

BEST PRACTICE GUIDELINES FOR USERS OF COMPANY CHEQUES



Revised 1999

Cheque and Credit Clearing Company Limited

Customers Using Continuous Cheques

Ordering and Using Continuous Stationery

The MICR code line must always be in the same position, that is not too far to the left or right of the voucher or less than $\frac{3}{16}$ " (5mm) from the bottom edge of the voucher. Please discuss your requirements in detail with your Accredited Cheque Printer.

- Perforations are permissible on any edge; however, if they are on a right hand or bottom edge the need for a clean tear is paramount.
- Before being paid into a bank, all forms of sprocket holes and pin wheel feed perforations must be removed and all vouchers separated.
- **Separation by Guillotine** should use a double cut so that each voucher has a clean edge.
- **Separation by Burster.** The design should incorporate long slit type horizontal perforations, which will minimise the residual webs after bursting. Cutting devices used for the removal of sprocket holes or pin wheel feed perforations, and for document separation, shall be set to ensure that the code line is still in the correct position in relation to the new reference edges of the document.

Signing Cheques

- Cheques should only be signed by authorised signatories who have had sight of the underlying papers (invoices) etc.
- Cheques should never be signed blank.
- Inform your bank of any changes to the mandate, particularly when authorised signatories leave the company.
- The issue of cheques with pre-printed facsimile signatures should be strictly audited.
- When signing machines are used, tight computer access controls and audit procedures should be established under the supervision of senior personnel.

Despatch by Post

- Ensure that window envelopes do not reveal the contents.
- Use envelopes of sufficient quality so that the contents cannot be revealed by holding up to light.
- Do not use envelopes showing your company name and logo. This may serve to advertise the attractiveness of the contents.
- Discuss with your bank alternative methods of remitting large amounts.

Cheque Printer Accreditation Scheme

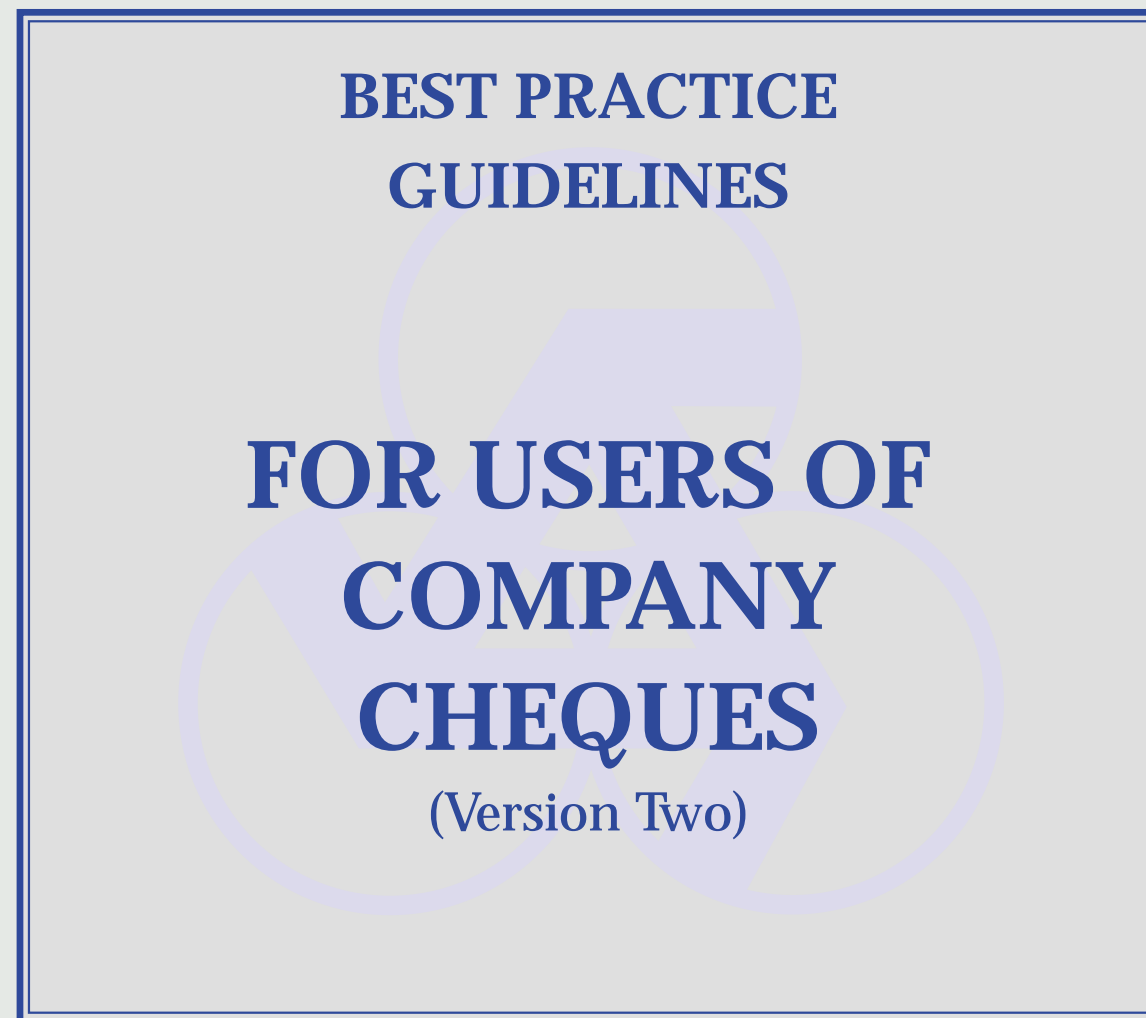
The Cheque Printer Accreditation Scheme was established in 1995 by the Cheque and Credit Clearing Company Limited and APACS as part of an ongoing process of improvement in all aspects of cheque security and quality.

The Scheme ensures that cheques for use in the UK comply with APACS Standard 3. Cheques must be produced by an Accredited Printer, who is regularly inspected under the terms of the Scheme to ensure ongoing quality and security.

Cheques will be printed to standards agreed by the industry to incorporate enhanced security features and technical requirements.

For further information please contact your bank
or

Cheque and Credit Clearing Company Limited
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14 Finsbury Square, London EC2A 1LQ
Tel: 0171 711 6200
or Tel: 020 7711 6200



Company cheques are valuable:
lack of care can lead to their misuse, resulting in
potentially disastrous fraud losses.

Following these Guidelines will help in
the fight to eliminate cheque fraud.

BEST PRACTICE GUIDELINES FOR USERS OF COMPANY CHEQUES

Ordering Company Cheques

- Company cheques must only be purchased from a member of the Cheque Printer Accreditation Scheme, whose Accreditation Number and name must appear on each cheque. Orders may be placed through your bank, an Accredited Printer or a print broker/distributor. A full list of Accredited Printers is available from APACS or from your bank.
- Official cheque orders should be signed by suitably authorised members of staff and placed with your bank, printer or print broker. Orders placed by telephone should always be followed up with a written confirmation.
- When ordering continuous stationery please discuss with your printer how you will be infilling, separating and cutting cheques. This will ensure that the MICR (Magnetic Ink Character Recognition) code line is not compromised in any way. The printer can incorporate allowances in the cheque design, such as double guillotine cuts to remove perforations and marks to show the positions for guillotine cuts and slide slitting to remove sprocket holes.

Cheques in Data Mailers

- The production of cheques in data mailers is a specialised business. Please discuss your requirements in detail with your cheque printer. Ensure that the cheques and the method of infilling will comply with the requirements of APACS Standard 3 and that the data mailers will be produced by a specialist authorised by APACS to produce them.

Control of Cheques

- Ensure cheques are kept in a safe or a secure cabinet, particularly overnight.
- Do not permit anyone to take blank cheques home with them, at any time.
- Ensure that cheques have been removed from the computer printer after use and stored securely.
- Ensure that cheque completion is properly supervised at all times.
- Never leave cheques, whether signed or unsigned, on a desk unattended.
- Avoid holding excess stock and shred any obsolete stock.
- Take care to check against the possibility of individual cheques being removed from the middle of cheque books or from runs of computer cheque forms.
- Ensure that spoiled cheques are properly accounted for and destroyed.
- Undertake regular audits of cheque stock. Any discrepancies should be investigated and the bank advised.

Infilling Cheques

Cheques must be infilled in a way that deters fraudulent alteration. **Always use black ink when infilling a cheque.** Particular attention should be given to the following specifics:

Payee Name

- The Payee name should always be **left justified**. The payee name may be terminated by adding the word 'only' after it or the space to the right of the name should be filled with asterisks or ruled through with one, or preferably a pair of horizontal parallel lines close together, ie: =====. Where two lines are allowed for a payee name, the second should be treated as a continuation of the first and asterisk filled or ruled through, even if the name does not overflow into the second line.
- If a name and address appears on the cheque, eg for use in a window envelope, then the payee name must appear separately even if it is the same as the name in the address field.



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Amount in Words

- The amount in words should spell out in full at least the pounds part of the amount in figures, eg. £**43540-10** = 'Forty three thousand five hundred and forty pounds 10p'.
- The practice of having separate boxes to be filled with values 'Zero' to 'Nine' is not recommended. However, if they are used then **all** boxes must be completed to reduce the risk of fraudulent alteration.

Amount in Figures

- When completed on a computer or by typewriter, the amount in figures should be **preceded and followed** by two asterisks and **left justified** in the Amount Box, taking care that the leftmost asterisk does not touch or overwrite the '£' symbol which is to the left of, and just outside the Amount Box. The amount should **not** include commas and the pounds/pence separator should be a **hyphen**.

Letter Cheque or Remittance Advice with attached Cheque

- Where more than one sheet is used to list the invoices to which the payment relates, all unused cheques **must be CANCELLED** or otherwise infilled in such a way that they could not be fraudulently misused.

Computer Printers

- Ensure access to computer programs is controlled by use of passwords and that all activities are recorded on an audit trail.
- It is recommended that an impact printer with a permanent ink ribbon is used and that ribbons are changed regularly to maintain good print quality: faint print caused by a worn out ribbon makes a cheque much easier to alter.
One time, or total transfer ribbons must not be used.
- If a laser printer is used for infilling cheque details (payee name, date, amount, etc.) then ensure that it has been approved by Pira International Ltd, (the UK's leading printing and paper research establishment) on behalf of APACS, as a Grade One laser printer. If it is required to print the personalisation details and the MICR code line then the laser printer will also need to be APACS approved for printing code lines.

For more information on the use of computer printers (including laser printers), please refer to **APACS Best Practice Guidelines for Companies using Computer Printers to Infill Cheques** and **APACS Best Practice Guidelines for Companies Wishing to Personalise Cheques, including adding the MICR code line**. Copies are available from your bank or APACS

Typewriters

- Total transfer (correctable) ribbons must not be used for completing cheques.
- Ribbons should be changed regularly so as to maintain good print quality.

Hand-written Cheque

- Always use indelible pen (ball point) or permanent ink to complete cheques.
- Never use felt tip pens, 'erasable' pens or pencils on cheques.
- When hand-written, the amount in figures should be left justified in the Amount Box. A hyphen should separate the pounds and pence figures.

