
**FOOD STAMP REGULATIONS
COUPON ISSUANCE, USE AND REPLACEMENT**

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.1 Basic Issuance Requirements

.11 Delivery of Benefits

Each CWD is responsible for the timely and accurate issuance of benefits to certified eligible households as specified in these regulations. Households comprised of elderly or disabled members who have difficulty reaching an issuance office to obtain their coupon allotments, and households which do not reside in a permanent dwelling or at a fixed mailing address, shall be given assistance in obtaining their benefits. CWDs shall assist these households by arranging for mail issuance of benefits to them; by assisting the households in finding authorized representatives who can act on their behalf; or by using other appropriate means to assure delivery of benefits.

.12 The CWD shall be required to obtain fingerprint images and a photo image of each eligible household member using SFIS equipment, as specified in Section 63-505.14, unless that member meets one or more of the following exemptions.

.121 A household member who has no fingers shall be exempt from the fingerprint image portion of the SFIS process. However, they are still required to participate in the photo image portion of the SFIS process.

.122 A household member who has a medically verified physical condition which renders them unable to comply with SFIS requirements.

.123 A household member who is under the age of 18, unless she/he is applying for Food Stamps as his/her own household, as specified in Section 63-505.141.

.124 The household is certified by an out-of-office interview, as specified in Section 63-300.4. However, the CWD should attempt to obtain the fingerprint images and photo images when the household member(s) is in the office for any reason. The CWD shall not require the household member to make a special trip into the office solely for the purpose of SFIS compliance.

.13 The CWD shall determine on a case-by-case basis when a household member will receive a postponement from the SFIS process. The conditions for a postponement include but are not limited to:

.131 A temporary medical condition that prevents a household member from complying with SFIS requirements for up to 60 days, for example hands that are bandaged due to burns.

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- .132 A household member is a resident of a drug or alcohol treatment and rehabilitation center who is unable to leave that center for physical, mental, or legal reasons. When the resident is unable to comply with SFIS, his/her authorized representative will be required to comply on their behalf. However, that household member will be required to comply with SFIS upon a change in their status within the center which would allow them to come to the CWD, or if they are in the CWD office for another reason.
- .133 A household member who is required to participate in the SFIS process and attempts to do so, but is unable to, due to an SFIS equipment problem. The household member shall temporarily receive benefits, and shall be informed that she/he must fulfill the requirements within 60 calendar days.
- .134 The household is entitled to expedited service, and the SFIS is incapable of completing the SFIS process in time for the household to participate, as specified in Section 63-301.5. SFIS compliance should occur prior to the issuance of the household's next allotment.
- .14 Authorized representatives are not required to comply with SFIS requirements, unless no household member in the household which they represent is required or able to comply with SFIS requirements, or as required at Section 63-601.132.
- .15 Issuance and Accountability Systems

The CWD shall establish an issuance and accountability system which will ensure that:

 - .151 Only certified eligible households receive benefits;
 - .152 Program benefits are timely distributed in the correct amounts;
 - .153 Coupons are accepted, stored and protected with due security after delivery to receiving points within the county; and
 - .154 Coupon issuance and reconciliation activities are properly conducted and accurately reported to FNS.
- .2 County Welfare Department (Delegation of Food Coupon Issuance) (See the implementation schedule set forth in Section 63-019.)

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.21 Delegation Guidelines - General: The issuance and storage of food coupons may be handled by the CWD itself, or by another county department through an intracounty agreement. The CWD may also contract with public, private profit, or private nonprofit entities as agents for the issuance and storage of food coupons. Such contracts shall be made only with responsible contractors who possess the ability to perform successfully under the terms and conditions of the proposed contract. The CWD or its contractors may issue coupons using the methods in Section 63-602. All procurements of issuance/storage contracts shall be conducted in accordance with the requirements of Section 63-601, CWD Responsibilities, and Chapter 23-600, Purchase of Service. Section 63-601 shall supersede Chapter 23-600 in any and all areas where the two sets of requirements differ.

.211 Retail Food Stores

The CWD shall not enter into an issuance/storage agent contract with a retail food firm unless the CWD provides evidence to SDSS that such an arrangement is needed to maintain or increase the efficient and effective operation of the Food Stamp Program.

(a) Coupons may be issued inside a retail food store if the issuance is performed by a bank, credit union, or other financial organization independent of the retail store.

(b) Coupons may be issued on-site by a retail store under the following conditions:

(1) The CWD can document that there will be a hardship, not just an inconvenience, to recipients if the retail store is not permitted to issue coupons on-site; or

(2) In the absence of hardship documentation, a retail food firm may perform issuance activities as a subcontractor to a bank, credit union, or other independent financial organization, if there is strict oversight by the financial organization.

.212 CWD Responsibility for Issuance/Storage Activities

The CWD retains final responsibility for food coupon issuance/storage and is liable for the activity of its contracted issuance/storage agents. In addition, the CWD is strictly liable for all losses of coupons, which occur prior to depositing the coupons with the postal service, even if those losses are the result of the performance of issuance, security, or accountability duties by another party. Section 63-603.17 establishes the parameters of county liability for coupons lost after they are deposited with the U.S. Postal Service.

.22 Procurement of Issuance/Storage Contracts

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.23 Competitive Bidding Process

The competitive bidding process includes, but is not limited to, advertising, invitations for Bid (IFB), as defined by Section 23-601.22 or Request for Proposal (RFP), as defined by Section 23-601.23, sealed bids, public opening of sealed bids, and selection of the most satisfactory bidder. CWDs desiring to use the RFP process shall comply with Sections 23-610(b) and (c). The CWD shall ensure that a new contract is operative as an existing contract expires so as to maintain service to participants without interruption. Prior to expiration, if a CWD elects not to continue contracting for issuance/storage services, the CWD shall ensure that coupon issuance/storage is provided so that services are not discontinued (refer to Section 63-601.264).

.231 Advertising of Contract Procurement

The CWD shall utilize advertising mechanisms via mass media to provide potential bidders with a notice of CWD's intent to request bids, in accordance with Section 23-610(f). The notice of intent shall include a statement of the CWD's intent, a description of the services to be performed, and a description of the bidding procedure. Additionally, the CWD shall solicit bids from an adequate number of qualified sources.

.232 Invitation for Bid (IFB) or Request for Proposal (RFP)

- (a) The IFB or RFP shall include all applicable information required by Section 23-610(d) plus:
 - (1) A request for verification of bidder's insurance coverage (see Section 63-601.3);
 - (2) The duration of the contract (refer to Section 63-601.242);
 - (3) An accurate description of the services to be performed and the specific procedures which must be observed in handling the issuance, reporting, and accounting of food coupons;
 - (4) The method of payment or reimbursement (see Section 63-601.243); and
 - (5) Instructions for bidders to sign completed bids.

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- (b) IFBs and RFPs do not require the prior approval of SDSS.
 - (c) Amendments or corrections to IFB/RFP shall be made in accordance with Section 23-610(g).
- .233 Review and Selection Process
- (a) Review Criteria

The CWD shall develop criteria for reviewing and evaluating IFBs and RFPs. At a minimum, the criteria shall determine contractor integrity, fiscal responsibility, record of past performance, and financial and technical resources.
 - (b) Bid Openings

All bids shall be publicly opened in accordance with Sections 23-612.1-6.
 - (c) Evaluation of Bids

Upon receipt and opening of all bids, the CWD shall review and evaluate the bids utilizing the established criteria (see (a) above).
 - (d) Contract Award

The CWD shall award the contract in accordance with the provisions of Section 23-620.
- .234 Rejection of Bids
- (a) The CWD shall reject bids or proposals in accordance with the provisions of Section 23-615.
- .235 Late Bids
- The CWD shall comply with the procedures required by Sections 23-611.14 and .15 for handling late bids.
- .236 Protests
- The CWD shall handle complaints and protests in accordance with the provisions of Section 23-624.

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.24 Issuance/Storage Contract Requirements

.241 Contract Provisions

All issuance/storage contracts must:

- (a) Meet all of the requirements of MPP Chapter 23-600, Purchase of Services.
- (b) Contain specific provisions setting forth the duties and responsibilities, as set forth in MPP Chapters 63-600 and 63-700 of the issuance/storage agent including any duties or responsibilities required of the CWD by those regulations but delegated by the CWD to the issuance/storage agent.
- (c) Provide that the issuance/storage agent will comply with all state and federal statutes, regulations, and instructions applicable to the Food Stamp Program.

.242 Contract Duration

Except USPS contracts, for which there is no time limitation, all issuance/storage contracts shall contain a specified duration period determined by the county. Each contract shall contain an effective date and a termination date. The contract duration period may be extended one time only for a maximum one-year period.

.243 Transaction Fee

- (a) Issuance/storage contracts shall specify a fee per transaction for all services provided under the contractual agreement.
- (b) Contracts which exceed one year in duration (see Section 63-601.242) may include a provision allowing for an adjustment in the transaction fee on an annual basis in accordance with Section 23-621.16. Such an adjustment shall be specified in the IFB/RFP and the contract.

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.244 Contract Amendments

(a) Changes Requiring Competitive Bid

Amendments to contracts which result in a major change shall not be allowed without re-bidding. Major changes shall include but not be limited to the following:

- (1) An increase in the transaction fee except for annual rate adjustments which are provided for in the original contract under Section 63-601.243;
- (2) A decrease in issuance/storage services;
- (3) A change in the type of issuance/storage system, unless SDSS has determined that the proposed change is not in fact a major change;
- (4) An addition of a new geographical service area;
- (5) A deletion of any issuance site

(b) Amendment Process

Competitive bidding is not required for amendments to existing contracts which do not result in major changes.

.25 Reporting and Shipping Codes

Prior to contract implementation the CWD shall contact FNS and obtain reporting and/or shipping code(s) for the issuance agent/bulk storage point.

.26 CWD Contracts with Issuance Agents/Bulk Storage Points Close-out procedures.

The Close-out procedures shall be met whenever all or any part of an issuance agent's or bulk storage point's operations are to be terminated.

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- (4) Reporting requirements - The final FNS-250 which is submitted by the agent to the CWD shall show the transfer of all inventory and a zero ending inventory. Proper documentation of coupon transfer FNS-300 or its USPS equivalent shall accompany the FNS-250. The CWD, upon receipt of the final FNS-250, shall verify the accuracy of the report and transmit it to FNS with a copy to CDSS.

.263 Close-Out Audit

Once closure of the agency has taken place, the CWD shall arrange for a close-out audit to be performed within 30 days of the termination date. Copies of the report of audit findings shall be submitted to CDSS and to FNS immediately upon completion. If the audit determines that the final FNS 250 is incorrect, the CWD shall promptly provide a corrected report to CDSS and FNS.

.264 Maintenance of Participant Service

- (a) At least 30 days before actual termination of a coupon issuance contract, the CWD shall notify program participants of the impending closure of the issuance site. Notification shall include identification of alternative issuance locations and available public transportation. The CWD shall post notices at the offices of the coupon issuer of the impending closure and may use mass media or ATP staffers to advise participants about the expected closure of the issuance office.
- (b) Whenever an issuance facility is closed, the CWD shall take the appropriate action to maintain participant service without interruption.
- (c) If a coupon issuance agency or bulk storage point is to be closed for noncompliance with contractual requirements and alternative issuance facilities or systems are not readily available, the CWD may continue to use the coupon issuance agency or bulk storage point for a limited time. In these situations, the CWD shall perform weekly onsite reconciliations of coupon issuance. The CWD shall continue to actively seek other issuance or storage alternatives.

.27 CWD Monitoring of Issuance Agents

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.271 CWD Monitoring Responsibility - Issuance Agent/Bulk Storage Points

The CWDs shall have procedures for monitoring coupon issuers/bulk storage point, including their own operation if they are self-issuers, to assure that their day-to-day operations comply with these regulations, and to identify and correct deficiencies and violations of program requirements.

.272 Onsite Audits

- (a) The CWD shall have a financial and compliance onsite audit of each coupon issuance agency and bulk storage point conducted at least once a year. All offices or units of a coupon issuer/bulk storage point are subject to this audit requirement. The CWD audit shall be based on the specific activities performed by each coupon issuer or bulk storage point. A physical inventory of coupons shall be taken at each location and that count compared with perpetual inventory records and the monthly reports of the coupon issuer or bulk storage point.
- (b) The annual financial and compliance onsite audit conducted at each coupon issuance agency and bulk storage point shall include, but not be limited to, the following audit requirements and responsibilities:
 - (1) Percentage of expired and/or altered ATPs that were cashed.
 - (2) Percentage of duplicate ATPs that were cashed, as well as the original ATP (CWD only).
 - (3) Internal control system:
 - (A) Access to work area
 - (B) Reconciliation process
 - (C) Separation of duties
 - (4) Hours of operation

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- (5) Food coupon replacement system
 - (A) Centrally (onsite)
 - (B) Locally (nearby) "replacement" office
 - (6) Security system
 - (7) Recorded inventory versus actual amount on hand
 - (8) The process for handling partial/defective coupons
 - (9) The process for destroying coupons
 - (10) The record keeping system
 - (11) Comparison of the number of food coupons issued as recorded by the issuance/storage site to the contract cost.
- (c) The CWD is responsible for the required audit. The CWD may have the audit performed by another unit of county government or contract with an independent certified public accountant. CWDs may use the results of audits of coupon issuance/storage agency by independent audit or accounting firms so long as the food coupon issuance/storage operations of the agent are included in the audit. Except in unusual circumstances, the Postal Inspection Service will conduct onsite audits of post office issuance operations.

.3 Security Guidelines for Non-Bank Issuing Agencies

In accordance with its state-delegated responsibilities, the CWD is financially liable for all food coupons distributed to it and its agents and is responsible for insuring that adequate storage facilities are provided for the coupons.

Maximum security is provided by bank storage of the bulk supply with a working supply of coupons being transferred to and from the issuance office by armored car services on a daily basis. If banks are not available for storage, the bulk supply of coupons shall be kept in a courthouse vault or other facility with bank-type security. If working supplies of coupons must be stored in the issuance office overnight, this supply shall be limited to a one- or two-day supply and strict security measures shall be instituted at the office.

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.31 Personnel Bonding and Insurance Coverage

All personnel connected with the handling of coupons shall be bonded (with the exception of United States Postal Service employees) and sufficient insurance shall be carried to cover any loss of coupons.

.4 Repealed by Manual Letter No. FS-91-03, effective 3/1/91.

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: 7 CFR 272.4(f); 7 CFR 274.1; 7 CFR 274.2; 7 CFR 274.7; Food and Consumer Services Administrative Notice 96-13, dated December 7, 1995; and Sections 10554 and 18904, Welfare and Institutions Code.

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.1 Systems Classifications

.11 Types of Issuance Systems

CWDs shall provide both over-the-counter and mail issuance delivery systems unless a waiver for one of these is granted as specified in Section 63-602.12. CWDs may issue food coupons in accordance with the following issuance systems:

.111 Authorization Document System

An authorization document system is one that uses an authorization document which is produced for each month's issuance. The authorization document may be distributed on a monthly basis to each household and surrendered by the household to the coupon issuer, or provided monthly to issuers with either single or multiple household authorizations on each document. Systems of this type include a regular mail issuance system which uses authorization documents as an intermediary step in mail issuance. The authorization document shall contain the following:

- (a) Serial number;
- (b) Case name and address;
- (c) Case number;

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- (d) Allotment amount;
- (e) Benefit month or expiration date;
- (f) Project area; and
- (g) Space for signature of household member. (An additional space for an authorized representative may be included.)

.112 Mail Issuance System

A mail issuance system is one that directly delivers coupons through the mail to households.

.113 Direct Access System

A direct access system is one in which benefits are issued directly to the household without the use of an authorization document, based on the issuance agent's direct access to information in the household's individual record on the master issuance or record-for-issuance file. This system shall use either a manual card or automated access to the master issuance or record-for-issuance file. Systems of this type include, but are not limited to, a manual household issuance record (HIR) card system and an automated system using on-line issuance terminals (e.g., Food Stamp On-Line Issuance Systems/FSOLIS).

- (a) CWDs with 2,000 or more food stamp households shall use an CDSS approved FSOLIS for over-the-counter issuances unless CDSS determines that a FSOLIS is not cost effective.
- (b) CWDs with fewer than 2,000 food stamp households may use a FSOLIS for over-the-counter issuances if a cost benefit analysis, including all cost data elements, is submitted to and approved by CDSS.
- (c) Any cost benefit analysis submitted shall be in a format prescribed by CDSS.

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.12 Waiver of Mail or Over-the-Counter Issuance

.121 CWDs may request a waiver of mail issuance from CDSS. In requesting the waiver, the CWD shall document that the remaining over-the-counter delivery system would not impair the ability of eligible households to obtain food coupons. In order to obtain approval for mail issuance waiver requests, the CWD shall have an adequate number of over-the-counter sites to provide reasonable access to recipients. The proposed system shall also be designed to meet the requirements for expedited services, Section 63-301.5 and coupon replacements, Section 63-603.

.122 CWDs may request a waiver of over-the-counter issuance from SDSS. In requesting the waiver, the CWDs shall document that the remaining mail issuance system would not impair the ability of eligible households to obtain food coupons. The remaining system shall be designed to meet the requirements for expedited service Section 63-301.5 and coupon replacements, Section 63-603. The system shall be designed to minimize the possibility of mail losses.

.123 All waiver requests shall be in writing (with a copy to the County Board of Supervisors) and shall provide complete justification for seeking the waiver.

.124 CWDs granted waivers of either issuance method may continue to utilize this issuance method in certain areas. All mail issuance waivers that were granted prior to January 1, 1979, shall remain in effect under the terms of these regulations provided that reasonable recipient access is maintained.

.125 All over-the-counter waivers issued prior to the effective date of these regulations for CWDs with 2,000 or more food stamp households shall remain in effect only if CDSS determines that a FSOLIS is not cost effective.

.2 General Issuance Provisions

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.21 Master Issuance File

CWDs shall establish a master issuance file as defined in Section 63-102. The CWD shall establish the master issuance file in a manner compatible with the system used for maintaining case records and separate information on the master issuance file into active and inactive case file categories.

.211 The master issuance file shall contain all the information needed to identify certified households, issue benefits, record the participation activity for each household and supply all information necessary to fulfill the reporting requirements of FNS.

.212 The master issuance file shall be kept current and accurate.

.213 Before entering a household's data on the master issuance file, the CWD shall review the master issuance file to insure that the household is not currently participating in, or disqualified from, the Food Stamp Program.

(a) If an authorization document is issued or benefits authorized in a direct access issuance system under expedited service requirements, the CWD shall review as much of the master issuance file as possible prior to the issuance of the authorization document or the authorization of benefits.

(b) Any uncompleted reviews shall be completed after issuance and appropriate corrective action shall be taken to recover overissuances.

.22 Division of Issuance Responsibilities

CWDs shall divide issuance responsibilities between at least two persons to prevent any single individual from having complete control over all issuance activities.

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.221 Responsibilities to be divided include:

- (a) Maintenance of inventory records;
- (b) Assembly of coupon allotments; and
- (c) Preparation of envelopes for mailing.

.222 If issuance functions in an office are handled by one person, a second-party review shall be made to verify coupon inventory, the reconciliation of the mail log and the number of mailings prepared.

.23 Issuance Controls

CWDs shall establish controls to prevent duplicate participation by individuals or households in the Food Stamp Program.

.24 Identification of Types of Issuances

CWDs shall clearly identify issuances in their accountability systems as initial, supplemental, replacement or restored benefits.

.25 Mailing of Benefits

CWDs which issue benefits by mail shall, at a minimum, use first class mail and sturdy nonforwarding envelopes or packages to send benefits to households.

.3 Validity Periods

CWDs shall establish validity periods for issuance made in authorization document and direct access issuance systems.

.31 The validity period begins the day a household is issued its authorization document or is authorized to pick up its issuance at an issuance point.

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- .62 CWDs shall issue coupon books in consecutive serial number order whenever possible, starting with the lowest serial number in each coupon book denomination.
- .63 The household member whose name appears on the ID card shall sign the coupon books. If more than one name appears, any named household member may sign the books.

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: 7 CFR 272.4(f); 7 CFR 274.2; 7 CFR 274.3; 7 CFR 274.10; Food and Consumer Services Administrative Notice 96-13, dated December 7, 1995; and Sections 10554, 10830, and 18904, Welfare and Institutions Code.

63-603 **REPLACEMENT ISSUANCES** **63-603**

.1 Providing Replacement Issuances

CWDs shall provide replacement issuances to households. In an automated direct access issuance system which uses an access device, a replacement authorization shall be provided to households which have either lost benefits or have lost access to their benefits. CWDs shall also replace the access device, if necessary, so that the household can complete further transactions. See Section 63-603.43 for provisions regarding the replacement of access devices.

.11 Allowable Replacements

CWDs shall provide a replacement issuance or authorization, as appropriate, as a result of an agency issuance error or when a household reports any of the following occurrences.

- .111 An authorization document was:
 - (a) Not received in the mail;
 - (b) Stolen from the mail;
 - (c) Stolen after receipt;
 - (d) Destroyed in a household misfortune or disaster; or
 - (e) Improperly manufactured or mutilated.

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- .112 Coupons were:
 - (a) Not received in the mail;
 - (b) Stolen from the mail;
 - (c) Destroyed in a household misfortune or disaster, such as, but not limited to, a fire or flood; or
 - (d) Improperly manufactured or mutilated.
- .113 Food purchase with coupons was destroyed in a household misfortune or disaster.
- .114 A partial coupon allotment was received due to an agency issuance error, such as a missing coupon book.
- .115 In an automated direct access issuance system using an access device, the initial access device was:
 - (a) Not received in the mail;
 - (b) Stolen from the mail; or
 - (c) Stolen after receipt.

.12 Nonallowable Replacements

CWDs shall not provide a replacement issuance or authorization, as appropriate, to a household which reports any of the following occurrences.

- .121 Coupons were lost, stolen or misplaced after receipt.
- .122 An authorization document was lost or misplaced after receipt.
- .123 Authorization documents or coupons were totally destroyed after receipt in other than a household misfortune or disaster.
- .124 Coupons were lost in or stolen from the mail, but were sent by registered or certified mail and were signed for by someone residing with or visiting the household.

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.125 Emergency food stamp assistance was received as specified in Section 63-900. The household shall not receive both emergency food stamp assistance and a replacement issuance for a household misfortune or disaster.

.126 In an automated direct access issuance system, an access device reported as lost, misplaced or totally destroyed after receipt was used to transact benefits authorized for the validity period for which a replacement authorization is being requested.

.13 Countable Replacements

A replacement issuance or authorization is considered countable if it results in a loss to the Food Stamp Program, except as specified in Section 63-603.145. The following replacement issuances or authorizations are considered countable:

.131 The initial and replacement authorizations or authorization documents are transacted and are not otherwise recouped by the CWD; or

.132 In a photo ID area, the ID serial number of an ID card which is not reported as lost or stolen prior to the replacement matches the number shown on a transacted authorization document.

.14 Noncountable Replacements

A replacement issuance or authorization is considered noncountable if it does not result in duplicate benefits being issued or a loss to the Food Stamp Program, except as specified in Section 63-603.145. The following replacement issuances or authorizations are considered noncountable:

.141 The initial or replacement issuance is returned or otherwise recouped by the CWD;

.142 The initial authorization or authorization document is not transacted;

.143 The replacement authorization or authorization document is not transacted;

.144 The replacement is being issued as a result of a CWD issuance error;

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- (b) Replacement requests made to the CWD within 10 days of the loss when an access device is reported as stolen after receipt.
- (c) CWD responsibilities regarding the replacement of access devices are as specified in Section 63-603.43.

.2 Replacement Limitations

.21 Countable Replacements

The number of countable replacements provided to a household within a six-month period shall be limited as follows:

- .211 Two countable replacement issuances or authorizations caused by any combination of the following occurrences:
 - (a) Authorization documents or coupons (full or partial allotments) not received in or stolen from the mail;
 - (b) Authorization documents stolen after receipt; or
 - (c) In an automated direct access issuance system, a replacement authorization made because the access device was not received in the mail or was stolen from the mail or after receipt.

AND

- .212 Two countable replacement issuances for authorization documents or coupons reported as destroyed in a household misfortune or disaster.

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.22 Unlimited Replacements

No limit shall be placed on the number of replacement issuances or authorizations made as a result of the following occurrences:

- .221 Receipt of noncountable replacement issuances or authorizations;
- .222 Receipt of partial coupon allotments as a result of a CWD error;
- .223 Receipt of authorization documents or coupons which were improperly manufactured or mutilated; or
- .224 The destruction of food purchased with food stamp benefits in a household misfortune or disaster.

.23 Limits on Amounts to be Replaced

Replacement issuances or authorizations shall be provided to the household in the amount of the loss, up to a maximum of one month's allotment. An exception is made when the amount of the loss includes benefits which have been restored to the household. In this instance, the amount replaced may exceed a one-month allotment, up to the amount of the loss.

| .3 Household Affidavit of Nonreceipt (DFA 303)

| Prior to issuing a replacement, the CWD shall obtain from a member of the household a signed DFA 303 attesting to the household's loss.

| .31 The DFA 303 shall not be required if:

- .311 The original authorization document or allotment has been returned to the CWD at the time of the request; or
- .312 The original authorization document or coupons were improperly manufactured or mutilated.

| .32 The DFA 303 may be mailed to the household and/or back to the CWD if the household member is unable to come into the office because of age, disability or distance from the office and is unable to appoint an authorized representative.

63-603	REPLACEMENT ISSUANCES (Continued)	63-603
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.33 The CWD shall provide the DFA 303 to the household for signature immediately after the loss is reported. The signed DFA 303 shall be received by the CWD within 10 days of the date of the report or no replacement shall be made. If the 10th day falls on a weekend or holiday, and the DFA 303 is received the day after the weekend or holiday, the DFA 303 shall be considered timely.

.34 The DFA 303 shall be retained in the case record.

.4 CWD Responsibilities

.41 Processing Requirements

.411 CWDs shall provide replacement issuances or authorizations, as appropriate, or send a DFA 377.4 denying or delaying the replacement to households within 10 days after the report of nondelivery or loss (15 days if the issuance was made by certified or registered mail) or within two (2) working days of receiving the signed DFA 303, whichever date is later.

.412 CWDs shall deny the replacement of mutilated coupons until a determination of the value of the coupons can be made as specified in Section 63-603.63.

.413 CWDs shall deny or delay replacement issuances or authorizations when:

- (a) Available documentation indicates that the household's request for a replacement appears to be fraudulent; or
- (b) The CWD determines that the request for replacement does not meet the criteria specified in Sections 63-603.1, .2 or .3.

.414 The DFA 377.4 (Rev. 12/83) shall inform the household of its right to a state hearing to contest the denial or delay of a replacement issuance or authorization. Replacements shall not be made while the denial or delay is being appealed.

63-603	REPLACEMENT ISSUANCES (Continued)	63-603
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.42 Subsequent Replacements

If the household has already been issued the maximum allowable number of countable replacement issuances or authorizations, a subsequent replacement shall be delayed until the CWD can verify that the replacement issuance or authorization being requested will not be countable.

.421 In an authorization document or direct access issuance system, it may also be necessary to delay subsequent replacements due to the time necessary to reconcile and post all transactions. In such cases, it may not be known at the time of the replacement request whether prior replacements were countable. The allotment shall be replaced when the CWD verifies that the limit on countable replacements will not be exceeded.

| .43 Replacement of Access Devices in an Automated Direct Access Issuance System

| In an automated direct access issuance system which uses an access device, the CWD shall replace an eligible household's access device when it is lost, stolen, destroyed, improperly manufactured or mutilated.

| .431 Upon notification by the household that an access device has been lost or stolen after receipt, the CWD shall immediately deactivate the initial access device to prevent its use by unauthorized individuals.

| .432 For access devices reported as lost in or stolen from the mail prior to receipt, the CWD shall comply with the requirements in Section 63-603.511 prior to deactivation.

| .433 An access device shall be replaced within the processing time frames specified in Section 63-603.411.

.5 Replacing Issuances Lost in the Mail or Stolen Prior to Receipt

.51 Prior to replacing issuances reported as lost in the mail or stolen prior to receipt by the household, the CWD shall comply with the following.

63-603	REPLACEMENT ISSUANCES (Continued)	63-603
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- .511 Determine if the authorization documents or benefits were validly issued. If they were actually mailed, it must be determined if sufficient time has elapsed for their delivery or return. If a delivery of a partial allotment is reported, the CWD shall determine:
- (a) The value of the undelivered coupons; and
 - (b) Whether the report of receipt of a partial allotment is corroborated by evidence that the coupon loss was due to damage in the mail before delivery or by a discrepancy in the issuance unit's inventory.
- .512 Determine, to the extent possible, the validity of the request for a replacement issuance or authorization. This includes determining the following:
- (a) Whether the initial issuance has been returned to the CWD; or
 - (b) In an authorization document system, whether the initial authorization document has been transacted. If so, whether the recipient's signature on the authorization document matches the signature on the recipient's ID card or DFA 303; or
 - (c) In a Photo ID area, whether the ID serial number annotated on the authorization document matches the serial number on the recipient's ID card.
- .52 After making a replacement issuance or authorization, the CWD shall take any other corrective action which may be necessary, such as changing the address on the master issuance file.
- .53 CWDs shall offer to place households on an over-the-counter delivery system after the first report of nonreceipt; or when circumstances indicate a household may not receive its benefits or access device through the normal delivery system (e.g. the household has a history of reported nonreceipt of issuances or authorization documents). CWDs shall place a household on an over-the-counter delivery system after two replacement requests due to nonreceipt within a six-month period. The two requests may be for either an initial or a replacement authorization document, allotment or access device.

63-603	REPLACEMENT ISSUANCES (Continued)	63-603
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- .531 CWDs shall determine the length of time necessary to keep a household on an over-the-counter delivery system. CWDs may return a household to the regular delivery system if the CWD finds that the circumstances leading to the loss have changed and the risk of loss has lessened.
- .532 The placement of a household on an over-the-counter delivery system and the length of time the household is on this system is not subject to the state hearing process.

.6 Replacing Issuances After Receipt

Upon receiving a request for replacement of an issuance reported as stolen or destroyed after receipt by the household, the CWD shall determine if the issuance was validly issued and comply with the following requirements for each type of replacement issuance.

- .61 Prior to replacing an authorization document reported stolen after receipt by the household, the CWD shall determine the validity of the request for replacement as specified in Section 63-603.512.
- .62 Prior to replacing destroyed coupons, authorization documents or food purchased with food stamps, the CWD shall determine that the destruction occurred in a household misfortune or disaster, such as, but not limited to, a fire or flood. The destruction shall be verified through a collateral contact or documentation from a community agency such as the fire department, the Red Cross or a home visit.
- .63 Coupons received by a household and subsequently mutilated or found to be improperly manufactured shall be replaced in the amount of the loss. The CWD shall examine the coupons to determine the validity of the request and the amount of the coupons to be replaced. For replacement, three-fifths of a mutilated coupon shall be presented by a household. If less than three-fifths of a coupon remains, no replacement shall be made:
 - .631 If the CWD can determine the value of the improperly manufactured or mutilated coupons, the CWD shall replace the unusable coupons in a dollar-for-dollar exchange. After making the exchange the CWD shall:

- (a) Complete an FNS-135; and

63-603	REPLACEMENT ISSUANCES (Continued)	63-603
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- (b) Destroy the coupons as specified in Section 63-706.13.
- .632 If the CWD cannot determine the value of the improperly manufactured or mutilated coupons, the CWD shall:
 - (a) Cancel the coupons by writing or stamping "cancelled" across the face of the coupons; and
 - (b) Forward the coupons to FNS for a determination of the value.
- .64 Authorization documents received by a household and subsequently mutilated or found to be improperly manufactured shall be replaced only if they are identifiable. An authorization document is identifiable if the CWD is able to determine the amount of the issuance and that the authorization document was validly issued within the last 30 days.
 - .641 If more than one authorization document was issued to the household and the CWD cannot determine which authorization document was mutilated, the replacement shall be issued in the lesser amount.
 - .642 Improperly manufactured or mutilated authorization documents shall be surrendered to the CWD.
- .7 Documentation and Reconciliation of Replacements
 - .71 Case File Documentation
 - .711 CWDs shall document in the household's case file each request for replacement, the date, the reason and the disposition of the request.

HANDBOOK BEGINS HERE

- .712 The case file documentation may be recorded exclusively on the DFA 303.

HANDBOOK ENDS HERE

- .72 Record of Replacements

CWDs shall maintain, in readily identifiable form, a record of the replacements granted to the household, the reason, the month, and whether the replacement was countable.

HANDBOOK BEGINS HERE

.721 The record may be a case action sheet maintained in the case file, notations on the master issuance file (if readily accessible), or another document maintained solely for this purpose.

HANDBOOK ENDS HERE

.722 The record of replacements shall, at a minimum, provide information necessary to identify and differentiate among:

- (a) Authorization documents or coupons not received in, or stolen from the mail and authorization documents stolen after receipt; and
- (b) Replacement issuances or authorizations which are not subject to a replacement limit.

.73 Reconciliation of Replacement Issuances in an Authorization Document or Automated Direct Access Issuance System

Upon completion of reconciliation activities in an authorization document or automated direct access issuance system, CWDs shall update the record of replacements to indicate whether both the initial and replacement authorization documents or authorizations were transacted. The record shall clearly indicate the status of the replacements as countable or noncountable.

.74 Replacement Requests Made Late in the Issuance Month

When a replacement request is made late in the issuance month, the replacement shall be issued in a month subsequent to the month in which the initial authorization document or authorization was issued. All replacements shall be posted and reconciled to the month of issuance of the replacement and may be posted to the month of issuance of the initial authorization document or authorization in order to identify all duplicate transactions.

.8 Further Action on Replacement Issuances

CWDs shall take further actions on replacements as follows:

.81 On at least a monthly basis, CWDs shall report to the appropriate office of the Postal Inspection Service all authorization documents or access devices reported as lost or stolen in the mail.

63-603	REPLACEMENT ISSUANCES (Continued)	63-603
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- .811 CWDs shall assist the Postal Service during any investigation and shall, upon request, supply the Postal Service with facsimiles of originally transacted or replacement authorization documents or other issuance records, and a copy of the DFA 303.
- .812 CWDs shall advise the Postal Service if the initial authorization document or authorization is not transacted.
- .82 When both the initial and replacement authorization documents or authorizations are transacted, CWDs shall, at a minimum:
 - .821 Compare the handwriting on the authorization documents or transaction receipts or other issuance records to documents contained in the household's case file, including the DFA 303;
 - .822 Establish a claim determination where it appears that the household transacted or caused both authorization documents or authorizations to be transacted; and
 - .823 Refer the case to the CWD's investigation unit, where warranted.

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: 7 CFR 274.3; 7 CFR 274.6; and Sections 10554 and 18904, Welfare and Institutions Code.

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63-604	USE OR REDEMPTION OF COUPONS BY ELIGIBLE HOUSEHOLDS	63-604
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(Continued)

- .43 Eligible residents of shelters for battered women and children may use coupons to purchase meals prepared for them at a shelter authorized by FNS to redeem coupons at wholesalers, or which redeems coupons at retail food stores as the authorized representative.
- .5 Homeless Food Stamp Households
- Homeless food stamp households shall be allowed to use their food stamp benefits to purchase prepared meals from meal providers for the homeless.
- .6 Use of ID Cards
- Upon request, the household or the authorized representative shall present the household's ID card to the retail food store or meal service when exchanging food coupons for eligible food. When photo ID cards are in use, the person presenting the photo ID card need not be pictured on the card.
- .7 Exchange of Coupons for Eligible Food
- Coupons shall not be used to pay for any eligible food purchased prior to the time at which the coupons are presented to authorized retail food stores or meal services. Neither shall coupons be used to pay for any eligible food in advance of the receipt of food, except when prior payment is for food purchased from a nonprofit cooperative food purchasing venture.
- .8 Cash Change
- When change in an amount less than \$1 is required in a coupon transaction, the household shall receive the change in cash not to exceed 99 cents.
- However, in the case of homeless food stamp households, neither cash change nor credit slips shall be returned for coupons used for the purchase of prepared meals from authorized meal providers for the homeless. Such meal providers may use uncanceled and unmarked \$1 coupons which were previously accepted for meals served to food stamp recipients when change is required for \$5 and \$10 coupons.
- .9 Return of Coupons
- A household may redeem properly issued coupons at any authorized retail store even if the household is not currently eligible to participate in the Food Stamp Program. In the event of voluntary termination of participation in the program by a household, coupons may be returned to the CWD. The CWD shall complete the appropriate sections of the FNS 35 in accordance with the Fiscal Management and Control Handbook Section 25-1050.

63-605	COUPON/ATP REPLACEMENTS	63-605
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- | .1 Repealed by Manual Letter No. FS-91-03, effective 3/1/91.
- | .2 Repealed by Manual Letter No. FS-91-03, effective 3/1/91.
- | .3 Repealed by Manual Letter No. FS-91-03, effective 3/1/91.
- | .4 Repealed by Manual Letter No. FS-91-03, effective 3/1/91.
- | .5 Repealed by Manual Letter No. FS-91-03, effective 3/1/91.
- | .6 Renumbered to Section 63-706.4 by Manual Letter No. FS-91-03, effective 3/1/91.

| NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: 7 CFR 274.6.

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**FOOD STAMP REGULATIONS
COUPON ORDERING, STORAGE, AND ACCOUNTABILITY**

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63-701 COUPON ORDERING, DISTRIBUTION AND INVENTORY 63-701
MANAGEMENT (Continued)

.2 Coupon Controls

The CWD shall establish control and security procedures to safeguard coupons, similar to those used to protect currency. The exact nature of security arrangements shall depend on the CWDs' evaluation of local coupon issuance and storage facilities. These arrangements shall permit the timely issuance of coupons while affording a reasonable degree of security. The CWD and all persons or organizations acting on its behalf shall take the necessary precautions to:

- .21 Safeguard coupons from theft, embezzlement, loss, damage or destruction;
- .22 Avoid unauthorized transfer, negotiation or use of coupons;
- .23 Avoid issuance and transfer of altered or counterfeit coupons; and
- .24 Report promptly in writing to CDSS and FNS any loss, theft or embezzlement of coupons.

.3 Coupon Requisitions

.31 The CWD shall arrange for the ordering of coupons on the FNS-260 and the prompt verification and written acceptance of the contents of each coupon shipment.

.311 The CWD shall furnish the appropriate delivery hours and the names of the persons authorized to sign delivery acknowledgements by:

- (a) Completing the FNS-260 and/or
- (b) Submitting the Form FNS-33 to FNS, if applicable.

HANDBOOK BEGINS HERE

.32 FNS review of requisitions. FNS will assess the reasonableness and propriety of coupon requisitions submitted by the CWDs based on prior inventory changes and will notify the CWD of any adjustments made to requisitions.

HANDBOOK ENDS HERE

63-701 COUPON ORDERING, DISTRIBUTION AND INVENTORY 63-701
MANAGEMENT (Continued)

.33 Coupon Ordering, Reordering and Inventory

.331 The initial order shall be by letter or on the FNS-260.

HANDBOOK BEGINS HERE

- (a) The order should be for an estimated six-month supply.
- (b) The type and number of books and the resultant number of cartons ordered should be indicated on the FNS-260. It also should be clearly indicated if there will be any holidays over the two-month period following the requisition date on which shipping points will be closed and armored car deliveries will not be accepted.

HANDBOOK ENDS HERE

.332 CWDs shall maintain a three to six month's supply of coupons on hand.

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- (a) To prevent shortages when a three-month inventory, or less, is reached, CWDs may requisition another six month's supply.
- (b) To coincide with FNS's system of monthly cycling of coupon requisitions, CWDs are advised to prepare and transmit their FNS-260s to be received by FNS during the week containing the third Monday of the month. FNS-260s received by FNS earlier in the month will not be processed until that week.
- (c) The coupon supply should be received via armored car approximately six weeks from the cycling date. CWDs placing orders of ten cartons or less may receive deliveries by mail.

HANDBOOK ENDS HERE

.333 CWDs shall maintain a perpetual inventory of monthly issuance, inventory on hand, and inventory on order. CWD responsibility for inventory control is specified in Section 63-701.1.

HANDBOOK BEGINS HERE

- .334 The primary method for determining the size of the coupon orders is to average the number of coupon books used in the previous three months. However, to minimize shortages in coupon inventories, it is recommended that CWDs monitor participation to assist in determining future usage.

HANDBOOK ENDS HERE

.4 Coupon Shipment

- .41 FNS Shipment of Coupons
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CWDs shall receive coupons from FNS in such denominations as FNS may determine necessary. Coupons shall be shipped directly to the CWD designated receiving points approved by FNS. CWDs shall be advised promptly by FNS using an FNS-261 when coupons are shipped to receiving points.

HANDBOOK ENDS HERE

.42 Shipment of Coupons by the CWD

- .421 Coupons shall be considered delivered to the CWD when FNS or its carrier has a signed receipt. Once coupons have been accepted by receiving points, any further movement of the coupons between coupon issuers and bulk storage points is at the risk of the CWD. To minimize the risk of loss, coupons shall be shipped by armored vehicle or some other method of transportation that affords the CWD the maximum security available.
- .422 In every instance when coupons are transported, the person(s) transporting coupons shall:
- (a) Acknowledge their receipt in writing;
 - (b) Accord the coupons as much protection as is reasonable; and

63-701	COUPON ORDERING, DISTRIBUTION AND INVENTORY MANAGEMENT (Continued)	63-701
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- (c) Advise issuance supervisors of the routes to be taken, the shipment departure time and the estimated arrival time.

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- (1) This information, if in written form, may be destroyed after the coupons have been received.

HANDBOOK ENDS HERE

.5 Specimen coupons

CWDs may make a written request to FNS for nonnegotiable specimen coupons for the administration of the Food Stamp Program and enforcement of the rules.

.51 The CWD shall store specimen coupons in secure storage with access limited to authorized personnel. The CWD shall maintain a record of specimen coupons received.

.52 Specimen coupons that are mutilated, improperly manufactured, or otherwise unusable, shall be destroyed by the CWD. Such destruction shall be witnessed by two persons. The CWD shall notify FNS of the destruction.

.53 Specimen coupons shall not be issued to private individuals or firms.

.6 Coupon Transfer

.61 Emergency Transfers

CWDs shall arrange for emergency transfers of coupons when it appears that an agent's supply will not last until the next shipment is received. All such transfers (with the exception of intra-USPS transfers) shall have CWD approval. Transfers between CWDs shall be approved by both CWDs. See Section 63-701.521(d) for reporting such transfers on the FNS 250. If a transfer cannot be made, CWDs shall advise FNS of the need for an emergency shipment and the reasons for it in writing.

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- .611 In the interest of time, the request may be relayed by telephone and confirmed in writing as soon as possible.

HANDBOOK ENDS HERE

.62 Transfer Procedure

- .621 Whenever a transfer of coupons occurs between two issuing agents or CWDs with different reporting point code numbers, the following procedure is required:

- (a) Both CWDs shall consent to the transfer.
- (b) The sending CWD shall initiate the FNS-300. This form shall accompany the coupons to the receiving CWD.
- (c) The receiving CWD shall complete the remainder of the document and return a receipted copy to the sending CWD.
- (d) The receiving CWD shall attach the FNS-300 to the FNS-250 for the month in which the transfer was accomplished as supporting documentation for submission to FNS.

.622 Responsibilities of CWDs

CWDs shall arrange for coupon transfers.

HANDBOOK BEGINS HERE

- (a) CDSS staff will assist only in those cases where a statewide shortage exists.

HANDBOOK ENDS HERE

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: 7 CFR 274.7 and Sections 10554 and 18904, Welfare and Institutions Code.

63-702 ISSUANCE AGENCY AND BULK STORAGE POINT RESPONSIBILITIES 63-702
(Continued)

HANDBOOK BEGINS HERE

- .211 The number, type, condition of all the coupons or coupon books and the serial numbers of all the coupons and coupon books involved (including the prefix, suffix and year of the series) should be noted on the FNS-471. Any other relevant facts should be included in the "Remarks" section.
- .212 Any shortages or overages should be noted on the FNS-250.
- .213 The FNS-471 should be attached to the FNS-250.

HANDBOOK ENDS HERE

.22 Improperly Manufactured or Mutilated Coupons or Coupon Books

- .221 When improperly manufactured or mutilated loose coupon books are found, the agent shall:
 - (a) Immediately cancel all the coupons and coupon books involved;
 - (b) Complete the FNS-471;
 - (c) Enter the number of books that are improperly manufactured or mutilated on the FNS-250;
 - (d) Destroy the coupon books as soon as possible as specified in Section 63-706.1; and
 - (e) Issue the remainder of the undamaged books.

63-702 ISSUANCE AGENCY AND BULK STORAGE POINT RESPONSIBILITIES 63-702
(Continued)

.4 Shipments Received and Transferred

- .41 CWDs shall report coupons received and/or transferred in the month such receipts or transfers are actually accomplished. The agent originating a coupon transfer shall identify the receiving agent on the FNS-250 and keep a receipted copy of the FNS-300.

HANDBOOK BEGINS HERE

- .42 Sections 63-701.3 and .4, 702.12, and Handbook Section 1102.3 fully describe the process of ordering, verifying and providing receipts for coupon shipments from FNS. To enable CWDs to verify the data reported on the FNS-250, contracted issuance agents are required to send the CWD a copy of the FNS-261 as specified in Section 63-702.6.

HANDBOOK ENDS HERE

.5 Inventory Accountability

CWDs shall maintain records of accountability for coupon books. Contracted agents may be delegated this responsibility. Such delegation shall not, however, relieve or discharge the CWDs of liability for coupon books.

- .51 CWDs' accountability records shall show the serial numbers and number of books received, the serial numbers and number of books distributed to other offices for issuance (or the number issued), and the balance of books on hand.
- .52 The person responsible for CWD storage shall provide a receipt for use in making entries on coupon book inventory records.

63-702 ISSUANCE AGENCY AND BULK STORAGE POINT RESPONSIBILITIES 63-702
(Continued)

.64 Mail Issuance Activity

All mail issuance activity, including the value of mail issuance replacements, shall be reported on the FNS-250. When the initial allotment (first benefits issued for a particular month to an on-going household) is returned to inventory as specified in Section 63-706.31 and the replacement issuance is also issued during the month in which the initial benefits were issued, the replacement shall not be reported.

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: 7 CFR 271.2; 7 CFR 274.4; 7 CFR 274.7; 7 CFR 274.8; and Sections 10554 and 18904, Welfare and Institutions Code.

63-703 RECONCILIATION 63-703

CWDs shall account for all issuances through a reconciliation process appropriate for the type of issuance system employed.

.1 All Issuance Systems

All issuance systems' coupon issuers shall reconcile their issuances daily using daily tally sheets, cashier's daily reports, tapes or printouts.

.2 Record for Issuance

.21 In issuance systems using a record-for-issuance all issuances authorized for the month shall be merged into one record-for-issuance at the end of each month.

.211 All issuances made during the month shall be posted to the record-for-issuance.

.212 The record-for-issuance shall then be compared with the master issuance file and findings from this comparison reported on the FNS-46 as specified in Section 63-704.15.

.22 In issuance systems where no record-for-issuance is used, issuances made during each month shall be reconciled to the master issuance file and findings from this reconciliation reported on the FNS-46 as specified in Section 63-704.15.

63-703 RECONCILIATION (Continued) 63-703

.3 Authorization Document Systems

The following additional steps shall be followed in an authorization document system:

- .31 The transacted value of authorized coupon issuances shall be determined and verified.
- .32 Any batches of transacted authorization documents that do not reconcile shall be maintained intact by the CWD until the discrepancy is resolved with the coupon issuer and/or a review of the case files is completed.
- .33 All transacted authorization documents shall be compared with the record-for-issuance or master issuance file as appropriate. Any documents that do not match with the record-for-issuance or master issuance file shall be identified and reported as specified in Section 63-704.15.

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: 7 CFR 274.4 and Sections 10554 and 18904, Welfare and Institutions Code.

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63-704 COUNTY WELFARE DEPARTMENT AND CONTRACTED ISSUANCE AGENTS REPORTING RESPONSIBILITIES 63-704

.1 Reporting Requirements

- .11 The CWD shall report to FNS and CDSS 30 days in advance whenever there is a creation, relocation or termination of a project area, issuance point, reconciliation point, replacement point, bulk storage reporting point or coupon shipment receiving point.
 - .111 Initial notification may be made by telephone but the CWD shall confirm the information in writing.
 - .112 Changes in bulk storage reporting and coupon shipment receiving points may be reported on the FNS-33.
- .12 The CWD shall assign a due date for the submittal of the FNS-250 by the coupon issuers and bulk storage points to the CWD. The CWD shall review FNS-250s for accuracy, completeness and reasonableness. The CWD shall attest to the accuracy of these reports and submit them to FNS and CDSS so that they will be received by the 45th day following the end of the report month. Any revisions to the FNS-250 for a given month shall be submitted to FNS within 105 days after the end of the report month. See Section 63-702.62 for preparation instructions on the FNS-250.
- .13 The CWD shall complete the FNS-259 for each project area issuing coupons through a regular mail issuance or direct mail issuance system. The CWD shall verify the issuance by comparison with the issuance on the appropriate coupon issuer's FNS-250. The FNS-259 shall be submitted to FNS and CDSS so that it will be received by the 45th day following the end of each quarter.

HANDBOOK BEGINS HERE

- .14 FNS will review each FNS-250 submitted through the CWD for completeness, accuracy, and reasonableness and shall reconcile inventory with shipping records. FNS will review CWD verification of coupon issuer and bulk storage point monthly reports. FNS may supplement this review by unannounced spot checks of inventory levels and coupon security arrangements at selected coupon issuers and bulk storage points.

HANDBOOK ENDS HERE

63-704 COUNTY WELFARE DEPARTMENT AND CONTRACTED ISSUANCE 63-704
AGENTS REPORTING RESPONSIBILITIES (Continued)

- .15 The CWD shall submit the FNS-46 to FNS and CDSS. The report shall be prepared at the level of the CWD where the actual reconciliation of the record-for-issuance and master issuance file occurs.
 - .151 The CWD shall identify and report the number and value of all issuances which do not reconcile with the record-for-issuance and master issuance file, as well as the number and value of all issuances which do not reconcile with the record-for-issuance or the master issuance file. All unreconciled issuances shall be identified.
 - .152 The report shall be received no later than 60 days following the end of the report month.
- .16 The CWD shall prepare and submit to FNS a DFA 256 so that it will be received in FNS by the 45th day following the report month.
 - .161 The CWD shall compile data after the end of the issuance month on transactions completed in a direct access or authorization document issuance system. These figures shall include all issuances supported by issuance documents including expired, altered, stolen, counterfeit and duplicate issuances which occurred during the report month. The CWD shall report only once households which have transacted duplicate authorization documents (including replacement authorization documents).
- .17 The CWD shall prepare the DFA 358 from the same source documents as the DFA 256 and shall submit it to CDSS no later than 45 days after July 31 each year.
- .18 The CWD shall prepare and submit the DFA 296 to CDSS on or before the 20th day of the month following the report month.
- .19 The CWD shall prepare and submit the DFA 296X to CDSS on or before the 20th day of the month after the end of each calendar quarter.

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: 7 CFR 271.2; 7 CFR 271.7; 7 CFR 274.1; 7 CFR 274.4; and Sections 10554 and 18904, Welfare and Institutions Code.

63-705 ISSUANCE RECORD RETENTION AND SECURITY 63-705

- .1 Availability of Issuance Records
 - .11 The CWD shall maintain issuance and reconciliation records for a period of three years from the month of origin. This period may be extended at the written request of FNS.
 - .12 Issuance records shall include, at a minimum:
 - | (a) Notices of Action;
 - | (b) The DFA 286;
 - | (c) Transacted authorizing documents;
 - | (d) The FNS-250 and substantiating documents;
 - | (e) The DFA 293;
 - | (f) The DFA 289;
 - | (g) Master issuance files;
 - | (h) Records-for-issuance for each month; and
 - | (i) Any roster or lists produced by issuance systems.
 - .13 In lieu of the records, easily retrievable microfilm, microfiche, or computer tapes which contain the required information may be maintained.
- .2 Security and Control of Issuance and Accountable Documents
 - .21 Issuance Documents

The CWD shall control all issuance documents which establish household eligibility while the documents are transferred and processed within the county. These issuance documents include access devices and numbered transaction receipts if used in an automated direct access issuance system. The CWD shall use numbers, batching, inventory control logs or similar controls from the point of initial receipt through the issuance and reconciliation process. The CWD shall also insure the security and control of authorization documents in transit from the manufacturer to the county welfare office.

63-705 ISSUANCE RECORD RETENTION AND SECURITY (Continued) 63-705

.22 Accountable Documents

HIR cards, authorization documents and mandated photo ID cards shall be considered accountable documents. The CWD shall provide the following minimum security and control procedures for these documents:

- .221 Preprinted serial numbers;
- .222 Secure storage;
- .223 Access limited to authorized personnel;
- .224 Bulk inventory control records;
- .225 Subsequent control records maintained through the point of issuance or use; and
- .226 Periodic review and validation of inventory controls and records by parties not otherwise involved in maintaining control records.

.23 Notice of Change and ID Card Security

For Notices of Change which initiate, update or terminate the master issuance file, blank ID cards, blank access devices and transaction receipts the CWD shall, at a minimum, provide secure storage and limit access to authorized personnel.

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: 7 CFR 271.2; 7 CFR 271.7; 7 CFR 274.1; and 7 CFR 274.11; and Sections 10554 and 18904, Welfare and Institutions Code.

63-706 HANDLING AND/OR DESTRUCTION OF UNUSABLE, 63-706
UNDELIVERABLE OR RETURNED COUPONS, AUTHORIZATION
DOCUMENTS AND ACCESS DEVICES

.1 Unusable Coupons

- .11 The CWD shall require coupon issuers, bulk storage points and claims collection points to dispose of unusable coupons, received from the manufacturer or received as payment for claims, within 30 days from the close of the month in which they were received. There is no dollar limit on the amount of coupons which may be disposed of by the CWD. Disposal shall be by one of the following two methods:
 - .111 Sending unusable coupons, along with any documentation the CWD has deemed appropriate, to the CWD for destruction; or

63-706 HANDLING AND/OR DESTRUCTION OF UNUSABLE, 63-706
UNDELIVERABLE OR RETURNED COUPONS, AUTHORIZATION
DOCUMENTS AND ACCESS DEVICES (Continued)

.132 The destruction of coupons received from claims collection points that are the result of the payment of household claims shall be reported on the FNS-471 and submitted with the FNS-209. A FNS-135 shall be completed and retained at the CWD for future audit purposes. A CWD may consolidate its monthly FNS-471 for claims collection destruction reporting by providing one form which reflects the total claims destruction figure for the month. If the CWD chooses to do this they shall also:

- (a) Attach a breakdown which reports the required FNS-471 information for each reporting point; and
- (b) Retain all individual FNS-471s for future review and audit purposes.

.2 Authorization Documents Mutilated or Otherwise Rejected During Processing

The CWD shall void all authorization documents mutilated or otherwise rejected during the preparation process. The voided authorization documents and access devices shall either be filed for audit purposes or destroyed, provided destruction is witnessed by at least two persons and the CWD maintains a list of all destroyed authorization documents.

.3 Undeliverable or Returned Coupons, Authorization Documents and Access Devices

The CWD shall exercise the following security and controls for authorization documents, access devices and coupons that are undeliverable or returned during the valid issuance period. The FNS-471 and FNS-135 shall be completed by the CWD, as appropriate.

.31 Coupons which are in book form, complete with original and unsigned covers, shall be returned to inventory and noted as such on the issuance log.

63-706 HANDLING AND/OR DESTRUCTION OF UNUSABLE, 63-706
UNDELIVERABLE OR RETURNED COUPONS, AUTHORIZATION
DOCUMENTS AND ACCESS DEVICES (Continued)

- .32 Returned authorization documents and access devices shall be recorded in the control log noting the serial number, household name and case number.
 - .321 The documents and access devices shall be kept in secure storage with limited access.
 - .322 The documents and access devices may be voided as long as households which report nondelivery are provided an immediate replacement.

.4 Exchange of Old Series Food Coupons for New Series Coupons

.41 Old Series Coupons Exchange

Households which have old series (no longer issued) coupons shall be entitled to a dollar for dollar exchange of old series coupons for current series coupons. Households in possession of old series coupons shall submit the coupons and a request for exchange to the CWD.

.42 Methods of Exchange

CWDs may make direct exchanges to claimants or request FNS to make the exchange. CWDs may utilize either of these methods as described below.

.421 Exchange Performed by CWDs.

- (a) When a recipient requests an exchange, the CWD shall determine the validity of the claim by considering the previous eligibility status of the claimant, the possibility that excessive amounts (over \$100) of food coupons are offered for exchange, and the authenticity of the submitted food coupons.
- (b) If satisfied that the request for exchange is valid, the CWD shall complete the FNS-135.

HANDBOOK BEGINS HERE

- (1) Care should be exercised to insure that the claimant signs the original and both copies of the FNS-135.

HANDBOOK ENDS HERE

63-706 HANDLING AND/OR DESTRUCTION OF UNUSABLE, 63-706
UNDELIVERABLE OR RETURNED COUPONS, AUTHORIZATION
DOCUMENTS AND ACCESS DEVICES (Continued)

- (c) After the transaction is completed, all loose new series food coupons resulting from the exchange and all old series coupons shall be cancelled immediately and destroyed as soon as possible. Destruction shall be accomplished by burning, shredding, tearing or cutting food coupons sufficiently to make them nonnegotiable. At the time of each destruction, the FNS-471 shall be completed.
- (d) A consolidated FNS-471 shall be completed and attached to the original and duplicate of the FNS-250 at the end of each monthly reporting period. The consolidated FNS-471 must be signed by the same official who signs the FNS-250. One copy of the consolidated form shall be retained for audit purposes.
- (e) The number of new series food coupon books given in exchange or destroyed shall be reported on the FNS-250.

.422 Exchange Performed by FNS

- (a) The CWD shall determine the validity of the claim as specified in Section 63-706.421(a).
- (b) If satisfied that the request for exchange is valid, the CWD shall complete the FNS-135.

HANDBOOK BEGINS HERE

- (1) Care should be exercised to insure that the claimant signs the original and both copies of the FNS-135.

HANDBOOK ENDS HERE

- (c) All old series food coupons submitted for exchange shall be cancelled immediately and destroyed as soon as possible. Destruction shall be accomplished by burning, shredding, tearing or cutting food coupons sufficiently to make them nonnegotiable. At the time of each destruction, the FNS-471 shall be completed.

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