



Policy & title PAY001 - **Uncashed cheques**
Effective date 1 September 2002

Objective This policy has been introduced to

- Clearly define the conditions under which cheques will be cancelled;
- Identify who is authorised to cancel salary and non-salary cheques respectively;
- Ensure appropriate accounting procedures and internal controls are in place.

Scope Includes policy relating to the cancellation of all cheques issued by UCT, excluding cheques issued by bodies associated to UCT, but currently legally separate/independent.
It excludes HR policy on the conditions allowing a salary cheque to be issued, rather than a direct bank transfer.

Applicable to All UCT staff, specifically those with financial responsibility, such as fund holders responsible for General Ledger (GL) account reconciliations.

Additional information In this document the definition of uncashed cheques includes

- ~ Cheques no longer required
- ~ Duplicate cheques
- ~ Cheques incorrectly issued
- ~ Lost cheques
- ~ Stale cheques
- ~ Salary cheques not collected

Policy

A. Overall

- All requests to cancel a cheque have to be in writing or via email and have to be authorised by the fund holder or person responsible for the GL account reconciliation.
- No cheque less than 1 month old will be reversed unless the cheque is presented with the request for cancellation.


B. [Cheques no longer required/duplicate cheques](#)

C. [Incorrectly issued cheques](#)

D. [Lost cheques](#)

E. [Stale cheques](#)



Procedure	General
	<ul style="list-style-type: none">• All e-mails requesting a cheque cancellation should be authorized by the fund holder (an e-mail forwarded from the fund holder's email address is acceptable) and forwarded to the Finance helpdesk fnd-finance@uct.ac.za, Ext 2111.• The following information should be supplied:<ul style="list-style-type: none">~ Cheque No~ Payee~ Amount~ Date of Cheque~ Reason~ Purchase Order No• The Ad-hoc payments payments will check the date on which the cheque was issued and inform the department via e-mail as to whether the cheque will be reversed. [Note overall policy: no lost cheque less than 1 month old will be reversed].
Implementation responsibility	<ul style="list-style-type: none">• UCT fund holders• HR/Finance staff responsible for GL account reconciliations
	<p> Note</p> <p>The HOD is responsible for ensuring all policies and procedures are communicated to and implemented by the responsible individual(s), including research staff. The payments finance manager has to ensure reasonable controls exist to support the implementation of policies.</p>
Contact	<i>Policy related issues:</i> fnd-finance@uct.ac.za 650-2111
Policy section	Payments
Policy owner	Head of Treasury, Finance Department
Last reviewed	20 August 2002
This review	October 2006



B. Cheques no longer required/duplicate cheques

This refers to a situation where a cheque has been printed but the liability has been discharged, meaning UCT does not have to pay any more or the invoice has already been paid.

Policy The cheque as well as the commitment (purchase order) will be cancelled.

The cancellation of the commitment will release budget to the fund(s) against which the purchase order was placed.

Procedure Where a cheque has been printed but the liability has been discharged or the cheque has been duplicated in error - the cheque will be cancelled, the goods receipt (GR) reversed, the purchase order cancelled and the budget released in the fund.

Action	Responsible
Return the cheque to Ad-hoc payments, Creditors, Bremner Building	Dept
Cancel the cheque (refer control list)	Ad-hoc payments
Return cheque to Treasury	Ad-hoc payments
Authorise Creditors to reverse invoice	Treasury
Reverse invoice and advise dept to cancel GR	Ad-hoc payments
Reverse GR	Dept
Cancel purchase order/commitment to release/increase budget in fund	Dept
Advise Ad-hoc payments when previous two steps have been completed	Dept
Close request (refer control list)	Ad-hoc payments

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C. Incorrectly issued cheques

The information printed on a cheque (payee name or amount) is incorrect.

Policy The cheque will be cancelled and re-issued

Procedure

Action	Responsible
Return the cheque to the Ad-hoc payments	Dept
Cancel the cheque (refer control list)	Ad-hoc payments
Return cheque to Treasury	Ad-hoc payments
<i>If the payee name needs to be corrected</i>	
Change system details as advised	Ad-hoc payments
Re-issue the cheque and advise dept	Ad-hoc payments
Close request (refer control list)	Ad-hoc payments
<i>If the amount is incorrect</i>	
Reverse invoice and advise Treasury	Ad-hoc payments
Advise dept to reverse GR	Ad-hoc payments
Reverse GR	Dept
Change value of purchase order	Dept
Enter new GR	Dept
Advise Ad-hoc payments when 3 steps above are completed	Dept
Re-issue the cheque and advise dept	Ad-hoc payments
Close request (refer control list)	Ad-hoc payments

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D. Lost cheques

Policy The cheque will be cancelled and re-issued.

Where a cheque has been lost, it will only be re-issued after the bank has accepted the cancellation.

Procedure If the cheque has been printed and is lost, but not yet stale:

<i>Action</i>	<i>Responsible</i>
Advise Treasury to make stop payment	Ad-hoc payments
Process the stop payment in CATS/ BEST (bank system)	Treasury
Advise Ad-hoc payments that payment has been stopped	Treasury
Cancel the cheque	Ad-hoc payments
Re-issue the cheque	Ad-hoc payments

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E. Stale cheques

The bank will not accept stale cheques, being those older than 6 months.

Policy Stale cheques will be cancelled.

When a stale cheque is cancelled the amount will be credited to a central provision against which future claims of such monies will be processed.

Procedure No action is required from departments in order to cancel a stale cheque.

All questions and claims regarding stale cheques are to be referred to the Ad-hoc payments. Contact through Finance helpdesk finance@bremner.uct.ac.za, ext 2111

Action	Responsible
Run a list of stale cheques	Treasury
Add related document(s) to list	Ad-hoc payments
Approve cheques to be cancelled at monthly meeting	Treasury/Ad-hoc payments
Cancel cheques and transfer credits to GL account 9943 (provision for claims)	Treasury
Subsequent claims: issue cheque and clear against GL account 9943	Ad-hoc payments
After liability lapsed:	
Approve transfer from provision to Income Statement	Head Fin Acc & GL office
Transfer amount to Income Statement	Head Fin Acc & GL office

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