

## Accounting Handbook

### Extension of Credit

#### Policy

1. The University is prohibited from entering into a transaction for the sale or lease of goods or services in which the institution extends the credit of the state to the obligor. University departments may not deliver merchandise or provide services to individuals; associations or corporations in any situation where the use of state appropriated funds are involved, unless payment is received.
2. If the University determines it is appropriate and in the best interest of the University to extend credit, it may do so under the following conditions:
  - 2.1 Submit request to extend credit to the Associate Vice President for Finance. Identify the non-state account to offset expenses.
  - 2.2 Set-up approved billing, accounting and collection procedures with the Associate Vice President for Finance.
  - 2.3 Set-up reserve for allowance for allowance for doubtful collections.