REVISED REGULATIONS GOVERNING THE FIDELITY BONDING OF GOVERNMENT OFFICIALS AND EMPLOYEES.

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I PURPOSE

This Treasury Order amends Treasury Memorandum Circular No. 1-71 pertaining to regulations promulgated for the effective bonding of accountable government officials and employees pursuant to the provisions of Section 50, Chapter IX of Book V of the Administrative Code of 1987.

II COVERAGE

2.1 Except as otherwise herein provided, all officials and employees of National Government Agencies (NGAs), Government Owned and/or Controlled Corporations (GOCCs), Local Government Units (LGUs), Self Governing Boards and Commissions and all others concerned shall, whenever the duties performed permit or require the custody of funds/properly/accountable forms, be covered by a fidelity bond.

2.2 Accountable officials and employees discharging their duties in a foreign country.

2.3 Officials and employees accountable to others who are primarily accountable.

III ACCOUNTABLE RISKS

3.1 When a bonded official or employee or applicant for bonding is not, in the judgment of the Bureau of Treasury Fiscal Examiner IV (BTr FE IV), a safe and conservative risk, owing to character, associations, or habits, the fact shall be reported to the respective head of departments, bureaus, offices, local government units, self governing boards and commissions who shall cause the removal or relief of the official or employee of such duties requiring, a bond. The decision of the BTr FE IV may be appealed to the Treasurer of the Philippines through the BTr Regional Director (RD), whose decision shall be final.

3.2 Officials, having direct or general supervision over accountable officials shall take steps to safeguard the interest of the government.

3.3 Upon discovery of a shortage or total loss proper steps shall be taken by the agencies and/or COA to proceed against the accountable official or employee and his property, real or personal, on which attachment and execution shall be levied as provided by law.

3.4 The office which uncovers a malversation or shortage shall notify promptly the BTr FE IV by telegram, and keep BTr FE IV advised on the status of the case.

4.0
PROCEDURE FOR BONDING

4.1 Appointment or lawful accession by any person to a bonded or bondable position or office, shall be notified immediately by the agency to the BTr FE IV of the province or region where the appointee is assigned.

4.2 Three copies of General Form No. 57(A), shall be used in the notification, request for application, increase, reduce, cancel or transfer of a bond, duly signed by the head of agency concerned.

4.3 Every applicant for bond shall accomplish General Form No. 58(A) in four (4) copies, which shall be

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subscribed and sworn to before any officer duly authorized by law.

4.4 The duly accomplished General Form 58(A) with three (3) photographs in affixed shall be endorsed by the head of agency, or office concerned to BTr FE IV in the province or region together with the request for bonding, General Form No. 57(A), for approval.

4.5 All applications for bonding shall be accompanied by the following:

4.5.1 Sworn Statement of Assets and Liabilities as of the date of applications and request for bonding.

4.5.2 Latest approved appointment to bondable position.

4.5.3 If the position of the applicant is not bondable but applicant is given bondable duties, Office Order or Designation.

4.5.4 Proof of payment of bond premium deposited with an Authorized Government Depository Bank (AGDB).

5.0
PROCEDURE FOR BOND CANCELLATION

5.1 Accountable officials/employees who are no longer accountable by reason of retirement, separation from the service, promotion, transfer to another position or agency, suspension from office or for any other cause, shall submit immediately a request for bond cancellation using General Form No. 57(A), items 14 to 18 only, to the BTr Fiscal Examiner IV in the province or region of said accountable official/employee.

5.2 No bonded official/employee shall be given clearance by the agency from money and property accountability without proof of bond cancellation as required in paragraph 5.1.

6.0
AMOUNT OF BOND

6.1 The BTr FE IV in the province and/or district in the National Capital Region shall fix and approve the bonds in their respective jurisdiction in accordance with the Schedule attached and marked Annex A and make an integral part hereof.

6.2 An official/employee who has both money and property accountability, shall be bonded only once to cover both accountabilities, but the amount of the bond shall be in accordance with the Schedule, provided however, that the amount of bond shall not exceed P4,000,000.00.

6.3 When the maximum amount of the bond is exceeded, the accountable officer and his immediate Supervisor shall take immediate step to have the excess accountability transferred to another official/employee who shall then be covered by another bond.

7.0
BOND PREMIUM

7.1 Effective January 1, 1996, all applications for bonding shall be immediately issued an Authority to Accept Payment (ATAP) by the BTr FE IV for the payment of the bond premium.

7.2 The premium of a fidelity bond shall be one per centum (1%) of the amount of bond.

7.3 The premium shall be paid for one full year equivalent to twelve months.

7.4 Cancellation of a bond during its validity shall not make the premium refundable to the agency.

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7.5 Bond premium shall be deposited by applicant agency with an Authorized Government Depository Bank (AGDB). The ATAP shall be accompanied by a list of bondable officials/employees accomplished in accordance with the form herein prescribed, marked Annex B and made an integral part of this Order.

7.6 Proof of deposit of premium shall be presented to the FE IV of the province of NCR district where the bond applicant is assigned. Proof of deposit is the AGDB validated ATAP and list of bondable officials/employees. Only upon presentation of proof of deposit of premium shall the bond application be processed.

7.7 Approved fidelity bonds are valid for one (1) year, Premium of expired bonds whose bondable official/employee continue to be accountable, if not paid on or before expiry date, the corresponding bond shall be automatically be cancelled. The bond shall be renewed only upon filling of the General Form 57 (A) and 58(A) and the attachments.

7.8 Payment of premium which is centralized in the agency's Head Office shall be notified by said H.O. to the BTr FE IV of the province or NCR district where the bonded official/employee is assigned.

7.9 A bond is personal and therefore not transferable.

7.10 Any increase in the amount of accountability which increases the amount of the bond shall be subject to increase premium which shall be payable for one year, therefore the appropriate application forms shall be filed.

7.11 Overpayment of bond premium shall be credited to subsequent premium payments due.

8.0
THE FIDELITY FUND

8.1 All bond premium collected by the Bureau of Treasury shall constitute the Fidelity Fund.

8.2 The Fidelity Fund shall answer for defalcations, shortages and unrelieved accountability after all possible means of recovery the amount from the accountable official/employee has been exhausted or her/his insolvency declared by a competent court.

8.3 The Fidelity Fund shall be available for the payment of court fees incident to civil proceedings to recover sum lost.

8.4 The Fidelity Fund shall not be used in the following:

> (a) To replace fines imposed on a bonded official/employee as a result of criminal conviction for violation of the Revised Penal Code or any penal law; (b) To answer for liability of a bonded official/employee convicted Estafa through falsification of public documents in the capacity as a private individual; (c) To refund the accountability of a bonded official employee found short in his accountability but was not removed or relieved of the duties.

9.0
ADJUDICATION OF CLAIM AGAINST THE FIDELITY FUND

9.1 Any and all claims against the Fidelity Fund together with all the evidences relating thereto shall be filed with the Bureau of Treasury Regional Director who shall recommend appropriate action to the Treasurer of the Philippines. Approval of a claim shall constitute a legal claim against the Fidelity Fund.

9.2 Only approved claims shall be paid from the Fidelity Fund.

10.0
REPEALING/SAVINGS CLAUSE

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All Circulars, Orders and/or Memoranda, issued by this Office which are inconsistent with this Order are hereby repealed and/or modified accordingly.

Situations not covered by the Order shall be referred to the Bureau of Treasury Regional Director for appropriate resolution.

11.0
SANCTIONS

Failure to comply with the requirements and provisions of this Order shall subject the responsible official/employee to criminal and/or administrative action.

12.0
EFFECTIVITY

This Treasury Order shall take effect on 1 January 1996.

Adopted: 5 Dec. 1995

(SGD.) CARIDAD VALDEHUESA
Treasurer of the Philippines

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