



TEXAS TECH UNIVERSITY™

Operating Policy and Procedure

OP 62.01: Extension of State Credit

DATE: June 21, 2021

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to establish policy in compliance with state law for the extension of credit to individuals, business entities, or other governmental agencies.

REVIEW: This OP will be reviewed in June of every fourth year by the Chief Procurement Officer with substantive revisions forwarded to the Senior Vice President for Administration & Finance and Chief Financial Officer (SVPAF/CFO).

POLICY/PROCEDURE

1. Legal Authorities

[Article 3, Section 50 of the Texas Constitution](#) states: “The Legislature shall have no power to give or to lend, or to authorize the giving or lending, of the credit of the State in aid of, or to any person, association or corporation, whether municipal or other, or to pledge the credit of the State in any manner whatsoever, for the payment of the liabilities, present or prospective, of any individual, association of individuals, municipal or other corporation whatsoever.”

2. TTU Policy Regarding Extension of Credit

Section 07.06, *Regents’ Rules*, Credit Extension, states: “The chancellor, or the chancellor’s designee, is authorized to approve the sale of goods and services on credit provided that: there is a public purpose for the sale that can be documented; and controls limiting risk of loss have been established and reviewed by the OAS” (Office of Audit Services).

3. Procedures

- a. Requests to sell goods and/or services on credit shall be directed in writing to the SVPAF/CFO. The written request must contain statements that document the public purpose for selling the goods or services on credit. Additionally, the request must describe, in detail, controls that will be established to limit the risk of loss from the sales on credit.
- b. After reviewing the request and determining that there is a documentable public purpose for the extension of credit, the SVPAF/CFO shall forward the request to the OAS. The OAS, after completion of the review and determination that the controls to be established will limit risk, will notify the SVPAF/CFO of its findings.
- c. The SVPAF/CFO will forward the request and OAS findings to the Chancellor for review and approval action.

- d. After action by the Chancellor, the SVPAF/CFO will notify the requesting department of the Chancellor's decision. **No sales of goods and/or services on credit may be made until the requesting department has been notified of the Chancellor's approval and controls have been implemented.**
- e. This policy does not apply to the extension of credit to federal or state of Texas government entities and agencies.