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STELLENBOSCH
UNIVERSITY

Finance Policy: Foreign Payments in Terms of the Regulations of the SA Reserve Bank and SU

Type of Document:	Policy
Purpose:	The policy provides the financial guidelines as determined by the Reserve Bank of South Africa that is applicable when SU wishes to make foreign payments, whether to foreign enterprises or foreign persons. The policy determines the documentation required for a foreign payment.
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Policy Curator²:	Chief Director: Finance
Keywords:	Foreign Payments, Reserve Bank, Foreign Enterprises
Validity:	In case of differences in interpretation the English version of this policy will be regarded as the valid version.

SU Policies are available at www.sun.ac.za/policies

¹ Policy Owner: Head(s) of Responsibility Centre(s) in which the policy functions.

² Policy Curator: Administrative head of the division responsible for the implementation and maintenance of the policy

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POLICY FOR FOREIGN PAYMENTS IN TERMS OF THE REGULATIONS OF THE SOUTH AFRICAN RESERVE BANK AND STELLENBOSCH UNIVERSITY

Policy number 006A/30/11/08

Scope: The policy provides the financial guidelines as determined by the Reserve Bank of South Africa that is applicable when SU wishes to make foreign payments, whether to foreign enterprises or foreign persons. The policy determines the documentation required for a foreign payment.

Policy:

Applications for two types of payment can be submitted:

- A foreign cheque (draft)
or
- a bank transfer / telegraphic transfer (swift transfer)

A foreign cheque (draft) is valid for six months only.

SU has no credit card facility for foreign payments.

COSTS

At present, the minimum cost of a **draft** is R100.00 (inclusive of VAT) and ad valorem 0,35% + VAT, with a maximum cost of R400.00 (inclusive of VAT).

The minimum cost for a **bank transfer** is currently R100.00 (inclusive of VAT) and ad valorem 0.35% + VAT, with a maximum cost of R400.00 (inclusive of VAT). An additional amount of R100.00 (*swift fee*) will also be charged.

Where possible, SU prefers to request a bank transfer, as the transaction is both quicker and more secure. The money that is transferred to the foreign account becomes available within two working days after the completion of the transaction at the local bank. (It only takes longer when FNB is not able to do a direct transfer of the money to the relevant foreign bank and has to make use of an intermediary foreign bank for transferring the money on their behalf.) When a foreign cheque (draft) has to be posted, it sometimes takes very long to reach its destination (the bill is sent by normal airmail, except when a department itself posts it in some other manner or sends it by courier), and the possibility of the bill being lost in the mail has to be borne in mind. FNB only chooses to issue a foreign cheque (draft) when the amount is very small (smaller than USD/EUR/GBP 100.00) and the beneficiary does not prefer a bank transfer, as some foreign banks charge additional banking fees for bank transfers of low value.

Some foreign banks charge extra banking fees for bank transfers. The company has to indicate this on its invoice, or the amount will be deducted from the total amount indicated on the invoice. If the company does not know what the cost is, this can be indicated on their invoice, or they should mention that the particular department is also responsible for foreign banking costs. In such cases, FNB is asked to recoup the additional banking costs from the University's account when the foreign bank passes on the costs (sometimes a number of weeks after completion of the transaction). "Details of charges" on Form A of the bank is then marked as "our" – otherwise it will automatically be marked as "share", which means that the local banking costs are paid by SU and the beneficiary pays the foreign banking costs.

Sometimes more than one foreign bank is involved when a bank transfer is made to a specific foreign bank. FNB is only able to enter into transactions with particular banks and making use of an *intermediary bank* means that such a bank could also charge costs. As there may be instances in which more than one foreign bank may charge costs, the department may be responsible for the overseas banking costs of both banks.

The South African Reserve Bank is responsible for controlling all foreign transactions and the banks (and, therefore, SU) are subject to particular rules and regulations in terms of which all foreign

transactions have to occur. If any transaction falls outside the scope of these rules and regulations, a written application has to be directed to the South Africa Reserve Bank (SARB) before such transaction may be paid. The cost related to such an application at present comes to R750.00, and FNB handles such applications on behalf of SU. There usually is a waiting period of six weeks before an answer can be expected from the SARB.

DOCUMENTATION THAT IS SUBMITTED SHOULD ALWAYS MEET THE FOLLOWING REQUIREMENTS:

- Invoices must be in English – the bank does not accept invoices in foreign languages.
- If the department is unable to obtain an English invoice, a complete translation of the invoice must be handed in with the original to serve as evidence.
- All invoices must always be made out to Stellenbosch University, and an invoice number and the date must be provided, or it will not be possible to pay the relevant invoice. The address of the University must also be provided.
- Should a year pass since the issuing of an invoice, permission for payment has to be obtained from the Reserve Bank. The application fee of R750.00 is payable by the particular department. Payment of invoices dated more than one year in the past are allowed but not encouraged.
- Payment cannot be made against a quotation or a statement.
- The following information has to be included in the documentation:
 - Name of beneficiary (initials and surname, if it is a person)
 - Overseas address of beneficiary (physical residential address, if it is a person)
 - Amount to be paid and currency. Evidence of the source of the fees that are charged must always be included – fees may not be filled in on order forms or registration forms without attaching some evidence indicating the fees
 - Reason for payment / for what payment is requested
 - If a visitor is to be paid (whether remuneration or refunding of expenses):
 - reason for visit (research; guest speaker; lecturer)
 - duration of visit (dates)
 - In the case of registration for a conference, the name of the conference and details concerning when it takes place (dates) must be provided.
 - In the case of a bank transfer, full banking details have to be provided:
 - full name of bank and “swift” code
 - address
 - IBAN (International Bank Account Number) / account number
 - bank code:

United Kingdom	Sort code	Six figures
U.S.A. & Canada	Routing/ABA/Fed wire number	Nine figures
Europe	BLZ number / BIC number	Eight figures

The IBAN consists of the account number and the bank code and also has to be indicated when it occurs on the invoice / documentary evidence.

- The South African Reserve Bank always requires original documentary evidence, but SU at present has permission to make use of faxed transmission. Only legible faxes are acceptable.
- Invoices that are sent by e-mail as attachments and are printed by the department may also be used as documentary evidence.
- If registration for conferences is done via the Internet, each person who attends the conference has to print out a completed registration form and also ensure that all required information concerning the conference (name of the conference / when (dates) it takes place / overseas address / fees payable) appear on it or print out extra copies and hand these in with the registration form.
- When advance payment for imports are made on a pro forma invoice, the original commercial invoice that is received with the goods is always sent to Financial Services for audit purposes by both our external auditors and the SARB.

The Reserve Bank undertakes regular inspections at banks and SU has to be able to show any required documentation during such inspections.

PAYMENTS IN RAND

Should a foreign company invoice SU in Rand, payment is made in the equivalent of the Rand in the relevant currency, converted according to the rate on the day of the transaction.

South African companies that invoice in foreign currency are paid in Rand – the Rand equivalent of the currency on the day of the transaction. The foreign payment system should therefore not be used.

If a foreign company invoices SU in Rand and provides banking details of a South African account, the company has to indicate whether it is a ZAR account or a foreign currency account. This will determine which payment system should be used for the specific transaction.

PAYMENTS TO STUDENTS OR EMPLOYEES OF SU

When a Resident of South Africa lives and works abroad, the person may not be paid in foreign currency. A payment in Rand to a South African banking account may be made. If the university/organisation in which the person is employed invoices SU, payment may be made in currency. A person may only be paid in foreign currency after having emigrated to the relevant country and on providing evidence that the emigration was registered by the Financial Surveillance Unit (previously Exchange Control) to FNB.

When a Resident of South Africa (student or employee of SU) goes abroad temporarily (e.g. for research or study purposes for a number of months), payments to such a person may not be made in foreign currency. An application may be directed to the SARB. SU has to declare the reason for this person's going abroad and how SU hopes to benefit from it. The application fee is R750.00 and is payable by the department lodging the request.

GENERAL PAYMENTS THAT DO NOT REQUIRE RESERVE BANK APPROVAL AND THE TYPE OF DOCUMENTATION REQUIRED

(Account numbers that have to be used are indicated in brackets)

- Membership fees and Subscription (2075 / 1443)
 - Subscription form / renewal of membership / subscription notice
- Books / Journals / Publications (1445 / 1435)
 - Invoice / Order form
- Notes (1043)

- Invoice
- Page costs / Publication costs / Reprints (3144)
 - Invoice
- Abstract/manuscript submission fee for publication/presentation at a conference (3144)
 - Invoice / Official documentation of a conference in which full details of presentation of abstract are present.
- Advertisements (2403)
 - Invoice
- Examination fees (1093)
 - Invoice
- Analytical services (1771)
 - Invoice
- Copyright (2085) Application to be made to the SARB (R750.00 fee)
 - Invoice
- Software licence (1895)
 - Invoice and copy of contract between SU and organisation in which full details are provided.
 - Licences for downloaded software are allowed and should be indicated on the invoice. Physical import of software requires SARB approval (R750.00 fee).
- Software maintenance fees (1895)
 - Invoice and copy of contract between SU and organisation in which full details are provided
- Software downloaded from computer (1895)
 - Invoice
 - Indication that the software was or can be downloaded.
- Repair of apparatus/equipment (1455)
 - Invoice
- Maintenance of apparatus (1455)
 - Invoice
- Registration for conference (2063)
 - Registration form for each person who will be attending the conference – fully completed, as well as full details of conference
 - Copy of **IDENTITY DOCUMENT** of each person who will be attending the conference
- Accommodation during conference (1155)

- Accommodation is frequently arranged by the organisers of a conference and forms part of the registration form or a separate form for accommodation is provided. In such cases, provide a form with full details of each person whose accommodation has to be paid for, as well as details of the conference for which accommodation has to be paid (name and date of conference to be indicated).
- If a person is responsible for arranging accommodation during the conference for himself or herself: invoice from hotel / guest house / quarters in which the person stays.
- Copy of **IDENTITY DOCUMENT** of each person whose accommodation is paid for
- It is important to ensure that the accommodation rates are within the limits of the ECA-rates (refer to policy 4.3, travel and accommodation, of the financial policy).

- Accommodation during overseas visit (1155)
 - Invoice from hotel / guest house / quarters in which the person stays
 - Copy of **IDENTITY DOCUMENT** of each person whose accommodation is paid for
 - It is important to ensure that the accommodation rates are within the limits of the ECA-rates (refer to policy 4.3, travel and accommodation, of the financial policy).

- Direct payment to travel agent for airline ticket for foreign visitor (1155)
 - Invoice from travel agent to SU

- Refunding of expenditure to foreign visitor: airline ticket (1155)
 - Invoice from person/instance to SU with a copy of the airline ticket that confirms the amount. (If the ticket is no longer available, an invoice from the travel agent to indicate that the ticket has been paid for has to be handed in as proof of payment. When tickets are booked electronically, a printout that confirms the booking and some proof of payment must be provided.)
 - Refunding of any other sundry expenses such as accommodation, meals, telephone, car hire, etc. to the visitor has to be made in Rand before such a visitor leaves the country, or SU must pay the expense on behalf of the visitor to the local company/creditor. If a foreign payment is requested for such expenses, Reserve Bank approval must be obtained. Approval can take up to six weeks and a R750 fee is payable by the department.
 - If the visitor is paid for services rendered during the visit to South Africa, these costs can be added to the professional services amount. The full invoice amount will however then be taxable.

- Class fees / course fees (2063)
 - Invoice from university / body where the person will be attending the course
 - Copy of **IDENTITY DOCUMENT** of person who will be going abroad
 - Payment for fulltime study abroad requires SARB approval (R750.00 fee)

- International Office Stellenbosch and Tygerberg (refunding of accommodation deposit / class fees / elective fees to international students) (2845)
 - Official letter from department (on SU/departmental letterhead) to provide information regarding the reason for refunding, the amount, initials and surname of the beneficiary, overseas address and full banking details.
 - Evidence from SU's bank to indicate that money has been paid in on the SU account. (Only a receipt or evidence from the foreign bank to show payment is not accepted as adequate proof.)

- Any refunding of monies received from foreign persons/bodies (e.g. registration for conference in South Africa) (1667)
 - Official letter from Department (on SU/departmental letterhead) in which reason for refunding and all necessary information is provided. When conference fees are reimbursed, a copy of the registration form showing the name and overseas address of the person concerned, must be attached.
 - Evidence from SU's bank to indicate that money has been paid in on the SU account. (Only a receipt or evidence from the foreign bank to show payment is not accepted as adequate proof.)

- External examiner / promoter / co-promoter / supervisor / co-supervisor (requested by the Programmes Division) (2197)
 - Letter of appointment from Programmes Division and 'remuneration of external examiner' form completed fully, with the amount indicated in USD (there must be a clear indication with regard to the candidate for whom the examiner is remunerated)
 - External examiners are remunerated on a basis of R2.00 = USD1.00. All fees in Rand are converted to USD. If the person prefers to be remunerated in another currency, this is indicated to the bank and the bank does the conversion from USD to the relevant currency.
 - As the work is done abroad, no tax is levied on the remuneration received by external examiners.

- Remuneration of foreign visitor (researcher / guest speaker / lecturer)
 - Complete invoice from the **person** to SU (2197)
 - A copy of the **letter of invitation** as compiled by the International Office must be attached.
 - A copy of the person's **passport** must be attached. The passport must be signed and stamped by the International Office before the request for payment is sent to the Financial Services department.
 - A copy of the **visa** must be attached and must be endorsed for teaching or research at SU (or with the recommendation of the International Office on a copy of the visitor's visa). The visa must be signed and stamped by the International Office before the request for payment is sent the Financial Services department.
 - **Twenty-five per cent tax** is payable by all foreigners who receive any form of remuneration from SU.
 - Complete invoice from the **body** where the person is employed, made out to SU (2195)
 - A copy of invitation / passport / visa is not required.
 - No tax is deducted.

- Remuneration for service rendered abroad by person (2197) / body (2195)
 - Complete invoice clearly indicating that the work was done abroad from **person / body** to SU.
 - No tax is deducted.
 - Payments in advance for services to be rendered are only allowed if the supplier motivates that such prepayments are the norm in the services sector in which it operates. Confirmation that the service was received should be sent to Financial Services as soon as possible in order to complete the transaction. Financial Services has to confirm receipt of the service to the bankers.

- Remuneration of visiting artist (Department of Music) (2197)
 - Copy of **contract** as compiled by the Department of Music and signed by both parties (SU and artist).
 - All necessary information (name and overseas address of artist, reason and period of visit, amount payable, etc.) must appear on the contract.

- A copy of the person's **passport** must be attached.
 - A copy of the **visa** must be attached and must be endorsed for performances at the Stellenbosch University (or a copy of the visitor's visa must be attached).
 - **Tax** is payable as confirmed with the Receiver of Revenue by the Department of Music.
- ❖ Foreign visitors do not receive a daily allowance. Any sundry expenses such as accommodation, meals, telephone, and car hire, etc. must be paid by the SU on behalf of the visitor to the local company/creditor or a refund to the visitor must be made in Rand before the visitor leaves the country.
 - ❖ Daily allowances for SU employees who go abroad (indicated in USD in the Financial Policy) are converted to Rand and paid to them by Financial Services – daily allowances are not paid out in foreign currency.
 - ❖ An official letter from the department is not accepted as adequate proof for any payment to be made to a foreign person, whether for refunding of an air ticket or remuneration.
 - ❖ Foreign payments with regard to registration, accommodation, airline tickets, class fees / course fees, etc. can only be made with regard to SU staff or SU students. If payment must be made for a third person the following procedure must be followed:
 - If the person is a **South African**, a letter which motivates why the SU is responsible for his/her expenses, on a SU letterhead, must be provided. A copy of the person's identification document must be provided as required by the bank.
 - If the person is a **foreigner**, Reserve Bank approval must be obtained before the payment can be finalised. A letter of motivation, on a US letterhead, together with a clear copy of the person's passport is needed. The application fee is R750 and it normally takes a few weeks to be approved. The SU's bank does the application on behalf of Stellenbosch University.
- If payment must be made for airline tickets for persons who do not come to South Africa (for flights outside South Africa), an application must also first be directed to the SARB.
- Postal fees / shipping fees levied when goods are provided free of charge to SU (1125)
 - Complete invoice to SU
 - **IMPORTS**
 - Advance payment
 - Payment for imports should only be made after the receipt of the goods in good order and the commercial invoice and import documentation can be provided.
 - If the supplier requires a payment in advance, this should be clearly stipulated on the invoice by the foreign supplier.
 - Payment may not be made against a quotation.
 - Payment may be made against a pro forma (preliminary) invoice for advance payment.
 - Prepayment for orders of capital goods over R150 000 may only be made for one third of the amount. The balance can be paid after receipt of the goods in good order as well as the receipt of the commercial invoice and import documentation. Letters of credit should be arranged for these orders. The Purchasing and Provision Services division should be contacted to arrange letters of credit.

- When the goods are received, all original bills of entry must be sent to the Foreign Payments Official at Financial Services, together with the original invoice from the clearance agent (e.g. Dock's Shipping, DHL, and FEDEX). This includes the Bill of Entry, Air Waybill (air freight) or Bill of Lading (sea freight), Customs Release Notification (SARS) and the Commercial Invoice. These four documents have to be handed in as proof that the goods were received. If the goods comprise a parcel that is collected from the Post Office, the post office printout that shows the VAT and clearance costs (manifest print) must be handed in with the receipt as proof that the goods have been received. All these documents must be filed for audit purposes for both our external auditors and the SARB as evidence that the goods that are paid for have actually entered the country.
- If the amount is greater than R250 000.00 and the supplier requires the full amount of the invoice before manufacturing/delivering the goods, an application to this effect must be directed to the Reserve Bank. At present, such an application costs **R750** and the Department concerned has to bear the costs. FNB makes application to the SARB on behalf of SU and can only continue with the payment of the relevant invoice when approval for the application is received.
- Goods already received

Payment is made when the goods are received in good condition. The commercial invoice and proof of the receipt of the goods is necessary before payment can take place.

- If goods are received by mail, the post office receipt (manifest print) and the receipt that shows that VAT and clearance costs have been paid must be handed in or the invoice should be stamped by Customs.
- If a clearance agent like Dock's Shipping is made use of, all clearance documents have to be submitted as proof that the goods have been received. The invoice from the clearance agent must be sent to the Foreign Payments Official at Financial Services, together with the Bill of Entry, Airways bill (air freight) or Bill of Lading (sea freight), Customs Release Notification (SARS) and the Commercial Invoice.
- A packing slip is not accepted as adequate proof.

Examples of imports:

Software / computer material (1895 / 1885)
 Research material (3107)
 Consumable material (1405)
 Chemicals (1323)
 Equipment (6975)
 Books (1445)
 Notes (1043)
 Sheet music (1434)
 Video material (1693)

FOREIGN VISITING ACADEMICS TO SU: ARRANGEMENTS WITH REGARD TO VISAS AND REMUNERATION

This set of guidelines and arrangements are related to non-South African academics from abroad who visit Stellenbosch for a limited period and with whom there is no permanent working relationship.

All visiting academics who participate in the academic programme of Stellenbosch University must have a valid temporary residence permit:

- All visiting academics that are here for a period of **three months and longer** must contact their nearest South African mission and make timely application for a temporary residence permit.
- All visiting academics who are here for a period of **less than three months** who have a passport from a country with visa exemption (EU, USA, UK) may report to the immigration official when they arrive in South Africa to request a *visitor's visa* endorsed for research or teaching at Stellenbosch University. The following documentation is required:

- Letters indicating the period and reason for residence from the home university and from Stellenbosch
- A passport that will remain valid for thirty days after expiry of the period of residence, with at least two blank pages
- Proof of financial means to cover living expenses locally
- Return air ticket or proof of adequate funds or cash deposits (value of return flight)
- All visiting academics who are here for a period of *less than three months* who have a passport from a country that requires a visitor's visa must contact their nearest South African mission and make timely application for a temporary residence permit.
- *Information regarding SA missions:* www.dfa.gov.za/foreign/sa_abroad/index.htm

Invitations to visiting academics/consultants must include the following:

- A standard letter of invitation containing the necessary biographical information and undertakings regarding the nature of the visit and stating that there is no permanent working relationship with the visitor
- Information regarding visa requirements
- Very clear information on the financial arrangements for the visit, with the statement that honoraria can only be paid out if the appropriate visitor's visa with endorsement is presented
- *Further information, electronic form letter:* Lidia du Plessis, International Office, lidia@sun.ac.za, tel. 808-2607.
- *Confirmation of the resident status of the visitor to the bank*

Payments to foreign *visiting* academics:

- Foreign *visiting* academics may only receive remuneration or honoraria if such persons have visitor's visas that are endorsed for teaching or research at Stellenbosch or with a recommendation from the International Office on a copy of the visitor's visa.
- Any form of remuneration is subject to 25% tax.
 - A tax certificate can be issued by the Remuneration Division on recommendation from the International Office.
 - The visitor can apply personally to SARS in Bellville for an immediate tax assessment.
- *Further information:* Lidia du Plessis, International Office, lidia@sun.ac.za, tel. 808-2607.
- Actual expenses related to the visit may be reimbursed to the visitor exempt of tax or direct to the service provider (preferably).

Requests for payment:

- Payment of honoraria in Rand: Mr Faizel Rhode, Human Resources Division, tel. 808 2968.
 - Cheque requisition PLUS a copy of the invitation PLUS copies from the passport of the particular person (biographical information and the relevant visa)
- Payment of direct expenses: Financial Services (as applicable to any request for payment)
 - Cheque requisition with the necessary source documents
- Payment in a foreign currency (remuneration / air ticket /): Financial Services Division, tel. 808-2967.
 - Key in Requisition (EAS199P and EAS204P) PLUS **invoice directed to S U signed by the visitor, with a copy of the letter of invitation, passport and visa, as well as documentary proof of expenses.**

Please ensure that the International Office remains informed of visits by sending copies of invitations to Lidia du Plessis, International Office, lidia@sun.ac.za, tel. 808 2607.

PROCEDURE TO BE FOLLOWED BY A DEPARTMENT IN APPLYING FOR FOREIGN PAYMENT

- **Payment for imports (trade payments)**
 - The following programs are used for keying in and approving a foreign requisition: **EAS199P** and **EAS204P**. The requisition form and invoice are sent to the Purchasing and Provision Services Division.

- Receipt of goods is done on **EAS213P** when goods are received from abroad.
- An enquiry program, **EAS215P**, can be used to check the status of the requisition and to obtain information concerning requisitions that have been dealt with.

If costly equipment is imported, application can be made for a Letter of Credit, Forward Exchange Contract or advance payment. These applications are handled by the Financial Services or Purchasing and Provision Services Division – the latter fills in the forms when imports are involved.

- The foreign company may require a **letter of credit** from SU. A letter of credit is a guarantee issued by the bank to the beneficiary (or his/her banker) to the effect that payment will be made if the transaction is completed in terms of the conditions set out in the letter of credit. There are different types of letters of credit – the bank will determine the most suitable type for a specific transaction.
- A **Forward Exchange Contract** / FEC – forward cover can be drawn up. This comprises a contract between two parties (SU and the Bank) to exchange a particular currency for another on a specific date in the future, at a rate agreed upon when the contract is drawn up.
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- **Other payments not involving imports (non-trade payments)**
 - The following programs are used for keying in and obtaining approval for a foreign requisition: **EAS199P** and **EAS204P**. The requisition form and invoice/documentary proof are sent to Financial Services.
 - An enquiry program, **EAS215P**, can be used to check the status of the requisition and obtain information regarding finalised requisitions.
 - SU has an agreement with FNB whereby requisitions are finalised within one week. Should there therefore be a closing/cut-off date, for instance for registration, requisitions have to be at Financial Services at least one week before such a date.
 - Bills of exchange that are issued by the Bank are returned to Financial Services and are sent to the beneficiary by registered airmail. If a department wishes to send it by courier/registered airmail, the department has to indicate that the foreign cheque (draft) has to be sent to them for posting. If payment is made with regard to imports, the foreign cheque (draft) is sent to the Purchasing and Provision Services Division from where it is sent to the beneficiary.
 - When a bank transfer is to be made, payment will be indicated in the foreign account two working days after the transaction date. (It is only delayed if more than one foreign bank is involved in the transaction.) If the foreign company/body requests documentary evidence of the bank transfer, the department is responsible for dispatching this abroad by fax. The documentary evidence of transfer is sent by internal mail to the department, from where it can be dispatched abroad by fax or by mail. If payment is related to imports, the documentary evidence is sent to the Purchasing and Provision Services Division, which sends the evidence, order form and invoice by fax to the foreign company.

BUYING BACK (CANCELLATION) AND STOPPING OF BILLS OF EXCHANGE

If a foreign cheque (draft) has to be **bought back (cancelled)**, the original bill, together with a letter from the department indicating the reason for the cancellation, must be sent to Financial Services. The bill must be stamped with the date stamp of Financial Services on the reverse side, and also be signed with A and B signatures. Financial Services thereupon sends the bill to the bank, accompanied by a letter to request that the bill be bought back. It is bought back at the rate of exchange on the day of the transaction (not the rate at which it was issued). Proof of the transaction is sent to Financial Services. When the amount has been checked against the statements, a journal is run to credit the cost point account from which the bill was requested.

Should a foreign cheque (draft) be lost in the mail or should be **stopped** for some reason, the procedure below is followed:

- The department concerned has to take responsibility for any costs involved in stopping the bill. The cost is determined by the foreign bank through which the bill was requested. The cost is recouped from the cost point account from which the transaction was originally requested.
- FNB policy is to delay stopping a bill for a month after the date of issue. Those who request bills of exchange must bear this in mind before summarily directing a request to Financial Services for a foreign cheque (draft) to be stopped and reissued.
- The department must notify Financial Services in writing (memo, letter) that the bill must be stopped and must provide a reason thereto. Financial Services then fills in an indemnity form for issuing a duplicate for the bank to supply details of the bill and the reason for stopping it. This form is signed with an A and B signature and by two witnesses and sent to the bank.

A new transaction, whether for a new bill or a bank transfer, may only be requested when confirmation is received from the bank that the bill has been stopped. This may take a long time, as FNB has to wait for confirmation from the foreign bank (through which the bill was requested) that the cheque has not been cashed.

Contact division:
Financial Services

