

## *Document Status: Draft Update*

### **4:30 Revenue and Investments**

#### Revenue

The Superintendent or designee is responsible for making all claims for property tax revenue, State Aid, special State funds for specific programs, federal funds, and categorical grants.

#### Investments

The Superintendent shall either appoint a Chief Investment Officer or serve as one. The Chief Investment Officer shall invest money that is not required for current operations, in accordance with this policy and State law.

The Chief Investment Officer and Superintendent shall use the standard of prudence when making investment decisions. They shall use the judgment and care, under circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of their capital as well as its probable income.

#### Investment Objectives

The objectives for the School District's investment activities are:

1. **Safety of Principal** - Every investment is made with safety as the primary and over-riding concern. Each investment transaction shall ensure that capital loss, whether from credit or market risk, is avoided.
2. **Liquidity** - The investment portfolio shall provide sufficient liquidity to pay District obligations as they become due. In this regard, the maturity and marketability of investments shall be considered.
3. **Rate of Return** - The highest return on investments is sought, consistent with the preservation of principal and prudent investment principles.
4. **Diversification** - The investment portfolio is diversified as to materials and investments, as appropriate to the nature, purpose, and amount of the funds.

#### Authorized Investments

The Chief Investment Officer may invest any District funds in any investment as authorized in [30 ILCS 235/2](#) and Acts amendatory thereto.

Except as provided herein, investments may be made only in banks, savings banks, savings and loan associations, or credit unions that are insured by the Federal Deposit Insurance Corporation or other approved share insurer.

The Chief Investment Officer and Superintendent shall regularly consider material, relevant, and decision-useful sustainability factors in evaluating investment decisions, within the bounds of financial and fiduciary prudence. Such factors include, but are not limited to: (1) corporate governance and leadership factors, (2) environmental factors, (3) social capital factors, (4) human capital factors, and (5) business model and innovation factors, as provided under the Ill. Sustainable Investing Act, 30 ILCS 238/. [PRESSPlus1](#)

#### Selection of Depositories, Investment Managers, Dealers, and Brokers

The Chief Investment Officer shall establish a list of authorized depositories, investment managers, dealers and brokers based upon the creditworthiness, reputation, minimum capital requirements, qualifications under State law, as well as a long history of dealing with public fund entities. The Board will review and approve the list at least annually.

In order to be an authorized depository, each institution must submit copies of the last two sworn statements of resources and liabilities or reports of examination that the institution is required to furnish to the appropriate State or federal agency. Each institution designated as a depository shall, while acting as such depository, furnish the District with a copy of all statements of resources and liabilities or all reports of examination that it is required to furnish to the appropriate State or federal agency.

The above eligibility requirements of a bank to receive or hold public deposits do not apply to investments in an interest-bearing savings account, interest-bearing certificate of deposit, or interest-bearing time deposit if: (1) the District initiates the investment at or through a bank located in Illinois, and (2) the invested public funds are at all times fully insured by an agency or instrumentality of the federal government.

The District may consider a financial institution's record and current level of financial commitment to its local community when deciding whether to deposit funds in that financial institution. The District may consider factors including:

Reinvestment Act of 1977;

2. Any changes in ownership, management, policies, or practices of the financial institution that may affect the level of the financial institution's commitment to its community;
3. The financial impact that the withdrawal or denial of District deposits might have on the financial institution;
4. The financial impact to the District as a result of withdrawing public funds or refusing to deposit additional public funds in the financial institution; and
5. Any additional burden on the District's resources that might result from ceasing to maintain deposits of public funds at the financial institution under consideration.

#### Collateral Requirements

All amounts deposited or invested with financial institutions in excess of any insurance limit shall be collateralized in accordance with the Public Funds Investment Act, [30 ILCS 235/](#). The Superintendent or designee shall keep the Board informed of collateral agreements.

#### Safekeeping and Custody Arrangements

The preferred method for safekeeping is to have securities registered in the District's name and held by a third-party custodian. Safekeeping practices should qualify for the Governmental Accounting Standards Board Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, Category I, the highest recognized safekeeping procedures.

#### Controls and Report

The Chief Investment Officer shall establish a system of internal controls and written operational procedures to prevent losses arising from fraud, employee error, misrepresentation by third parties, or imprudent employee action.

The Chief Investment Officer shall provide a quarterly investment report to the Board. The report will: (1) assess whether the investment portfolio is meeting the District's investment objectives, (2) identify each security by class or type, book value, income earned, and market value, (3) identify those institutions providing investment services to the District, and (4) include any other relevant information. The investment portfolio's performance shall be measured by appropriate and creditable industry standards for the investment type.

The Board will determine, after receiving the Superintendent's recommendation, which fund is in most need of interest income and the Superintendent shall execute a transfer. This provision does not apply when the use of interest earned on a particular fund is restricted.

#### Ethics and Conflicts of Interest

The Board and District officials will avoid any investment transaction or practice that in appearance or fact might impair public confidence. Board members are bound by the Board policy 2:100, *Board Member Conflict of Interest*. No District employee having influence on the District's investment decisions shall:

1. Have any interest, directly or indirectly, in any investments in which the District is authorized to invest,
2. Have any interest, directly or indirectly, in the sellers, sponsors, or managers of those investments, or
3. Receive, in any manner, compensation of any kind from any investments in that the agency is authorized to invest.

LEGAL REF.:

30 ILCS 235/, [Public Funds Investment Act](#).

30 ILCS 238/, [Ill. Sustainable Investing Act](#).

105 ILCS 5/8-7, 5/10-22.44, 5/17-1, and 5/17-11.

CROSS REF.: 2:100 (Board Member Conflict of Interest), 4:10 (Fiscal and Business Management), 4:80 (Accounting and Audits)

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#### **PRESSPlus Comments**

PRESSPlus 1. Updated in response to the Public Funds Investment Act, 30 ILCS 235/, amended by P.A. 101-473, eff. 1-1-20. See the Ill. Sustainable Investing Act (SIA) (30 ILCS 238/, added by P.A. 101-473, eff. 1-1-20) for examples of these five *sustainability factors*. Under the SIA, school districts, must "prudently integrate sustainability factors into its investment decisions-making, investment analysis, portfolio construction, due diligence, and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty." **Issue 102, October 2019**

## *Document Status: Draft Update*

### **4:15 Identity Protection**

The collection, storage, use, and disclosure of social security numbers by the School District shall be consistent with State and federal laws. The goals for managing the District's collection, storage, use, and disclosure of social security numbers are to:

1. Limit all activities involving social security numbers to those circumstances that are authorized by State or federal law.
2. Protect each social security number collected or maintained by the District from unauthorized disclosure.

The Superintendent is responsible for ensuring that the District complies with the Identity Protection Act, [5 ILCS 179/](#). Compliance measures shall include each of the following:

1. All employees having access to social security numbers in the course of performing their duties shall be trained to protect the confidentiality of social security numbers. Training should include instructions on the proper handling of information containing social security numbers from the time of collection through the destruction of the information.
2. Only employees who are required to use or handle information or documents that contain social security numbers shall have access to such information or documents.
3. Social security numbers requested from an individual shall be provided in a manner that makes the social security number easily redacted if the record is required to be released as part of a public records request.
4. When collecting a social security number or upon request by an individual, a statement of the purpose(s) for which the District is collecting and using the social security number shall be provided. The stated reason for collection of the social security number must be relevant to the documented purpose.
5. All employees must be advised of this policy's existence and a copy of the policy must be made available to each employee. The policy must also be made available to any member of the public, upon request.
6. If this policy is amended, employees will be advised of the existence of the amended policy and a copy of the amended policy will be made available to each employee.

No District employee shall collect, store, use, or disclose an individual's social security number unless specifically authorized by the Superintendent.

#### Treatment of Personally Identifiable Information Under Grant Awards [PRESSPlus1](#)

The Superintendent ensures that the District takes reasonable measures to safeguard: (1) *protected personally identifiable information*, [PRESSPlus2](#) (2) other information that a federal awarding agency, pass-through agency or State awarding agency designates as sensitive, such as *personally identifiable information (PII)*, [PRESSPlus3](#) and (3) information that the District considers to be sensitive consistent with applicable laws regarding privacy and confidentiality (collectively, *sensitive information*), when administering federal grant awards and State grant awards governed by the Grant Accountability and Transparency Act (30 ILCS 708/).

The Superintendent shall establish procedures for the identification, handling, storage, access, disposal and overall confidentiality of sensitive information. The Superintendent shall ensure that employees and contractors responsible for the administration of a federal or State award for the District receive regular training in the safeguarding of sensitive information. [PRESSPlus4](#) Employees mishandling sensitive information are subject to discipline, up to and including dismissal.

LEGAL REF.:

[2 C.F.R. §200.303\(e\)](#).

[5 ILCS 179/](#), Identity Protection Act.

[30 ILCS 708/](#), Grant Accountability and Transparency Act

[50 ILCS 205/3](#), Local Records Act.

[105 ILCS 10/](#), Illinois School Student Records Act.

CROSS REF: 2:250 (Access to District Public Records), 5:150 (Personnel Records), 7:340 (Student Records)

## PRESSPlus Comments

PRESSPlus 1. Added in response to the Ill. State Board of Education's *Checklist for Protection of Personally Identifiable Information Review* (ISBE Checklist) and the Grant Accountability and Transparency Act (GATA) (30 ILCS 708/).

See the ISBE Checklist at [www.isbe.net/Pages/Audit-and-Monitoring-Review-Requirements-and-Tools.aspx](http://www.isbe.net/Pages/Audit-and-Monitoring-Review-Requirements-and-Tools.aspx)

While the federal regulations on procurement standards in 2 C.F.R. Part 200 do not specifically require a written policy on the treatment of *personally identifiable information* (PII) under grant-funded programs, the the ISBE Checklist requires an approved policy or policies related to the identification, handling, storage, access, disposal, and overall protection of PII as evidence of legal compliance with GATA and federal regulations. The ISBE Checklist is specific to PII handled by districts in connection with their administration of grants. The uniform federal rules on procurement standards in 2 C.F.R. Part 200 apply to eligible State grants through GATA. This policy and administrative procedure 4:15-AP2, *Personally Identifiable Information Under Grant Awards*, (available by logging into PRESS Online at [iasb.com](http://iasb.com)) are designed to help districts meet the standard set forth in 2 C.F.R. 200.303(e) and the documentation items on the ISBE Checklist.

The Ill. State Board of Education (ISBE) considers the Personal Information Protection Act (PIPA) (815 ILCS 530/, amended by P.A. 101-343, eff. 1-1-20) to apply to the handling of personally identifiable information under grant awards. Consult the board attorney for advice on the broader applicability of PIPA's mandates to your district.

### Issue 102, October 2019

PRESSPlus 2. *Protected personally identifiable information* (Protected PII) means an individual's first name or first initial and last name in combination with any one or more types of information, including, but not limited to, social security number, passport number, credit card numbers, clearances, bank numbers, biometrics, date and place of birth, mother's maiden name, criminal records, medical records, financial records, or educational transcripts. 2 C.F.R. §200.82. **Issue 102, October 2019**

PRESSPlus 3. Protected PII is a subset of PII. PII means information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. Some information that is considered to be PII is available in public sources such as telephone books and public websites, and it is considered to be Public PII. The definition of PII is not anchored to any single category of information or technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified. Non-PII can become PII whenever additional information is made publicly available, in any medium and from any source, that, when combined with other available information, could be used to identify an individual. 2 C.F.R. §200.79.

In addition to 2 C.F.R. 200.303(e), depending upon the type of record being created or used in connection with a grant-funded program, multiple laws may govern the treatment of *personally identifiable information* (PII) under a grant, including the IPA (5 ILCS 179/), PIPA (815 ILCS 530/), Family Educational Rights and Privacy Act, (20 U.S.C. 1232g), Ill. School Student Records Act (105 ILCS 10/), Student Online Personal Protection Act, (105 ILCS 85/, amended by P.A. 101-516, eff. 7-1-21), Personnel Record Review Act (820 ILCS 40/), and Local Records Act (50 ILCS 205/3).

### Issue 102, October 2019

PRESSPlus 4. The ISBE Checklist requires districts to maintain documentation of training of all employees/contractors on the handling of PII, including evidence of the date(s) of the training and attendance/completion of the training. Because many individuals in a district can be involved in day-to-day administration of activities supported by a federal or State grant, best practice is to regularly train all employees on the safeguarding of such sensitive information, e.g., upon hire and then annually or semi-annually. **Issue 102, October 2019**