**FAQ’s for Fidelity (Performance) Bonds**

1. **What is a Fidelity Bond?**

A fidelity bond is a form of insurance protection that covers policyholders for losses that can incur as a result of fraudulent acts by specified individuals. It generally ensures a business for losses caused by the dishonest acts of its employees.

1. **When it is due to KDE**

It is due to KDE by July 1 of each year.

1. **How is it submitted to KDE?**

Information from the fidelity bond is submitted through the SEEK Application web form. The actual physical copy of the bond received from the surety company is retained at the district and does not need to be submitted to KDE.

1. **Who submits it to KDE?**

It should be submitted by whomever the district has designated, and they must have access to the SEEK Application.

1. **How, or who uses the data/information from it?**

This information is audited for accuracy and coverage sufficiency by a CPA, according to the auditing standards each fiscal year. It is also used in requests from the Legislative Research Committee (LRC), and other state or federal agencies.

1. **Why is the accuracy of the data/information important?**

If the district has an incident of fraud or theft, they would be covered sufficiently to protect the District from monetary loss, or legal action.

1. **What impact can wrong data/information, or late submission have on the districts or KDE?**

If the data is incorrect, the current covered employees may not be properly bonded and reported to KDE for approval. If the information is submitted late, this could cause a gap/loss in insurance coverage between the late date submitted, and the approval of the bond by the Commissioner of Education.

1. **Is it necessary to execute a Treasurer’s bond annually if there have been no changes?**

You do not have to complete a new form, but you will need to get it Board approved each year. The bond is maintained within the district, but you must submit the bond information to KDE within the SEEK Application each year.

1. **Are these bonds continuous until cancelled?**

Yes. The district may have a contract with the insurance company that states the treasurer bond is continuous until canceled, but it is the responsibility of the district to make sure the appropiate employee(s) are bonded for the proper amount. The penal sum is calculated each year and can change for the district. If the penal sum changes, changes will need to be made to the employee’s bond.

1. **Do the “bookkeepers” need to be bonded?**

There is no requirement on bonding the bookkeepers but is recommended. The Fidelity Bond is only for those who sign checks on behalf of the district per [KRS 160.560](https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=3767) and [702 KAR 3:080](https://apps.legislature.ky.gov/law/kar/702/003/080.pdf).

1. **When preparing the Fidelity Bond for the district’s Finance Officer, I noticed the following statement under *Use of This Form*: “This form does not need to be filled out by the surety company if there are no changes to the fidelity bond during the life of the bond.” Does that mean that only the Board must approve the bond?**

Yes, it must be Board approved each year. The form is maintained within the district, but you must submit the information to KDE within the SEEK Application each year.

1. **What steps need to be taken when the district treasurer leaves, and a replacement has not been appointed yet?**

The board will need to approve an interim treasurer and they will need to be bonded as soon as possible. The Fidelity Bond information will need to be updated on the previous treasurer (ending date of bond), and the interim treasurer information added in SEEK. Please note the window in SEEK will need to be opened by the Division of Financial Management Branch (DFMB) for changes to be made.

1. **What steps need to be taken when an interim treasurer is replaced with a full-time treasurer?**

The board will need to approve the new, full time treasurer, and ensure they will be bonded as soon as possible. The Fidelity Bond information (ending date of bond) will need to be updated on the interim treasurer, and the new treasurer information added in SEEK. Please note the window in SEEK will need to be opened by the Division of Financial Management Branch (DFMB) for changes to be made.

1. **Is there supposed to be an “EDIT” button within the web form?**

There should NOT be an “EDIT” button. If there is an “EDIT” button, this means the web form is not appearing properly and will not allow you to edit the information. To correct this issue, you will need to add the ky.gov website to the “Compatibility View Settings”. If you need assistance with this, contact KDE.

1. **Do all employees listed under a fidelity bond have to be bonded for the same amount?**

No, but the bond amount must equal, or be greater than the bond amount reported on the “Fidelity Bond for Treasurer Exposure Calculation Report” posted on the “bonds” website.

1. **How does the district determine the bond amount for the district employees who handle district funds?**

KDE posts a report titled “Fidelity Bond for Treasurer Exposure Calculation Report” to the Bonds website that provides the bond amount for each district. These numbers are calculated from the last approved Audited AFR/Balance Sheet information in the SEEK Application and is generated by the end of March each year and posted to KDE’s website by the end of April.

1. **If a bonded employee is both the finance officer and the treasurer, do they have to have two bonds?**

No, they only need to have one fidelity bond.

1. **How soon do you need to bond an employee that was hired to replace the current treasurer who will be training them before they leave?**

If they are going to be performing duties of the treasurer, they should bond during the training period.

1. **Does the Fidelity Bond apply to the school level?**

No. [KRS 160.560](https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=3767) indicates the Fidelity bond process and penal sum amount is for the treasurer of the board of education, not the school level. This would also cover other staff at the board level who are designated to sign checks on behalf of the board of education, not the school level.

1. **What happens if I submit my fidelity bond after the July 1 deadline?**

Per [KRS 160.560](https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=3767) and [702 KAR 3:080](https://apps.legislature.ky.gov/law/kar/702/003/080.pdf), the Fidelity Bond is due by July 1. If it is submitted after the fact, you may be subject to an audit finding at the auditor's discretion.

1. **Why didn’t I receive a confirmation email after completing the screens in SEEK?**

Please remember to hit “submit” after saving the data.  Once you submit, a confirmation email will be sent.

1. **After I submitted the bond information, why does it still show a “pending” status in SEEK?**

KDE’s DFMB staff will review the information submitted and change the “pending” status to “review”. After KDE has reviewed all the districts’ submitted information, a report will be generated and forwarded to KDE’s Commissioner for final approval.

Kentucky Department of Education

Office of Finance and Operations

Division of District Support

District Financial Management Branch

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