

# North Dakota State Bonding Fund

*Providing fidelity blanket bond coverage to the state and its political subdivisions since 1919*



State Bonding Fund application  
instruction guide (SFN 54369)



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# Section 1. General information

## Obligee

Name of the government entity you are representing.

## Bond number

If you do not know your assigned number, the number is located on the envelope. It is listed after your government entity's name. This number does not change; it is assigned to your entity only.

## Contact information

If your entity has had a change in contact person since the last renewal, changes will be made when the application is returned to the Fund or a written documentation of a new listing is received by our office. Please use a mailing address. This information is updated only when someone in the entity notifies the State Bonding Fund of a change.

### 1. GENERAL INFORMATION

Name of Obligee (Insured Entity)		County	Bond Number	
Contact Person		Position		
Mailing Address		City	State	ZIP Code
Telephone Number	Fax Number	E-Mail Address		

# Section 2. Underwriting information

## Locations

The Fund needs to know where business is conducted and also where inventory is kept and stored. If you do not have a permanent meeting location but schedule meetings at different locations, use the contact person's home location. Please use a physical address. Each physical address should have a correlating employee count.

## Class I employees

This refers to individuals who serve in positions involved with making financial decisions; they are not necessarily a paid individual. This is a count of how many people, not a list of them by name.

## Other staff

This includes a count of staff that has access to money, securities and/or property.

### 2. UNDERWRITING INFORMATION

Class I Employees include management positions (directors, accountants, auditors, treasurers, commissioners, etc.) and other staff who have access to money, securities and/or property (cashiers, bookkeepers, clerks, etc.). Use separate sheet of paper to list all physical locations.

Physical Location(s)	Number of Class I Employees	Number of Other Staff

# Sections 3 and 4. Audits and inventory control

## Section 3. Audits

Please complete the correct part concerning auditing within your entity and then move to the next section.

Part A: If you send a yearly report to the State Auditor, check the box.

Part B: If you do an in-house audit, report how often your entity conducts an audit and who performs it; only check the box if you send it to your County Auditor when completed.

Part C: If you use an independent CPA, please fill out the requested information.

## Section 4. Inventory control

The Fund is interested in whether you keep a list of property owned by your entity and if it is accounted for on a regular basis.

### 3. AUDITS (Complete Part A, Part B or Part C for audits preformed)

<b>Part A</b> <input type="checkbox"/> Sent to the State Auditor			
<b>Part B - Audit within Entity</b>			
How often audited?	Who performs audit?	<input type="checkbox"/> Sent to the County Auditor	
<b>Part C - Independent CPA</b>			
Name of Independent CPA			Telephone Number
Address	City	State	ZIP Code

### 4. INVENTORY CONTROL Not Applicable

Is a complete inventory made with physical check of all personal business property for all locations? <input type="checkbox"/> Yes <input type="checkbox"/> No		
If yes:	Who Completed Inventory?	How Often?

# Section 5. Bank account control

The Fund uses this section to determine your business practices concerning your entity. We recognize that most small entities do not have enough employees to split the duties between several individuals. Please make sure to check one box for each yes or no question.

## 5. BANK ACCOUNT CONTROL

It is inadvisable for the reconciliation to be done by an employee who also signs checks, handles deposits, or who has access to check signing stamps because under such circumstances losses may be concealed.

Do the employees who reconcile the monthly bank statements also:		
Sign Checks?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Use electronic forms of payment and deposits? <input type="checkbox"/> Yes <input type="checkbox"/> No
Handle Deposits?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Have access to check signing stamp? <input type="checkbox"/> Yes <input type="checkbox"/> No
If any answer above is Yes, can this weakness be corrected?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Is a countersignature of checks required? <input type="checkbox"/> Yes <input type="checkbox"/> No
		Over What Limit?

# Section 6. Computer control

Does your entity use a computer for doing bookkeeping? If so:

- Pre-authorization is referring to using passwords for computer program access. Only the member(s) using the bookkeeping program should have access to the accounting program.
- The duties of operators separated refer to keeping positions within the organization separate. The financial decisions should be voted on by the group and then acted on by the delegated employee. When referring to the separation of duties, the Fund doesn't want any employee with access to the

program to crossover and initiate changes of balance, e.g., the chairman of the board writing a check.

- Reconciliation is often done by the same employee; for your protection, the Fund would like to see a division of duties.
- The Fund would also like to know that the employee delegated to write electronic checks is the only authorized employee to do so within the entity.

## 6. COMPUTER CONTROL Not Applicable

Are pre-authorization passwords maintained for all operators/programs?

Yes  No

Are the duties of operators separated?

Yes  No

Is the output reconciled by persons who do not prepare or process the input?

Yes  No

Are computerized check writing operations segregated?

Yes  No



# Section 8. Coverage requested

A limit requested is based off of the total amount of revenue plus securities, listed in section 7. If the amount is \$40,000 or less, the limits requested is automatically \$10,000. If the amount is greater than \$40,000, the limit requested is 25 percent of the total amount up to \$2,000,000. An entity can request less, but please note by initialing the amount. An entity may not request more than allowed.

## 8. COVERAGE REQUESTED

The Amount of bond coverage is based on the amount of money and property handled and the opportunity for fraudulent activities and other conditions imposed by law.

The guideline for coverage is based on revenue plus securities in Section 7:  
Less than \$40,000 of the total amount has an automatic limit of \$10,000  
Greater than \$40,000 is 25% of the total amount up to \$2,000,000

Limit Requested

# State Bonding Fund staff

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A handwritten signature in blue ink, appearing to read 'Adam Hamm', written in a cursive style.

Adam Hamm  
Insurance Commissioner

The Special Funds Division of the North Dakota Insurance Department endeavors to handle the needs of our customers the right way the first time—accurately, fairly and timely—and always with the benefit of prevention, safety and education.

Let's all do our part to keep  
the cost of insurance affordable.