

Treasurer's Instruction No	702
Title	Cheque Payments, Handling and Preparation and Electronic Payments
Effective date	1 July 2005
Objective and Background	To Provides instruction in relation to the preparation, handling of cheque and electronic payments, including procedures for returned and uncollected cheques
Last Reviewed Date	1 January 2004

This Instruction was previously known as Treasurer's Instruction No 511 – Cheque Payments, Handling and Preparation and Electronic Payments.

Black letter (or bold) items within these Instructions are mandatory and other plain font items are instructional or for the purpose of providing guidance only.

CHEQUE PAYMENTS AND ELECTRONIC PAYMENTS

- (1) Payments must be made by electronic means or by cheque unless the Treasurer authorises otherwise, with the exception of:**
 - (a) a payment in the nature of an allowance or an advance which is payable in accordance with an industrial award and which is for a small monetary amount considered by the Head of Agency to be most appropriately paid in the form of cash; and**
 - (b) the purchase of minor items from petty cash available for that purpose, subject to any conditions or procedures contained in an Agency's Accounting Manual with respect to petty cash.**
- (2) Cheques must be drawn "to order" and must be crossed and marked "not negotiable" except in the following circumstances:**
 - (a) where the cheque is for the recoup of petty cash advances and special arrangements have been made with a bank for the responsible officer to cash appropriately endorsed cheques; and**
 - (b) where the payment is in the nature of a travel advance and the Head of Agency, having regard to the nature of the travel and security of the cheque, considers that the requirements may be waived.**
- (3) In effecting electronic payment of expenditure, agencies are required to implement appropriate internal control procedures.**

Agencies are encouraged to minimise the use of cheques by making as many payments as possible by electronic means through the Government's banker.

PREPARATION AND HANDLING OF CHEQUES

- (4) Amounts payable on cheques must be expressed in words and figures, unless the Treasurer authorises otherwise.**
- (5) Unless otherwise approved by the Treasurer, all cheques must be signed in handwriting by two officers, authorised for that purpose, by the Head of Agency.**
- (6) A cheque signing officer must not sign a blank, incorrect or incompletely prepared cheque.**
- (7) At least one of the persons who signs a cheque shall not have certified, authorised, or otherwise been involved in the preparation process for the specific payment to which that cheque relates.**
- (8) Every alteration to a cheque must be initialled by the signing officer or officers.**
- (9) Every cheque requiring substantial alteration must be cancelled and a replacement cheque drawn.**
- (10) Every cancelled cheque must be conspicuously marked or stamped "CANCELLED" and retained for audit examination.**
- (11) The cheque signing officer must ensure that:**
 - (a) every payment has been certified;**
 - (b) each cheque is drawn in favour of the payee shown on the payment document; and**
 - (c) the amount of each cheque agrees with the amount due to the payee.**
- (12) The Head of Agency must be satisfied, that in cases of large computerised cheque production systems and where cheques are signed automatically, appropriate internal controls are in place to meet the above requirements.**

RETURNED AND UNCOLLECTED CHEQUES

- (13) An Agency must adopt procedures to record the particulars and clearance action taken for every cheque returned without explanation or which is uncollected.**
- (14) Where action to locate the payee of a returned or uncollected cheque is unsuccessful, the cheque must be rebanked and the amount credited to the appropriate Public Account item.**

REPLACEMENT CHEQUES

- (15) A replacement cheque will be paid to a claimant where:**

- (a) a claim received in respect of a cheque rebanked in accordance with paragraph (14) is proved to the satisfaction of the authorised officer to be valid, provided that:

 - (i) the details of the original cheque and the replacement cheque are appropriately recorded in a register established for the purpose; and
 - (ii) the amount so claimed is charged to the item to which the original payment was credited upon its return;
 - (b) a claim is received in respect of a cheque which has apparently been lost or destroyed, provided that:

 - (i) a notice stopping payment of the original cheque is issued to, and acknowledged by, the bank at which the account is kept; and
 - (ii) the original cheque has not been paid by the bank to the credit of the original payee, up to and including the date of the bank's acknowledgment of the stop payment order.
- (16) Where a cheque, which has been reported as lost, mislaid or destroyed, has been negotiated by a person or organisation other than the payee, action must be taken to recover the amount involved.