

Imperial College Union
Reissuing of Cheques

Proposed by the Deputy President (Finance & Services)

NB – changes from the original document are in italics

Background

1. ICU reimburses all of its members by cheque, the majority of these cheques relate to Club or Society transactions.
2. Cheques can get lost after being issued, may never actually reach the recipient or may remain uncashed beyond the six-month validity limit.
3. To reissue a cheque requires going through the normal issuing process, locating the original backup paperwork and potentially cancelling a cheque with the bank, which incurs a £10 charge.
4. On 31st July this year, 683 cheques issued during 2007, 2008 and 2009 for Clubs & Societies remained uncashed. The value of these cheques was nearly £198,000. During the summer an extensive piece of work was carried out to attempt to trace the people these cheques were made payable to. The result of this work was only 67 people contacting us to request a reissuing of their cheque, with a total value of only £4000.

Issues to address

5. Currently no procedures exist which clarify under what circumstances a cheque should be formally cancelled with the bank, in terms of cheque size and length of time since issue.
6. Currently uncashed cheques remain on the Union's finance system for ever – meaning the value of these cheques continues to increase, while arguably the likelihood of them ever being cashed decreases.

Proposal

It is proposed that:

7. No active chasing of cheque payees will be undertaken in future. Requests for reissues of cheques will be dealt with as they arrive. This is a passive approach to this process. ***The risk of this approach is relying on the assumption that all un-presented cheques are correctly administered and sent to beneficiaries; these cheques may be issued as a result of an administrative error.***
8. Regular reminders will be sent to Club & Society (and CSC/FU) Treasurers to:
 - a. encourage them to ensure cheques are getting to the payees
 - b. highlight the fact that cheques become invalid after 6 months from the issue date

9. Cheques on the finance system which are greater than 9 months old will be cancelled on the finance system, and the money written back to the Club or Society issuing the payment. This process will be conducted on a monthly basis.
10. When a request for a cheque reissue arrives, the following will be carried out:
 - a. if the request is for a cheque issued more than 9 months ago and less than £10 in value this will be reissued, and the original cheque cancelled on the finance system only. ***The risk associated with this approach is the original cheques may be re-presented to bank for cashing.***
 - b. if the request is for a cheque issued less than 9 months ago and greater than £10 in value this will be reissued, and the original cheque cancelled on both the finance system and with the bank (potentially incurring a £10 charge);
 - c. if the request is for a cheque issued less than 9 months ago and less than £10 in value this will be reissued, and the original cheque cancelled on the finance system only. *The risk associated with this approach is the original cheques may be re-presented to bank for cashing.*

11. C&S Finance Officer is to maintain a record of all cheques cancelled on the system and where there is a re-issue request against a cheque cancelled on the system this needs to be logged against the cancelled cheque together with the new cheque details.