

## Accounts Payable - Cancellation of Payment by Cheque or EFT Procedure (503c)

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### Policy Supported:

[Accounts Payable Policy \(503\)](#)

### Audience:

Staff

### Objectives:

- To ensure the cancellation of a payment and issuance of replacement payment are in line with Murdoch University's (the University) internal control procedures.

### Definitions:

*Any defined terms below are specific to this document. The definition of common terms appears in the Murdoch University Dictionary of Terms.*

There are no terms.

### Implementation Steps:

1. Finance Office (**FO**) must be notified of any payment that is lost, destroyed, stolen or not received.
2. Finance Officer (Banking) follows up on unpresented cheques which are recorded in the bank reconciliation for 15 months before they are considered lost, destroyed, stolen or not received.
3. Once a cheque is confirmed lost, destroyed, stolen or not received, Team Leader Transaction Processing (**TLTP**) is required to verify that the cheque has not been presented in Finance One and the bank statement. The TLTP completes a stop payment request and forwards it to the University bank.
4. The Accounts Payable (**AP**) Team can process a cancellation of a payment in Finance One to replace a payment that has been lost or rejected by the bank; or cancel the payment in total without replacing the payment.
5. Cancellation with issuance of replacement payment.
  - 5.1. AP team to complete the payment cancellation process in Finance One.

This process:

- 5.1.1. Reverses the payment on the creditors pay history.
- 5.1.2. Refunds the amount into the general ledger bank account.
- 5.1.3. Deletes the cheque from the unrepresented cheques list or the Electronic Funds Transfer (**EFT**) from the EFT register.
- 5.1.4. Regenerates the payment voucher to be remitted in next payment run.

6. Cancellation with no issuance of replacement payment.

- 6.1. AP team to complete the payment cancellation process in Finance One.
- 6.2. AP team to complete a corresponding adjustment (credit) note in Finance One.
- 6.3. AP team to match the payment cancellation process with the adjustment (credit) note by the Apply Open Item process in Finance One.

This process:

- 6.3.1. Reverses the payment on the creditors pay history.
- 6.3.2. Refunds the amount into the general ledger bank account.
- 6.3.3. Deletes the cheque from the unrepresented cheques list or the EFT from the EFT register.
- 6.3.4. Regenerates the payment voucher for remitting; this is offset by the creation of the corresponding adjustment (credit) note, creating a nil balance.

**Performance Indicators:**

There are no performance indicators.

**Related Documents:**

[Accounts Payable - Supplier Code Creation/Amendment Procedure \(503a\)](#)

[Accounts Payable - Payment by Cheques and EFT Procedure \(503b\)](#)

[Accounts Payable - Creditor Statement Procedure \(503d\)](#)

[Accounts Payable - Credit Note Procedure \(503e\)](#)

**References:**

There are no references.

**Approval and Implementation:**

<b>Approval Authority:</b>	Associate Director Financial Services
<b>Responsible Officer(s):</b>	Manager Financial Accounting

<b>Contact Officer:</b>	Team Leader Transaction Processing Manager Financial Accounting
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**Revision History:**

<b>Approved/ Amended/ Rescinded</b>	<b>Date Approved</b>	<b>Effective Date</b>	<b>Next Review Date</b>	<b>Resolution No. (if applicable)</b>
Amended	22/02/2018	22/02/2018	22/02/2021	
Approved	04/06/2015	04/06/2015	04/06/2018	
Approved	05/03/2012	05/03/2012	05/03/2015	
Approved	24/05/2011	24/05/2011	24/05/2014	