

PANJAB UNIVERSITY, CHANDIGARH
OFFICE OF THE FINANCE & DEVELOPMENT OFFICER

No. 1702-03/FDOI
Dated: 12/7/17

Subject: Treatment of stale/ invalid cheques and issue of Fresh Cheques.

It has been observed that proper procedure is not being followed by the budget section while accounting the stale/invalid cheques and issuing of Fresh Cheques in lieu thereof.

In order to streamline the above process, the following steps are required to be taken by the budget section of the accounts Department:

1. All cheques remaining unpaid on account of their validity period (i.e., three months) being expired be treated as liability (Cr) under the head 'Stale cheques' by contra 'Dr' to bank account. Amount of such cheques should not be reduced from the expenditure register/cash book by treating it as a minus entry.
2. The Budget Section shall reconcile the figures of stale cheques with Double Entry Cell on periodic basis.
3. In case any fresh cheque is issued against the stale cheque, then no fresh expenditure shall be booked. Rather such cheque shall be issued against the credit balance available under the head 'Stale Cheque'.
4. The budget section shall create a provision in the campus portal-budget module under the head 'Stale Cheque' for an amount equal to the balance standing as credit in the balance sheet.
5. However, in case certain cheques have been cancelled permanently and against which no fresh cheque is to be issued, in such cases Journal Voucher/Transfer Entry for reducing the expenditure shall be carried out. The liability of such stale cheques shall be got written off from the competent authority after a period of three years. In such case the account shall be adjusted by passing a Journal Voucher with 'Dr' to head 'Stale Cheques' and credit to concerned 'Expenditure Head'.

This is for information and necessary compliance by all concerned.


Finance & Development Officer

D.R. (Accounts) -

A.R. (Budget)