

CF OPERATING PROCEDURE
NO. 60-05, Chapter 8

STATE OF FLORIDA
DEPARTMENT OF
CHILDREN AND FAMILIES
TALLAHASSEE, November 2, 2017

Human Resources

BONDING OF EMPLOYEES

8-1. Purpose. This operating procedure describes procedures for the covering of Department of Children and Families' employees under the state's Blanket Employee Dishonesty Bond and for processing claims.

8-2. Scope. This operating procedure applies to Children and Families' employees occupying full time equivalent positions (FTE) and other personal services (OPS) employees. Other classifications of employees may be covered but their inclusion is subject to prior review by the Office of General Services (ASG).

8-3. Definition of Coverage. The Blanket Employee Dishonesty Bond coverage insures the department against loss sustained through any fraudulent or dishonest act or acts committed by any of the department's employees, acting alone or in collusion with others, during the bond period, to an amount not exceeding the aggregate policy limit of \$500,000 per occurrence and subject to a \$10,000 deductible per each occurrence.

8-4. References.

a. Section 287.022, Florida Statutes (F.S.), assigns insurance procurement responsibility to the Department of Management Services, Division of Purchasing.

b. Section 215.422, F.S., Warrants, Vouchers and Invoices.

c. CFOP 75-3, paragraph 12 (Blanket Employee Dishonesty Bond).

8-5. Eligibility and Application Procedures. The Office of Human Resources (ASHR) will provide ASG with a report of all Department of Children and Families' positions when this insurance policy is bid for renewal by the Department of Management Services, State Purchasing. The report will be a departmental summary of all filled full time positions, including part-time employees. Each position will be assigned by Human Resources to one of two bonding risk categories as required by insurance companies and defined below:

a. Class 1 Employees.

(1) All senior level executive, administrative and supervisory officials, i.e., down to and including Assistant Secretaries, Regional Managing Directors and Program Administrators.

(2) All officials and employees whose **principal duties** are to:

(a) Handle, receipt for, or have custody of money, checks, or securities;

(b) Account for supplies or other property;

This operating procedure supersedes CFOP 60-05, Chapter 8, dated January 26, 1998.

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(c) Authorize (or make appropriations for) expenditures;

(d) Approve, certify, sign or countersign checks, drafts, warrants, vouchers, money orders, or other documents providing for the paying or delivery of money, securities, supplies, or other property; or,

(e) Maintain or audit accounts of money, checks, securities, time records, supplies, or other property, or take physical inventories of money, checks, securities, supplies, or other property.

b. All other Employees. Includes all employees not defined in Class 1 above.

8-6. Bonding Requirements in Excess of Policy Limits or Required by Statute. If coverage is desired in excess of \$500,000, or if required by Florida Statutes, a separate request bond or an endorsement request will be submitted by the Regional Managing Director, or their designee(s) as appropriate, to ASG stating the circumstances. ASG will forward the endorsement request to the Department of Management Services, State Purchasing, for approval. The requesters will be orally notified of the decision and a copy will be furnished in confirmation.

8-7. Reporting Bond-Related Incidents Involving the Food Assistance Program. The Economic Self-Sufficiency Program Office, Region Economic Self-Sufficiency Program Office and the Division of Public Assistance Fraud in the Chief Financial Officer's Office in the Department of Financial Services, are authorized to investigate incidents and losses involving employee's fraud or dishonest acts within the department's food assistance program. Any bond-related incident involving food assistance operations will be reported to the Economic Self-Sufficiency Program Office as soon as possible following discovery of the incident, in accordance with CFOP 55-9, Internal Fraud Procedures. Complete instructions are contained in that operating procedure for processing and claim disposition.

8-8. Investigation of Incidents or Losses. The investigation of incidents and losses will be conducted by the appropriate law enforcement agency. Region and Headquarters Office staff with necessary expertise may participate in an investigation.

8-9. Reporting Other Bond-Related Incidents.

a. The Department of Children and Families' unit discovering a loss other than food assistance fraud will immediately notify the Regional Managing Director, ASG, or their designee as appropriate.

b. The Regional Managing Director or their designee will immediately notify ASG by telephone at (850) 488-6262 of the loss verbally.

c. The Regional Managing Director, or their designee as appropriate, will provide written confirmation to ASG within 24 hours of the verbal notification which will contain:

(1) Kind of loss, e.g., purchase orders, payroll, cash, supplies, materials, equipment.

(2) Location and date(s) of loss.

(3) Brief summary of the circumstances.

(4) Notification to the appropriate law enforcement agency.

(5) Copy of the letter confirming a request for an investigation.

d. Upon receipt of the notification and confirmation, ASG will notify the insurance specialist at State Purchasing so that a claim file may be established.

8-10. Cancellation of Coverage. The coverage shall be deemed canceled on an employee immediately upon discovery by the department of any act on the part of such employee which would constitute a liability to the bonding (surety) company, under the applicable agreement concerning such employee. Discovery of loss under a fidelity bond occurs when the insured learns facts or obtains knowledge which would justify a careful and prudent person in charging another with fraud or dishonesty. Furthermore, **once an employee has been discovered to have caused a loss, no attempt may be made by the department to negotiate any settlement with such employee.** (Re: General clause of a surety bond; emphasis added). Additionally, such employee should be removed from that position in accordance with the provisions of CFOP 60-55, Chapter 1, Standards of Conduct and Standards for Disciplinary Action for Department Employees.

8-11. Procedures for Processing All Employee Bond Claims. All claims must be processed in accordance with CFOP 75-3, Insurance.

8-12. Payment of Policy Premiums (Invoices). In accordance with the provision of paragraph 8-4b of this operating procedure, all state insurance bids are predicated on complete premium payment within 30 days, following the receipt of an acceptable invoice(s) by the department. Premium payments involve several functional areas and will require close coordination to meet this requirement.

BY DIRECTION OF THE SECRETARY:

(Signed original copy on file)

MATTHEW T. HOWARD
Staff Director, Office of General Services

SUMMARY OF REVISED, ADDED, OR DELETED MATERIAL

This revision updates department policy including, but not limited to, the following: updated the deductible value and department changes in office structure.