

15.7 Stale-Dated Cheques

Policy Statement

It is the policy of the Province of Nova Scotia to cancel cheques as they become stale dated.

Definitions

STALE-DATED CHEQUE

A cheque becomes stale dated eight months after the date printed on the cheque.

Policy Objective

The purpose of this policy is to set government-wide standards for the handling of stale-dated cheques that have been issued by the province. This policy will allow for the issuance of replacement cheques on a timely basis or cancellation of those cheques no longer required.

Application

The stale dated cheque policy applies to all those who use the government's SAP system to record its accounts payable vendor payments.

Policy Directives

Government Accounting reviews monthly the list of outstanding cheques in consultation with departments looking for the stale-dated cheques. These cheques are reversed. The original AP document is left in open status for cheque re-issue or reversed if a replacement cheque is not required. If the cheque is not re-issued, current year payments are reversed to the department's expense accounts in the current year. Those cheques from a prior year are reversed and credited to prior years' recoveries.

Cheques in U.S. funds will be treated the same as Canadian funds cheques. A journal entry will be processed by Government Accounting to clear the foreign exchange gain or loss, to either prior year's recoveries or current year accounts as appropriate.

Government Accounting will download the outstanding cheque information into a report, noting the business area for each cheque, during the cancellation process. This

report will then be sorted by business area and distributed to the department as notification of cheques that have been cancelled.

Departments may request a cheque to be re-issued after cancellation. Departments will have to enter a new document in SAP Accounts Payable, entering “replacing cheque number XX” in the document header text field. When replacing a cheque that was issued in a previous fiscal year, departments must notify Government Accounting of the original cheque number and the document number entered for the new cheque, so that adjustments can be done to cover the replacement cheque. When replacing a cheque that was issued in the current fiscal year, no further action will be required beyond entering a new accounts payable document.

Accountability

Government Accounting is responsible for ongoing review of stale-dated cheques. Departments are responsible for providing instructions for cheque re-issuance when appropriate.

Monitoring

Government Accounting will monitor the policy.

Enquiries

Accounts Payable Processing, Government Accounting
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