



## UNPRESENTED CHEQUES AND UNIDENTIFIED DEPOSITS

*Refer to 2005 Deed Glossary for Defined Terms*

This operational instruction outlines how a Scheme Agent deals with corporate and bank cheques, including those issued via the Westpac Payments Processing Service (WPPS), which have not been presented within normal commercial timeframes. It also deals with the treatment of deposits made to the Westpac Workers Compensation Insurance Fund (WCIF) Revenue Account operated by the Scheme Agent, which have not been able to be identified within normal commercial timeframes.

### Unpresented Cheques

Under the *Cheques Act 1986* (Cwth), a cheque is deemed to be stale if it has not been presented within 15 months of it being issued. However, a bank is able to honour the cheque unless the issuing body directs otherwise. Westpac will only reject a cheque if the drawer has made a stop payment direction.

When a stop payment is issued for a bank cheque, funds previously sent to the bank for that cheque to be drawn are provided back to the same WCIF Payments Account from which the funds were provided.

If a Scheme Agent becomes aware that a cheque has been lost, stolen or destroyed, a stop-payment advice should be issued to the bank from which the cheque was drawn as soon as possible.

A Scheme Agent is also required to:

- (a) regularly review cheques, including bank cheques, that have been unpresented for more than 90 days to ascertain why the cheques may not have been presented
- (b) contact payees where a cheque with a value of more than \$1,000 has been unpresented for more than 90 days, advise them that the cheque is unpresented, and request that they promptly bank the cheque. If the payee advises that the cheque has been lost, stolen or destroyed, the Scheme Agent is to complete a stop-payment advice to Westpac and provide a replacement payment to the payee
- (c) review all unpresented cheques that are more than 15-months old at least every three months and issue stop-payment advices to the banks from which the cheques were drawn, as it is then to be assumed that the cheques are lost, stolen or destroyed. In the case of cheques drawn on Westpac, including via the WPPS, a bulk stop-payment advice should be used, as it is more cost-effective than individual stop-payment advices. (Details of this facility are in ODS 3.4 Banking Services)

Whenever a stop-payment advice is issued and a replacement cheque/EFT is not made, the payment is to be taken to 'other income'. Any amounts taken to 'other income' need to be recorded in a register by the Scheme Agent to ensure that amounts can be easily identified if any future claims are made on the payment, thus minimising potential disputes. If, subsequently a replacement cheque is issued this amount is to be recorded as an offset to 'other income'. Both of the above entries will result in reconciling items in the Scheme Agents Cash Receipts and Cash Payments returns required in the Financial Reporting Manual. (Refer O.I. 3.8 Financial Reporting and Audit).

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## Claims or Policies transferred to another Scheme Agent

Where Claims or Policies are transferred to another scheme agent, the following guidelines are to be adopted for unpresented cheque/s in respect of the Claim or Policy originating prior to transfer:

- (a) the Exiting Scheme Agent continues to be responsible for managing unpresented cheques relating to transferred Claims and Policies until the cheques are either presented or a stop-payment advice is issued to the bank
- (b) the Receiving Scheme Agent may use a cancelled cheque notification form to advise the Exiting Scheme Agent of the need for cancellation and/or reissue of the cheque
- (c) replacement payment of equal value – if the party that the cheque was issued to advises that the cheque was lost, stolen or destroyed, the cheque is to be stopped by the Exiting Scheme Agent, who then issues a replacement payment from their WCIF Payments Account. As the payments in respect of the Claim do not change, the Receiving Scheme Agent is not required to undertake any actions.
- (d) replacement payment of higher value – where the initial payment was less than it should have been (eg. the Worker was not paid their full entitlement), the Exiting Scheme Agent must encourage the payee to bank the cheque and advise the Receiving Scheme Agent that an additional payment is required. The Receiving Scheme Agent, after appropriate checking and consultation with the payee, must make the top-up payment from their WCIF Payments Account and record it in their Claims or Policy system.
- (e) replacement payment of lesser value – where the amount paid was higher than it should have been (eg. there was an overpayment) and the cheque is unpresented, the Exiting Scheme Agent must stop the cheque, issue a cheque to the original payee for the correct amount, and forward a separate cheque to the Receiving Scheme Agent for the difference between the original amount and the replacement amount. The Receiving Scheme Agent must treat this cheque as a recovery and record the receipt accordingly in their Claims or Policy system.
- (f) stale cheque – where the cheque is stale, the Exiting Scheme Agent must stop the cheque and issue a replacement cheque to the Receiving Scheme Agent, who then records the receipt in their Claims or Policy system as a reversal of the original payment.

These practices ensure that the Exiting Scheme Agent is not required to amend Claims or Policy information after transfer and all changes to the financial information are performed by the Receiving Scheme Agent.

## Unidentified Deposits

A deposit made to the Westpac WCIF Revenue Account operated by the Scheme Agent, where it is not readily identifiable the employer/worker or service provider it has been received from, is an unidentified deposit.

A Scheme Agent is required to:

- (a) place the amount in a 'suspense' account in the General Ledger until it is identified who has deposited the Funds and the amount is either credited to the appropriate Policy/Claim or the amount has been refunded to the party making the deposit
- (b) utilise Westpac Corporate Online to view the voucher image of the deposit to assist with identifying who made the deposit. If further details are required, contact Westpac immediately to obtain further information about the deposit to enable the deposit to be allocated correctly.
- (c) keep a register of all unidentified deposits to enable a Scheme Agent to easily identify outstanding items.

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- (d) review all outstanding items that are more than 6 months old on a monthly basis and reverse the amounts from the 'suspense' account, and treat as 'Other Income'. Update the register to show that the amounts have been cleared to income.

In the event that, for example a Policyholder contacts the Scheme Agent regarding a deposit that has not been processed against their Policy, the register of unidentified deposits should be checked. If the deposit has been cleared to income, a reversing entry is to be made against 'Other Income' and the deposit recorded against the appropriate policy.

**References**

2005 Deed Schedule 2

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