age) is not collectible, the department head submits a written request for write-off to the Budgets and Accounting Department. The request identifies collection efforts taken for each receivable.
   2. Each year the Budgets and Accounting Department conducts a review of receivables over two years old and prepares a write-off request for any receivable determined to be uncollectible.
   3. All write-offs must be approved by the Associate Director for Finance and Administration and the Director. Additional approvals will be obtained from the System Office of Budgets and Accounting for receivables less than two years old and 10% or more of the agency’s receivable balance.
   4. When a written off receivable is subsequently collected, the receivable is reinstated and the payment is posted.

7.5 The agency does not utilize collection agencies to collect delinquent debt.

8. FEDERAL BANKRUPTCIES

If a department receives a notification of bankruptcy, forward the correspondence to the Budgets and Accounting Department. The notification will be sent to the System Office of General Counsel.

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