**FAQs for FIDELITY BONDING**

**What is Fidelity Bond?**

Fidelity Bond is an insurance of bondable public officer under the Fidelity Fund to assure:

  faithfully perform all the duties imposed by law upon him;

  faithfully account all funds and public property coming into his possession, custody of control.

**Accountable Officials/Employees**

The Accountable Officials/Employees are the employees of the government of the Philippines whose duties performed permits or requires the custody of funds or properties for which he is accountable be deemed bonded and his fidelity insured in accordance with Public Bonding Law (Sec. 314).

**Legal Basis**

  Act No. 2711

  Public Bonding Law (Revised Administrative Code 1917)

  EO No. 449 (BTr Reorganization)

  PD No. 1445 (GACP)

  EO No. 292 (Administrative Code 1987)

  RA No. 7160 (Local Gov’t Code)

**Implementing Rules & Regulations**

The Bureau of the Treasury shall bond all accountable public officials & employees pursuant to the provisions of the Public Bonding Law and issue appropriate guidelines therefor (EO 449, Sec 2)

         Treasury memorandum Circular No. 1-71

         Treasury Order No.  01-95

         Treasury Order No.  01-99

         Treasury Circular No.  2-2009

**Fidelity Fund**

  Consists of bond premium collected by the Bureau of the Treasury (BTr) from the accountable public officers having custody of public funds and/or properties.

  Shall be constituted and maintained as permanent reimbursable fund.

**Bond Coverage**

General Provisions:

         Every officer, agent & employee of the Gov’t of the Phils., companies or corporations the majority of stock is held by the National Government, performing duties which permit or require possession, custody, & control of public funds &/or public properties (Sec. 314 & 318, PBL).

         Every officer, agent & employee of the LGUs whose duties permit or require possession, custody & control of public funds &/or public properties, including but not limited to provincial governors, city and municipal mayors, provincial, city, municipal and barangay treasurers, and punong barangays (Sec. 305 (f) R.A. 7160, DILG M.C. No. 99-186, 11 Oct. 1999).

 Others Covered:

a)       Accountable public officers discharging their duties in a foreign country.

b)      Public officers accountable to others who are primarily accountable.

c)       Public officers designated as authorized signatories and counter signatories in the issuance of checks and approval of disbursement vouchers.

d)      Heads of departments, bureaus, agencies and instrumentalities of the Government.

**Bond Limitations**

  Amount of bond should not exceed 5 million pesos

  Bond is personal not transferrable

  Bond is good only for one year and premium shall be paid in one full year (12 months)

  No refund of premium on cancelled bond

  Overpayment will be credited to subsequent premium payment

  Any increase in the amount of bond will subject to increase in premium. Bond should be renewed on or before its expiry date

**Extent of Liability**

                Fidelity Fund shall answer only for Defalcations, Shortages, and Unrelieved Accountabilities of the bonded official/employee who has current and existing bond up to the actual loss but not exceeding the amount of bond.

**Sanctions for Failure to Post Fidelity Bond**

                Accountable official or employee will be subject to administrative and criminal liabilities:

         Administrative Liability – Failure to comply with requirements of PD 1445 (Government Auditing Code of the Philippines, Sections 101 & 127) is a neglect of duty and will be penalized in accordance with the Civil Service Law.

         Criminal Liability (Anticipation of Duties of a Public Office) – Suspension from office or employment until he shall have complied with the formalities of the law & fine from 200 to 500 pesos (Art. 236, Revised Penal Code).