

**CHAPTER 231. CHECKS REQUIRING SPECIAL HANDLING****CHECKS REQUIRING SPECIAL HANDLING PROVISIONS  
FOR AFDC/GA**

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231.22.	Definitions.
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**Cross References**

This chapter cited in 55 Pa. Code § 227.24 (relating to procedures); and 55 Pa. Code § 255.4 (relating to procedures).

**CHECKS REQUIRING SPECIAL HANDLING PROVISIONS  
FOR AFDC/GA****§ 231.22. Definitions.**

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

*Holder for value*—A person or business firm who cashed the check for the client or a subsequent endorser.

**§ 231.24. Procedures.**

(a) *General.* Assistance checks prepared by the central disbursing office and issued by the Treasury Department will be cleared through the banks and the paid checks will be filed in the Department of the Auditor General. However, if the check is lost, forged, or the like, the procedures set forth in subsections (b)—(k) will be followed.

(b) *Lost checks.* Lost checks will be handled as follows:

(1) *Loss or nonreceipt of check by recipient.* If a recipient reports the non-receipt of an assistance check, loss of an unendorsed check, or destruction of a check either endorsed or unendorsed, the Treasury Department will conduct an investigation.

(i) *Request for investigation.* Use of Form PA 207 will conform with the following:

(A) The investigation will be initiated by means of Request for or Waiver of Investigation of Check, Form PA 207. A separate Form PA 207 is required for checks that are reported lost. Five copies will be prepared. The county office will retain the No. 2 copy and the remaining copies will be sent to the central disbursing office with the Form PA 122-E. The central disbursing office will retain their copy and forward the remaining two Treasury copies and one Postal Inspection Service Copy to Treasury. If the Form PA 207 indicates that referral should be made to the Postal Inspection Service, Treasury will obtain an extra photostatic copy of the check to

attach to the Postal Copy of the Form PA 207 and forward both items to the appropriate Postal Inspection Service district office. If postal referral is not indicated, Treasury will retain the postal copy for possible later referral should investigation or further information from the county indicate this to be necessary.

(B) The information on the form should be typewritten if possible, otherwise printed, because legibility is required. The blocks to the right of the heading, "Replacement Issued," will be filled in if a grant has been authorized because of the loss. The Form PA 207 shall be signed by the payee of the check and ten samples of payee's signature will be obtained, if possible, as these are used by Treasury and the Postal Inspection Service for comparison with the signature on the check if paid. If it is not possible to obtain the signature of the payee, any other responsible member of the assistance unit should sign the Form PA 207. If the Form PA 207 is not signed by the payee, an explanation is required on the Form PA 207. Signature samples will be obtained from the payee only.

(C) If it is suspected or there is any possibility that loss or theft occurred in the mail, this must be noted in the "comments" section. This information alerts Treasury that referral to the Postal Inspection Service is also necessary.

(D) The county office should completely fill in the Form PA 207, including zip code, except check and warrant numbers. These will be inserted by the central disbursing office. Form PA 207s with incomplete or incorrect information will be sent back to the County Office for completion or correction. The county office must return corrected forms to the central disbursing office within 2 weeks.

(E) If the county office learns of postal involvement after the Form PA 207 is submitted to central office, a second Form PA 207 will be submitted. The new information will be reported in the "comments" section of the form and "other" will be checked. The only other items to be completed are the blocks above this section to provide the necessary identifying information.

(ii) *Replacement for AFDC, GA and SBP checks.* The procedure for replacing AFDC, GA and SBP checks will conform with the following:

(A) The Treasury Department will not issue replacement checks to recipients who have not received a check, lost an unendorsed check, or destroyed an endorsed or unendorsed check. However, the county office may authorize from the emergency fund a one-time grant in the amount of the original check under the conditions stated as follows:

(I) The recipient reports the nonreceipt of the check, loss of an unendorsed check, or destruction of an endorsed or unendorsed check within one month of the date of the original check.

(II) The recipient is living in this Commonwealth.

(III) The date on the emergency fund check would be not later than 1 month after the date of the original check, for AFDC and GA only.

(B) If a one-time grant has been made because of the reported loss of a check, and the recipient recovers and uses the lost check, the recipient has used an assistance payment for which he was not eligible. Overpayment has occurred and will be treated in accordance with Chapter 255 (relating to restitution). Financial Code 115 will be used on the Form PA 122-E. The Form PA 207 will be attached to the central disbursing office copy of the Form PA 122-E and submittal will be required on the day the replacement check is written. Reference should also be made to § 229.24(b) (relating to procedures).

(iii) *Recovery and return of original check reported lost or not received.* When a recipient returns a check for which he has signed a Form PA 207 and a county disbursement has been made because of the reported loss, the recovered check and a Transmittal of Returned Check, Form PA 364, will be sent to the central disbursing office. A Form PA 207 requesting a waiver will not be required because the redeposit of the returned check will result in an automatic generation of a waiver, Form PA 207-DP. The yellow copy of the Form PA 207-DP will be sent to the County Assistance Office.

(iv) *Recovery and use of original check by recipient.* The county office may learn, either through the results of the Treasury investigation or directly through report of the client, that a recipient cashed the original check. If a one-time grant has been made because of the reported loss or nonreceipt, the recipient has been overpaid and the county office must prepare an Overpayment Referral, Form PA 189, as provided in Chapter 255.

(2) *Loss of check by second or subsequent endorser.* When the loss of an assistance check is reported by a second or subsequent endorser such as bank, merchant and the like, he should be advised to write to State Treasury, Bureau of Public Assistance Disbursements, Room 113, State Finance Building, Harrisburg, Pennsylvania 17120. The Treasury Department will have complete responsibility for replacing such checks.

(c) *Forged endorsements.* Forged endorsements will be handled as follows:

(1) *General.* The endorsement on a check is forged unless the payee himself endorses the check. Checks with forged endorsements will be charged back through banks to the person or firm that cashed the check. Forged endorsements on assistance checks may be discovered by the Treasury Department or by the county office.

(2) *Discovered by the Treasury Department.* The Treasury Department may discover through investigation of a lost check that the endorsement has been forged. In this regard, reference should be made to subsection (d) of this section.

(3) *Discovered by the county office.* If the county office discovers that due to the death of a payee, or because of his absence, or for other reasons the

endorsement on an assistance check has been forged, a Form PA 207 prepared in the usual manner and signed by the worker or supervisor must be sent to the central office. This must be done even if the check was endorsed by a member of the case of the payee.

(4) *Refunds from forged checks.* Requirements for refunds from forged checks are as follows:

(i) The Treasury Department will recover the full amount of a forged check by charging it back through banks to the person or firm that cashed the check. However, when a cash refund of all or part of a forged check is accepted, this cannot be done. Therefore, no employe may accept a partial refund of a forged check. If partial refund is offered, the person making the offer should be referred to the bank or firm that cashed the check since that bank or firm will be charged with the amount of the check.

(ii) Full refunds received from forged central office disbursement checks must be sent to the Director, Office of Data Processing, who will send it to the State Treasurer. Refunds received from forged county disbursement checks must be sent to the Director, Bureau of Finance. In no instance should a restitution referral be made because of a forged check.

(iii) If a check covering the full refund is received, it must be attached to the Form PA 207 requesting waiver of investigation, which may be signed by a County Assistance Office employe, and submitted directly to the Director, Office of Data Processing if a central office disbursement check has been forged, or the Director, Division of Finance, if a county disbursement check has been forged.

(5) *Repayment by one-time grant.* Repayment of the cashing of a falsely endorsed check will conform with the following:

(i) When a recipient reports that he has to repay the person or firm that cashed a check which was endorsed by someone other than the original payee, the county office may authorize a one-time grant provided that the following conditions are met:

(A) The check was endorsed by a member of the assistance unit other than the payee only because of the illness, death or absence of the payee.

(B) The person who endorsed the check is currently receiving assistance.

(C) The assistance unit has the benefit of the forged check.

(D) A member of the assistance unit is being required to repay the person or firm that cashed the check.

(ii) If all the conditions described in subsection (c)(5)(i) are met, the county office will authorize a one-time grant. Financial Code 116 will be used. The amount of the one-time grant will be the lesser of the following:

(A) The amount of the last regular check to the grant group.

(B) The amount of the forged check.

(iii) The county office will attach to the Form PA 122-E a memorandum signed by the Executive Director or county supervisor. This memorandum must include the following:

(A) A statement summarizing the facts which must meet all of the conditions described in subsection (c)(5)(ii).

(B) The amount of the one-time grant.

(iv) The county office will notify the person or firm that cashed the check of the fact that the recipient has been issued a replacement check and the amount of the check.

(d) *Investigation.* The investigation will be carried out as follows:

(1) *General.* Check investigation generally will be as follows:

(i) Upon receipt of the Form PA 207, the Treasury Department will make the necessary investigation. If during the course of the investigation the Treasury Department representative is unable to contact the recipient after two attempts, he will contact the county office by use of the A-3 form.

(ii) The county office must then arrange a meeting between the recipient and the Treasury Department representative, the time and place to be suitable to both parties, and notify the Treasury Department within 10 days of receipt of the A-3 form. If the recipient fails to keep the appointment, a joint decision will be made to suspend. The client will be notified by a Form PA 162-A of the proposed suspension and informed of his right to appeal. If the client does not appeal within the specified period as set forth in Chapter 275 (relating to appeal and fair hearing and administrative disqualification hearings), the Treasury investigator will send a Treasury Form A-4 to the Director, Bureau of Data Processing, requesting suspension of the case. The case will be suspended and a Form PA 205-S sent to the County Assistance Office. If the client appeals, the Treasury Department will be notified of the hearing decision and appropriate action taken.

(iii) Reinstatement can be made only after written notification from the Treasury Department. No assistance may be granted through the emergency fund until the suspension is lifted by the Treasury Department as specified in § 227.24 (relating to procedures).

(2) *Check has not cleared the bank.* When it has been established that the check had not been cashed within the validity period, the county office will receive, through the central office, one copy of Report of Investigation, TBI-3, which should be filed in the case record. Because of the possible delays in the clearing house process and transmittal and processing time at the Treasury Department, the elapsed time between the expiration of the validity period and actual receipt of the TBI-3 at the county office can be extensive.

(3) *Check has cleared the bank.* If the check has cleared the bank, the Treasury Department will investigate the endorsement. If the payee admits the endorsement to be his, the Treasury Department will have him sign another Form PA 207 for a waiver of investigation. If a one-time grant was issued in

accordance with subsection (b)(1)(ii), reference should be made to subsection (b)(1)(iv). In the event the payee of the check denies that the endorsement appearing thereon is his signature, and he is not subsequently identified as the person who cashed the check, he will be required to execute an affidavit of alleged forgery prepared by the Treasury Department.

(4) *Move to another Commonwealth county.* When a recipient who is the payee of a check under investigation moves to a new county, the new county office must continue the investigation by completing and submitting a new Form PA 207 to the central disbursing office along with the notice authorizing or discontinuing assistance. Information from the copy of the previous Form PA 207 in the case record will be used in preparing the new Form PA 207. In the information section of the form, check “other” and show PA 231.24(d)(4), the name of the old county, and the old county case number. The new County Office will simultaneously submit a Form PA 207 waiving further investigation in the old county. This Form PA 207 will show the old county and case number in the caption. In the waiver section of the form, an explanation will be provided that a Form PA 207 has been issued for investigation in the new county.

(e) *Stale date checks.* Stale date checks will be handled as follows:

(1) *General.* “Not Good After 30 Days from Date of Issue” will be printed on assistance checks. When a client has not cashed his assistance check within 30 days, the check will be “stale dated” and the banks will be requested to refuse payment. However, if the client was eligible for assistance at the time the check was issued and the check has been outstanding for less than 12 months, the stale dated check can be validated or replaced.

(2) *Request to central disbursing office for validation or replacement.* When a client requests payment of a stale dated check and he was eligible for the check in the original amount, the county office will send an original and two copies of Form PA 364 to the Director, Bureau of Data Processing, with the check to be validated or replaced attached to the original. The county office will indicate on the Form PA 364 the action to be taken and that no previous replacement check has been issued. The person in the County Office who is authorized to sign Form PA 122 will sign the Form PA 364. The Treasury Department will send the validated or replacement check directly to the client. Two copies of the accompanying letter will be sent to the central disbursing office which will send one copy to the county office.

(3) *Request to central disbursing office for one-time grant.* When a client requests payment of a stale dated check and he was eligible for assistance in a lesser amount than that of the stale dated check, the county will authorize a one-time grant for the amount the client was eligible for at the time the check was first issued. Financial Code 118 will be used. The original check will be redeposited. The county office will send the original and two copies of the Form PA 364 to the Director, Bureau of Data Processing, with the check to be redeposited attached to the original. The copies of the Form PA 122 authoriz-

ing the one-time grant will also be attached to the original of the Form PA 364. The person in the County Office who is authorized to sign Form PA 122 will sign the Form PA 364.

(f) *Mutilated checks.* If a client returns within the 30 day period a check which has become mutilated or is otherwise nonnegotiable, the county office may authorize a county disbursement in the original amount, using Financial Code 117, or return the check to the central disbursing office for replacement by the Treasury Department. The process for stale dated checks will be used to replace a mutilated check after the 30 day period as provided in subsection (e) of this section. If a county disbursement is made, the county office will send the original and two copies of Form PA 364, with the mutilated check attached to the original to the Director, Office of Data Processing, for redeposit. Replacement of the check by the Treasury Department will be requested in the same manner. The replacement check will be sent directly to the client.

(g) *Holder for value.* A holder for value wanting to validate a stale date check or replace a mutilated check should be instructed to send the check to the State Treasury, Bureau of Public Assistance Disbursements, Room 113, State Finance Building, Harrisburg 17120. These requests will not be sent to the central disbursing office or the Bureau of Data Processing.

(h) *Escheated checks.* Checks outstanding for more than one year are escheated, that is, reverted, to the Commonwealth. Checks charged back through the bank as forgeries will also be escheated if they are more than one year old when credit is received. If replacement of any escheated check is to be requested, the facts should be reported to the central disbursing office, which will instruct the county office on the procedure to be followed. Except for BP recipients, replacement of an escheated check will not be made to the original payee.

(i) *Altered checks.* When it is discovered that the amount of an assistance check has been raised from the original amount to a higher amount, the Treasury Department will notify the central disbursing office of the particulars of the situation. The central disbursing office in turn will notify the County Assistance Office. The matter will be discussed with the client, pointing out the serious consequences of such action.

(j) *Undeliverable checks.* Checks which are considered not deliverable because the recipient no longer lives at the address on the check must be returned to the Treasury Department. Requesting local postal authorities to return the check to the County Assistance Office is prohibited in Treasury Department regulations as well as United States Postal Service regulations.

(k) *Undelivered checks returned by Post Office.* Undelivered checks returned by the Post Office will be handled as follows:

(1) An undelivered check returned to the Treasury Department will not be remailed. The check will be redeposited and the county office notified by Form PA 205 stamped "Not Suspended."

(2) Upon receipt of the Form PA 205 stamped "Not Suspended," the county office usually will not make an investigation as it is the responsibility of the recipient to inform the county office of any changes in address or circumstances. A Form PA 122 will be submitted, if this has not already been done, changing the address of the client, or if the address is unknown, the case will be suspended, a Form PA 162-C issued, and a control established. If the recipient does not contact the county office prior to the next payment date, the grant will be discontinued effective with the returned check date.

(3) If the recipient contacts the county office and provides verification of address within the payment period as set forth in paragraph (2), a Form PA 122 will be submitted removing the suspension and assistance will be reinstated effective retroactively to the date of suspension.

(4) Prompt submission of the Form PA 122 will be necessary to keep multiple redeposits to a minimum. A list, in duplicate, of cases in which three or more consecutive checks were returned as undelivered will be sent to the regional office. Regional office will send a copy of the list to the County Assistance Office and monitor action taken by the county office on these cases.

#### **Authority**

The provisions of this § 231.24 issued under sections 201(2) and 403(b) of the Public Welfare Code (62 P. S. §§ 201(2) and 403(b)).

#### **Source**

The provisions of this § 231.24 amended through June 18, 1982, effective June 19, 1982, 12 Pa.B. 1864. Immediately preceding text appears at serial page (42396).

#### **Cross References**

This section cited in 55 Pa. Code § 225.22 (relating to definitions); 55 Pa. Code § 227.24 (relating to procedures); 55 Pa. Code § 229.24 (relating to procedures); and 55 Pa. Code § 255.1 (relating to policy).

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