Credit Control

Quick Reference Guide
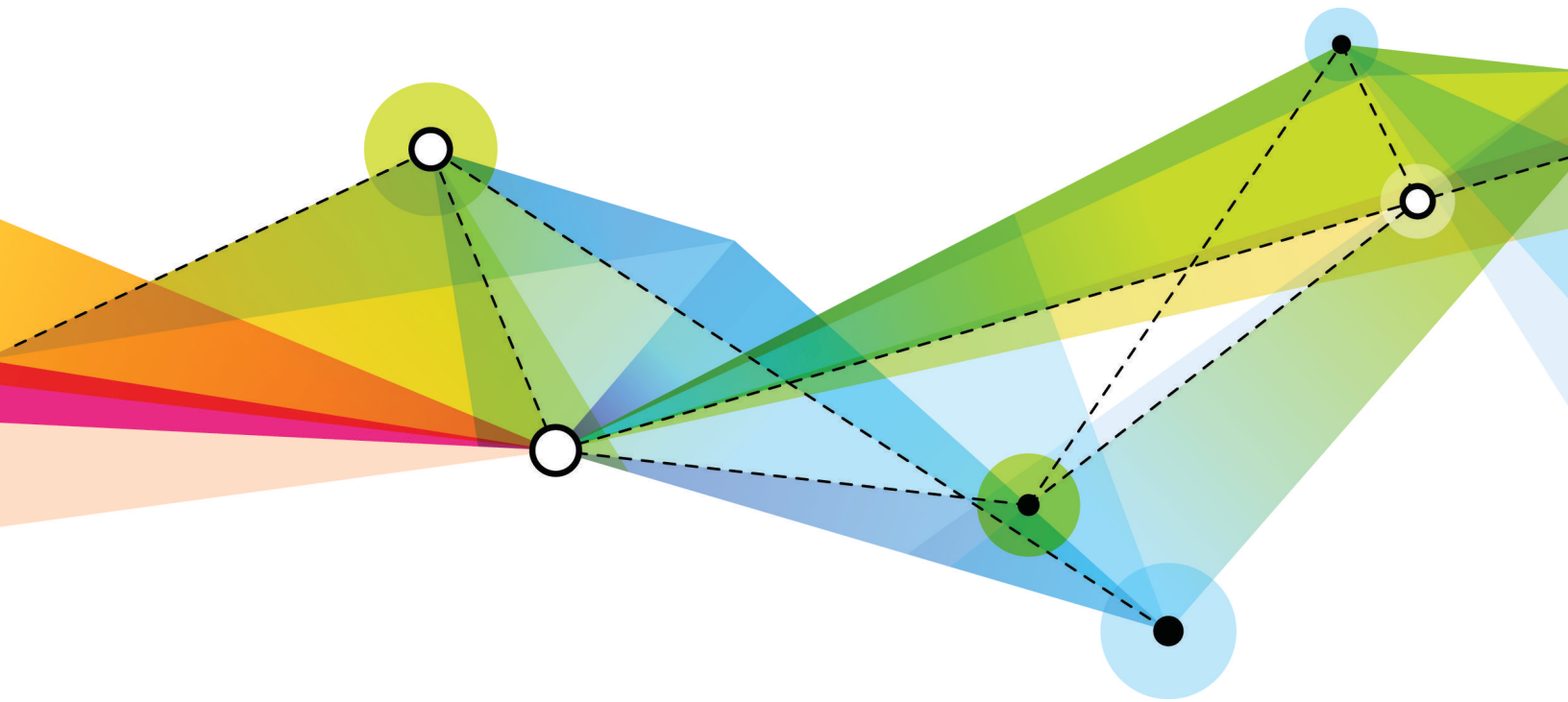
Credit control

Overview

Credit control is the process of methodically communicating with customers to ensure the collection of accounts receivable. Communications progress from gentle reminders to more purposeful letters and other allowable collection options as accounts become further past due. Credit control in Smile specifies one or more sets of accounting terms, treatment levels and actions triggered as the account's unpaid debts age.

To create a credit control process in Smile multiple components need to be defined and then brought together or linked. It is easier to configure credit control in a sequence to allow for links to be created as you build the process. Define the lowest level components first.

Credit control consists of the following elements, which are explained in further detail below:

- Credit control
- Accounting terms
- Account

For more information on configuring individual elements, see the *Configuration Guide*.

Credit control

Credit control specifies the configuration of accounting terms and treatment levels.

Accounting terms	Specifies a set of credit control rules that determine when an account is overdue.
	Note: An account is associated with one set of accounting terms. For example, accounts can have different credit control rules such as 7 days terms or 30 day terms.
Treatment level	Specifies a credit control status or level. For example, the sequence of treatment levels used in this guide are:

- Settled—the account is up-to-date
- 1 Reminder (+1)—the account is overdue by 1 day
- 2 Reminder (+14)—the account is overdue by 14 days
- 3 Call/Warn (+21)—the account is overdue by 21 days
- 4 Final (+28)—the account is overdue by 28 days
- Suspended—services on the account have been barred

Treatment levels are defined for use by all accounting terms. Not all levels have to be used in a credit control process.

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Accounting terms

Accounting terms specify the rules that determine when an account is considered overdue or delinquent and the actions taken. Different terms can be applied to different accounts.

Account terms

Specifies when a invoice is due, for example, 20 days from issue date.

Treatment level actions

Specifies actions that can be taken, for example, issuing a reminder message or barring services. Treatment level actions are associated with treatment levels, for example:

Treatment level	Treatment level action
Settled	No action
1 Reminder (+1)	Issue reminder email (a gentle reminder)
2 Reminder (+14)	Print reminder letter for post (a more formal and firmer reminder)
3 Call/Warn (+21)	Smile ticket created for an operator to contact the account holder
4 Final (+28)	Email and print a final reminder statement threatening suspension of service
Suspended	Barring of service
	Email and printed letter confirming suspension of service and warning of debt collection service

Treatment level rules

Rules associate actions with treatment levels, for example, when an invoice is 14 days overdue and is for at least $10 then take actions *A*, *B* and *C*.

Payments

Specifies when automated payments will be scheduled. The following two conditions must also be in place for a given account for this to be effective:

- Payment details defined
- An associated payment gateway or payment handler must be configured for offline processing mode (batch mode) or online processing mode (real time). No manual processing.

This aspect of credit control is not demonstrated in this guide.

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Late fees   Specifies when fees should be applied based on days overdue. Contact Inomial for advice on introducing late fees.

Account

The following elements are configured in an accounts billing and payment settings.

Account terms   Specifies the account terms applied to an account.

Dispatch rules   Specifies the method by which documents are to be dispatched and to whom, for example, printed or by email. An account can have multiple dispatch rules.

Payment details   Specifies payment details. Required for scheduled payments.

Example credit control configuration

The following sections describe how to configure a credit control process with a first reminder treatment level and associated action. This treatment is being applied to the **Standard terms** accounting terms.

This process requires the configuration of the following components:

- Email template—specifies the first reminder message to send to the customer
- Stationery—defines the stationery document type, which is associated with the email template
- Treatment level—specifies the name of the treatment level
- Accounting terms—specifies the basic account terms
- Treatment level rules—specifies when the first reminder action occurs
- Treatment level actions—specifies the first reminder action
- Account settings—specifies the account terms and dispatch settings

For more information on configuring individual components, see the *Configuration Guide*.

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Email template

An email template contains the message that is sent as the first reminder.

Email templates are located in **Email Templates** under **Email, SMS, Print & Web** in the main section of the Configuration and Tools page.

This template has a **Document type** of **Invoice**. This means that the substitution codes associated with invoices such as `{overdueBalance}` can be used. Invoice based email templates can be associated with invoice stationery documents, for example, this email could be used to also send an attached invoice. A document type of **Account** is also often used with credit control and can be used to send statements.

Figure 1: First reminder email template

Note the inserted substitution codes (field names surrounded by curly braces). A list of the document type specific fields can be accessed by clicking **Substitution codes**.

Stationery

Emails generally cannot be sent directly by credit control. Instead you must define a stationery document type. In this case the document will be a placeholder.

Stationery is configured in **Stationery and Forms** under **Email, SMS, Print & Web** in the main section of the Configuration and Tools page.

Create a stationery document with a **Document Type** of **Invoice**.

Figure 2: First reminder stationery document

On the **Setup** window select the **Email template** created in the previous step.

Figure 3: First reminder Page Setup configuration
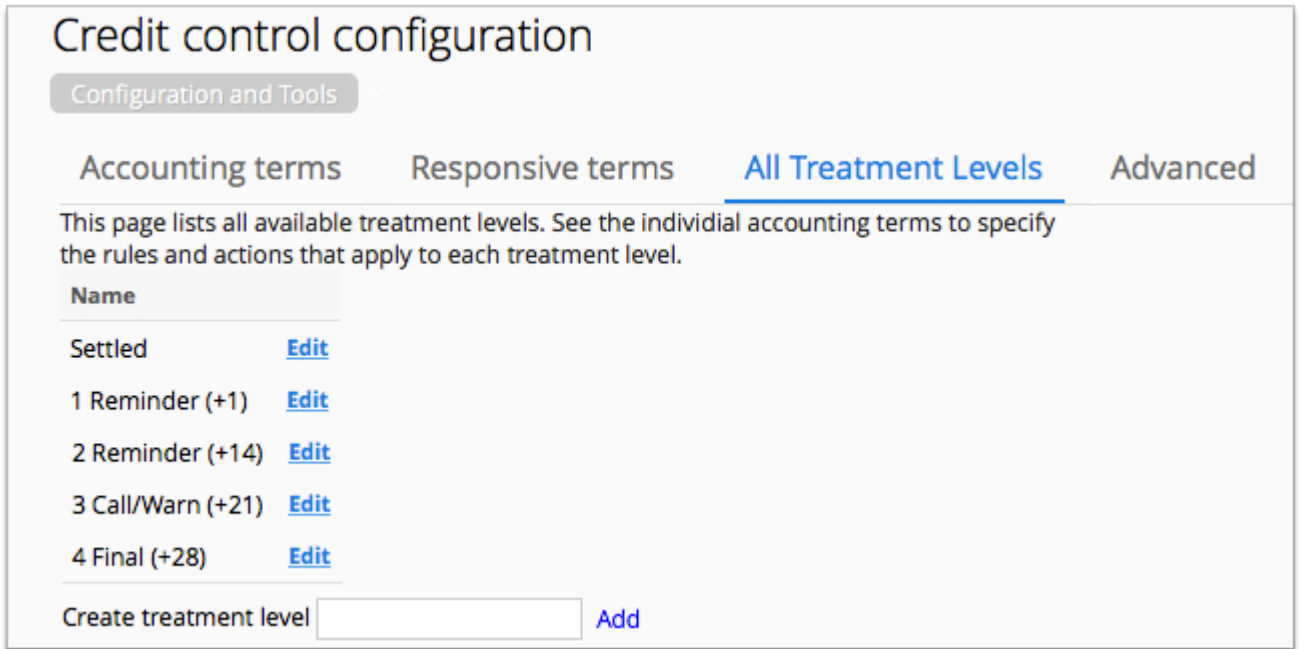
⚠️ **Attention:** You must publish the stationery document to make it available for use.

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Treatment level

The treatment level is a label. The treatment level name is defined outside of any specific accounting terms.

Levels are defined on the **All Treatment Levels** tab in **Credit control** under **Accounts Receivable** in the main section of the Configuration and Tools page.
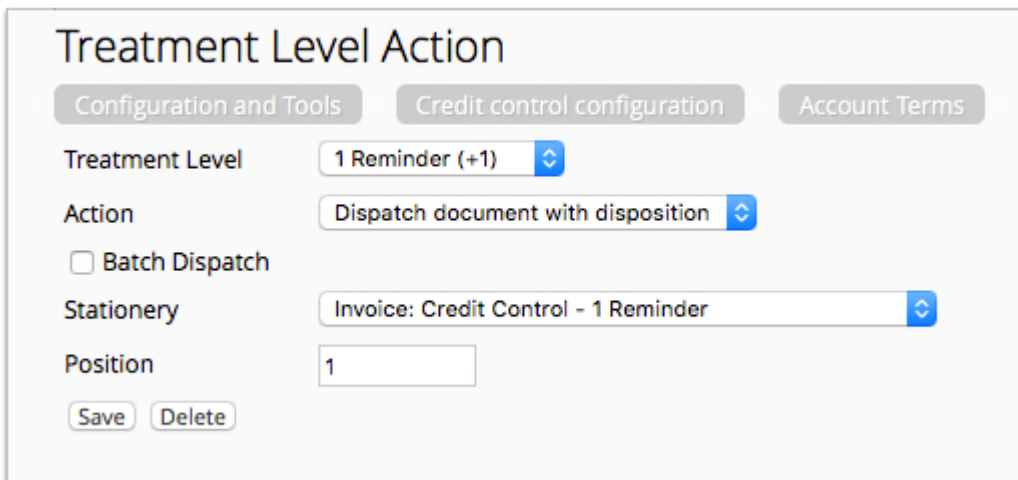

Figure 4: All Treatment Levels tab

Use **Position** in the treatment level settings to set the order of the treatment level.

Figure 5: First reminder treatment level settings

Accounting terms

Configure the basic **Account Terms** for **Standard terms**.

Edit the **Standard terms** on the **Accounting terms** tab in **Credit control** under **Accounts Receivable** in the main section of the Configuration and Tools page.

In this example the basic account terms defined for **Standard terms** are:

- New accounts will start with a **Default treatment level** of **Settled** (not overdue).
- Invoices will be automatically set with a date of **the last day of the invoicing period**. For monthly invoices this is the 31st of the month.
- Accounts on these terms are expected to pay within **14 days after the invoice date**.

Figure 6: Account Terms configuration for the Standard terms accounting terms

Note: Issue date is also commonly used. Issue date means that the customer always has the same number of days to pay before an invoice become overdue. Invoice date is fixed. If invoices are issued late then the customer will have less days to pay before they will be regarded as overdue.

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Treatment level rules

A treatment level rule defines when a treatment level action is processed.

Rules are defined on the **Treatment Level Rules** tab of an accounting term. **Accounting terms** are listed in **Credit control** under **Accounts Receivable** in the main section of the Configuration and Tools page.

Figure 7: Treatment Level Rules tab

In this case the rule applies when an invoice is overdue by 1 day and has a value greater than $5.

Figure 8: Treatment level rule configuration for the first reminder

Treatment level actions

A first reminder invoice treatment level action is configured to take action based on when invoices become overdue.

Actions are defined on the **Treatment Level Actions** tab of an accounting term. **Accounting terms** are listed in **Credit control** under **Accounts Receivable** in the main section of the Configuration and Tools page.

An invoice action is configured to dispatch the **Invoice: Credit Control - 1 Reminder** stationery created previously. The accounts dispatch rules will determine if the stationery is to be printed or delivered by email.
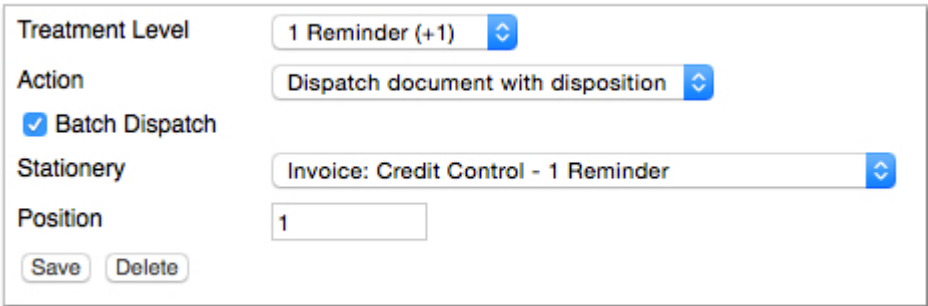
Figure 9: Treatment Level Actions tab

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Batch Dispatch is enabled. The dispatched print or email will be queue for review and approval. If **Batch Dispatch** is disabled the reminder email is issued immediately.

Figure 10: Treatment level action configuration for the first reminder

Account settings

An account must have account terms and dispatch configured for credit control to apply. These items are normally defined in account packages, not show here, but can also be specified at the individual account level on the **Account** summary page.

The account has **Account Terms** of **Standard terms**.

Figure 11: Account summary page displaying Account Terms

Document dispatch

On the Account Menu Tree, click the ▶ to the left of **Account**, then click **Document Dispatch**. Dispatch is configured to dispatch **Invoice: Credit Control - 1 Reminder** immediately by email.

Figure 12: Document Dispatch configuration for first reminder

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Implementation

A typical credit control arrangement may be configured with the following levels:

Treatment level	Overdue days	Action
Settled	0	No action
1 Reminder (+1)	1	Issue reminder email (a gentle reminder)
2 Reminder (+14)	14	Print reminder letter for post (a more formal and firmer reminder)
3 Call/Warn (+21)	21	Create Smile ticket for an operator to contact the account holder
4 Final (+28)	28	Email and print a final reminder statement threatening suspension of service
Suspended	35	Baring of service Email and printed letter confirming suspension of service and warning of debt collection service

If you have no customers then you can implement as is.

However, if you have an existing customer base you should stage the implementation to ensure overdue invoices receive all relevant reminders before suspending services. For the above arrangement you would implement as follows:

- Define Settled and 1 Reminder (+1)
- Wait 14 days
- Define 2 Reminder (+14)
- Wait 7 days
- Define 3 Call/Warn (+21)
- Wait 7 days
- Define 4 Final (+28)
- Wait 7 days
- Define Suspended

At each stage make a note in a log of the date and change you have made. This will make it easier to explain the system behavior to customers and staff. It will also assist when doing financial reporting to explain the improvement in your aged debtors position over the implementation period.

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