

University of Liverpool

Credit Control Policy

Reference Number			
Version Number	1		
Document Status	New policy		
Effective Date	19/01/2022		
Review Period	19/01/2025		
Responsible Department	Finance Department, Nicola Davies		
Policy Author	Jenny Hullock jenh@liverpool.ac.uk		
Approval Route	Committee	Submission Date	Approved?
	F&R	19/01/2022	Yes
Linked Documents	Credit Control Procedures		
Does this replace any previous policies?	No		
Consultation	Financial Accountant and Credit Control Team Leader provided much of the input with some consultation from Research Support Office		
Equality Impact Assessment	<i>Please confirm the outcome of your Equality Impact Assessment</i>		
Data Protection	<p><i>Please consider:</i></p> <p><i>If there are any data protection implications</i></p> <p><i>If a Data Protection Impact Assessment form has been completed state the key findings/risk mitigation and please provide a copy of the report.</i></p>		
Communication	Once approved the policy will be held on the Finance Department Intranet but will also be shared with Finance and Research Team Leaders and Head of RSO.		

1. Introduction / Policy Statement

This policy is issued under the authority of the University's Financial Regulations and must be adhered to by all University employees. It is designed to outline the function, objectives and responsibilities of the Credit Control Team, and ensure that the general principles of the Credit Function are clearly recognised and understood within the University.

The financial sustainability of the University depends on income generated externally by research projects, student tuition fees and other income generated by academic and service units.

Effective credit control leads to improved cash flow, a healthy balance sheet and efficient management of funds. It is important that all employees of the University recognise this fact and co-operate fully with the Credit Control Team in the collection of revenue to the University.

2. Statement of Purpose

The function of credit control is to ensure that prudent extension for credit (payment terms) is granted to customers who are in a position to fulfil their payment obligations and to monitor and assess the credit worthiness of established customers so reducing the risk of bad debt. The Credit Control Team will work to balance financial risk and providing an efficient debt collection process which is set within a framework of customer care.

The objectives for the Credit Control Team are:

- To open and maintain accurate customer accounts
- To provide guidance on financial risk and set credit limits accordingly
- To ensure all amounts due are collected according to agreed payment terms
- To maintain an accurate and up to date Accounts Receivable (AR) ledger
- To develop a working relationship with key stakeholders
- To follow the approved escalation route and manage the disputes process

3. Scope

The Credit Control Team are responsible for the debt collection relating to all commercial customers, this includes maintaining customer records and debt management processes.

The Credit Control Team are also responsible for debt management of non-academic student debt; predominately Accommodation debts. Please refer to the [payment policy](#) on the Student Fees intranet for further detail on all student related payments.

The Credit Control Team is led by the Team Leader who reports to the Financial Accountant. Debt monitoring is carried out on a weekly basis, with quarterly reports sent to the Director of Finance and relevant committee.

4. General Principles

4.1 New Customer Accounts

The Credit Control Team are responsible for the creation of and any amendments to all commercial customer records in Agresso. Each individual or company has a unique customer number known as a Customer (or Cust.) ID.

All new customers are required to complete the “New Customer Form” or “Grantor Details Form” prior to setup. The forms should be completed by a member of the Customers Finance Team and contain the relevant contact details to aid the debt collection process.

In certain circumstances, an alternative to the “New Customer Form” is acceptable e.g. signed booking forms, providing all relevant, correct information is included. The use of alternative information must be agreed and approved by the Credit Control Team.

In all instances, customers should not be traded with until they have completed the new customer form and the Credit Control checks have been performed. All forms will be scanned and linked to the Cust ID in Agresso.

4.2 Credit Checking Procedures

Before a member of staff commits to providing goods or services to a company, a credit check must be carried out by the Credit Control Team. Credit checks are performed on all new customers to ensure their credit worthiness before they are set-up. A specialised credit reference agency is used to produce reports and guide on setting credit limits. Credit limits are used to minimise the exposure of the University to potential bad debts.

Credit Control reserve the right to refuse to open a credit account.

A member of the team will advise on a suitable credit limit. Where a credit limit is not deemed appropriate, it may still be possible to trade with the customer but alternative payment options should be negotiated e.g. payment in advance. It is advisable (considered good practice) to always invoice in advance especially for a course, room hire or event.

4.3 Currency

The University’s preferred option is to invoice and collect in sterling as its functional currency.

It is the responsibility of the departments raising the invoice to ensure that correct currency is used.

Staff are able to invoice in other currencies including Euros and US Dollars but should ensure that the correct bank account details are shared with the customer to aid payment into the correct University bank account.

4.4 Invoicing

Invoice raising is devolved and is carried out by staff across the University. Only staff who have completed the Sales Invoice Training will be granted access to raise a sales invoice.

Invoices should be raised in Agresso for all expected income streams unless otherwise expressly agreed by the Credit Control Team. The only exception to this is Veterinary services based in Leahurst who raise their invoices in the veterinary clinic management system and data is interfaced into Agresso on a daily basis.

Please see [A Guide to Raising Sales Invoices](#) for further guidance.

An invoice will not be pursued and therefore should not be raised for less than £50. If the charge is for less than £50, the two options available are:

- **University of Liverpool Online Store:** this is the preferred option. For more information please visit <https://payments.liv.ac.uk/> to have a look at our current products or email servicedesk@liverpool.ac.uk to attend training and be given access to the store.
- **Payment in advance:** payment can be made directly to the University's bank account and a monies due form should be sent to the cash office to allow funds to be allocated correctly. The form can be found here https://www.liverpool.ac.uk/intranet/finance/resources/finance_department_forms/.

4.5 Purchase Orders

A purchase order (PO) is a legally binding document, issued by the Customer/Buyer and represents the buyer's intent to purchase specific quantities of product at specified prices.

A PO number ensures that our invoice gets processed quickly and it minimizes the risk of incorrect payments.

A PO should be issued before any goods or services are delivered and definitely should be in place before an invoice is raised. The customer dictates whether a PO is required as part of their policy and procedures. This information is stored on the Customer Masterfile in Agresso. There are some customers that operate a NO PO, NO PAY policy.

Purchase orders should be checked to see if payment terms are acceptable prior to raising an invoice and added to the sales invoice to minimise any delays and additional queries prior to payment being made.

There may be exceptions to using a PO but this must be discussed with the Credit Control Team before an invoice is raised.

4.6 Payment Terms

Standard University payment terms are 30 days from date of invoice. Any exceptions must be agreed in advance between the Credit Control Team and the company. Exceptions are dependent on the nature of the customer and the services being supplied.

4.7 Credit Control Procedures

The Credit Control Team use a variety of means to collect and manage debt, further details can be found in the [Credit Control Procedures](#) along with guidance for departments.

4.8 Escalation Procedures

The Credit Control Team will escalate all unpaid debts once it reaches a certain age or if in query and cannot be easily resolved by the team. Queries will be referred to the originator within the Department for their assistance in resolving the issue.

4.9 Referral to Debt Collection Agencies

If a debt is deemed to be irrecoverable by the Credit Control Team (only after a discussion with the user/department) the debt will be referred to an external agency or third party for collection.

For accommodation debts if the student fails to respond to reminder letter three then the debt is transferred to the debt collector.

4.10 Bad Debt and Write Offs

All requests to write off debts must be referred to the Finance Department for consideration and approval. The Financial Accountant, Deputy Director of Finance and the Director of Finance have authority to approve write offs up to £1,000, £20,000 and £50,000 respectively. Write offs over £50,000 require the approval of the Finance and Resources Committee.