



## **(LOCAL) Policy Comparisons**

These documents are generated by an automated process that compares the updated policy to the current policy as found in TASB records.

In this packet, you will find:

- Policies being recommended for revision (annotated)
- New policies (not annotated)
- Policies recommended for deletion (annotated in PDF; not shown in Word)

Annotations are shown as follows:

- Deletions are in a red strike-through font: ~~deleted text~~.
- Additions are in a blue, bold font: **new text**.
- Blocks of text that were moved without changes are shown in green, with double underline and double strike-through formatting to distinguish the text's new placement from its original location: ~~moved text~~ becomes moved text.
- Revision bars appear in the right margin to show sections with changes.

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**Note:** While the annotation software competently identifies simple changes, large or complicated changes — as in an extensive rewrite — may be more difficult to follow. In addition, TASB's recent changes to the policy templates to facilitate accessibility sometimes make formatting changes appear tracked, even though the text remains the same.

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For further assistance in understanding policy changes, please refer to the explanatory notes in your Localized Policy Manual update packet or contact your policy consultant.

### **Contact us:**

School Districts and Education Service Centers, call 800-580-7529 or email [policy.service@tasb.org](mailto:policy.service@tasb.org).

Community Colleges, call 800-580-1488 or email [colleges@tasb.org](mailto:colleges@tasb.org).

APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

CAK  
(LOCAL)

**Introduction**

The purpose of this document is to set forth specific investment policy and strategy guidelines for the College District in order to achieve the goals of safety, liquidity, yield, and public trust for all investment activity. The Board shall review its investment policy annually. This policy serves to satisfy the statutory requirement of the Public Funds Investment Act, Texas Government Code Section 2256, to define, adopt, and review a formal investment strategy and policy.

**Diversity**

The investments shall be diversified by security type and maturity. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

**Investment Strategy**

Buy and sell decisions shall be primarily influenced by cash flow in each of the respective funds. The fundamental investment strategy of the College District shall be to buy an investment and hold it until its maturity. However, because of changes in market conditions and changes in anticipated cash flow, there may be instances where decisions shall need to be made to liquidate the investment prior to its maturity.

The investment officer shall be given the responsibility for putting into place an investment portfolio, which serves the College District's financial requirements and also attempts to protect the College District against market condition changes. It is the intent of this document to give the investment officer the latitude to purchase investments within the scope outlined.

When the investment officer makes decisions in regard to purchasing securities for the portfolio, the officer must interpret the interest rate cycle and may choose to make relatively long-term purchases for the purpose of "locking in" a favorable interest rate or may choose to make short-term purchases if the investment officer anticipates interest rates to be more favorable in the future. The market value of each investment in the College District's portfolio shall be calculated not less than quarterly, on the following basis.

Time Accounts and  
Sweep Accounts

The market value of these short-term investments shall be the face amount of the account.

Investment Pools

Monthly statements are received from the investment pools, which show the amount on deposit and the market value of the pool as a percentage of the book value. The market value of the investment pools shall be the product of these two figures.

Treasury Notes

The market value of treasury notes shall be calculated as the product of the face value of the note and the bid price for that note as

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quoted in the *Wall Street Journal* or shall be obtained from a broker other than the broker who sold the security to the College District.

Treasury Bills

The market value of treasury bills shall be the face value of the bill discounted at the bid yield as quoted in the *Wall Street Journal* for the appropriate number of days or shall be obtained from a broker other than the broker who sold the security to the College District.

Agencies and  
Corporate

For these securities listed in the *Wall Street Journal*, the valuation method shall be the same as those of the treasury securities. For those not listed, the market value shall be obtained from a broker other than the broker who sold the security to the College District.

Settlement of all transactions, except investment pool funds, shall be on a delivery basis.

Certificates of  
Deposit

The market value of each certificate of deposit shall be the amount at which it is issued, adjusted to market value annually as of August 31.

**Maximum Maturities**

The College District shall normally limit final maturities on any securities to five years or less. To the extent possible, the College District shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the College District shall not directly invest in securities maturing more than five years from the date of purchase. Excluding any bond proceeds, the maximum average dollar-weighted maturity shall be 500 days. For bond proceeds, the average dollar-weighted maturity will be governed by the anticipated timing of the use of the proceeds in conjunction with consideration of arbitrage issues. The College District shall strive to minimize the average dollar-weighted maturity of the bond proceeds within the confines of those two criteria.

**Funds / Strategies**

Investments of the following fund categories shall be consistent with this policy and in accordance with the strategy defined below.

Operating Funds

Investment strategies for operating funds (including any commingled pools containing operating funds) shall have as their primary objective safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.

Debt Service

Investment strategies for debt service funds shall have as their objective sufficient investment liquidity to timely meet debt service payment obligations in accordance with provisions in the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded.

Debt Service  
Reserve

Investment strategies of debt service reserve funds shall have as their primary objective the generation of a dependable revenue stream from high-quality securities in accordance with provisions in

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the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded.

Capital Projects

Investment strategies for capital project funds shall have as their objective sufficient investment liquidity to timely meet capital project obligations. If the College District has funds from bond proceeds, they shall be invested in accordance with provisions in the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded.

**Objectives**

The objectives and priorities of the investment policy of the College District are as follows:

1. To comply with the laws of the state of Texas as defined in Government Code 10 (Chapter 2256); known as the "Public Funds Investment Act."
2. To provide for the safety of principal of all College District funds.
3. To provide sufficient funds to meet the cash needs of the continuing operations of the College District.
4. To earn the highest possible rates of return on investments consistent with this policy.
5. To allow for diversification in the types, issues, and maturities of investments so as to avoid incurring unreasonable and avoidable risks.
6. To maintain the highest professional and ethical standards as custodians of the public trust.
7. To invest with well-established and financially secure institutions approved to do business with the College District.

**Responsibility and Control**

Delegation Authority

The vice president for business services is designated as investment officer of the College District and is responsible for investment decisions and activities. The vice president for business services shall establish and maintain written procedures for the operation of the investment program, consistent with this investment policy. The vice president for business services shall attend at least ~~ten~~10 hours of training relating to these duties every two years, beginning on the first day of the College District's fiscal year. Training must be from an independent source and not the College District.

If the vice president for business services is incapacitated or otherwise unavailable, the College President may designate in writing an interim investment officer.

**Interest Rate Risk**

To reduce exposure to changes in interest rates that could adversely affect the value of investments, the College District shall use final and weighted-average-maturity limits and diversification.

The College District shall monitor interest rate risk using weighted average maturity and specific identification.

**Internal Controls**

Internal control is the process by which the Board and management obtain reasonable assurance as to achievement of specified objectives. It consists of interrelated components with integrity, ethical values and competence, and the control environment serving as the foundation for establishing objectives, risk assessment, information systems, control procedures, communication, managing change, and monitoring.

The investment officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the College District are protected from loss, theft, or misuse. Accordingly, the investment officer shall establish a process for annual independent review by an external auditor to ensure compliance with policies and procedures. The external auditor's report shall be delivered directly to the President of the Board. The internal controls shall address the following points:

1. Control of collusion.
2. Separation of transaction authority from accounting and recordkeeping.
3. Custodial safekeeping.
4. Avoidance of bearer-form securities.
5. Clear delegation of authority.
6. Written confirmation for telephone transactions for investments and wire transfers.

**Prudence**

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with procedures and this investment policy, and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion, and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. Investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the

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management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

**Ethics and Conflict  
of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair the ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of their entity. An investment officer who has a personal business relationship with any entity seeking to sell an investment to the College District, or who is related in the second degree by marriage (affinity) or blood relations (consanguinity) to an individual seeking to sell an investment to the College District, is required to file a statement disclosing the relationship with the Texas Ethics Commission and the Board.

**Training**

Training of appropriate Board members, the President, and the vice president for business services shall occur on an annual basis as provided by the Coordinating Board.

**Safekeeping and  
Custody**

Authorized  
Financial Dealers  
and Institutions

The investment officer shall invest College District funds with any or all of the following institutions or groups consistent with federal and state law and the current bank depository contract:

1. Depository bank;
2. Another state or national bank with a main or branch office in Texas that is insured by the Federal Deposit Insurance Corporation (FDIC);
3. Savings and loan associations with main or branch offices in Texas that are insured by the Federal Savings and Loan Insurance Corporation (FSLIC);
4. Public funds investment pools; or
5. Government securities brokers and dealers.

Sellers of  
Investments

The College District shall maintain a list of authorized brokers/dealers, qualified representatives of a business organization, and financial institutions that are approved for investment purposes.

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Prior to handling investments on behalf of the College District, a broker/dealer or a qualified representative of a business organization must submit required written documents in accordance with law.

Representatives of brokers/dealers and representatives with distributors of investment pools shall be registered with the Texas State Securities Board and must have membership in the Securities Investor Protection Corporation (SIPC) and be in good standing with the Financial Industry Regulatory Authority (FINRA). Distributors of investment pools shall also be registered in good standing with the Municipal Securities Rulemaking Board (MSRB).

The investment officer of the College District shall not buy securities from a person who has not delivered to the College District an investment policy affidavit acknowledged by the principal of the organization.

**Suitable and  
Authorized  
Investments**

From those investments authorized by law and described further in CAK(LEGAL) under Authorized Investments, the Board shall permit investment of College District funds, including bond proceeds and pledged revenue to the extent allowed by law, in only the following investment types, consistent with the strategies and maturities defined in this policy:

Investment Types

1. U.S. Government obligations such as treasury bills, treasury notes, treasury bonds, discount notes, and debentures.
2. U.S. Government agency obligations such as Farm Credit System, Farmers Home Administration, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Small Business Administration, Student Loan Marketing Association, and Tennessee Valley Authority.
3. Open time account with the depository institution (secured by a pledge of approved securities).
4. Certificates of deposit (secured by a pledge of approved securities).
5. Savings and loan association deposits (secured by a pledge of approved securities).
6. Prime commercial paper that has a stated maturity of 270 days or less and is rated not less than A-1 or P-1 by at least two nationally recognized credit rating agencies.

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7. Investment pools such as TexPool operated by the Texas Comptroller's Office and Lone Star operated by the Texas Association of School Boards. These investment pools must meet the requirements of Section 2256.06 of the Public Funds Investment Act and must be rated AAA or AAA-M by at least one nationally recognized rating service.
8. Cash management and fixed income funds sponsored by organizations exempt from federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C. Section 501 (4)).
9. Corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradation within those categories.
10. Flexible repurchase agreements, authorized only for the investment of bond proceeds. Repurchase agreements must meet the requirement of the Public Funds Investment Act. They must be obtained through a bid process conducted by the College District's financial adviser. For this limited purpose, the successful bidder shall be added to the list of authorized dealers and institutions.

**Collateralization**

In accordance with state law, full collateralization shall be required on certificates of deposit and open time deposits from banks and savings and loan associations.

**Reports**

For each quarter of its fiscal year, the College District shall provide to the Board a report on its investment activities as required by the Public Funds Investment Act.

**Rating Changes**

At the end of each quarter of its fiscal year, the College District shall monitor the current rating of each U.S. government agency obligation, commercial paper, and investment pool in its portfolio.

The College District shall seek current rating information from a source that is independent from the entity that issued the security and from the company that sold the security to the College District.



All Board members, employees, vendors, contractors, agents, consultants, volunteers, and any other parties who are involved in the College District's financial transactions shall act with integrity and diligence in duties involving the College District's fiscal resources.

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**Note:** See the following policies and/or administrative regulations regarding conflicts of interest, ethics, and financial oversight:

- Code of ethics:
    - for Board members—BBF
    - for employees—DH
  - Financial conflicts of interest:
    - for public officials—BBFA
    - for all employees—DBD
    - for vendors—CFE
  - Compliance with state and federal grant and award requirements: CAA, CAAB
  - Financial conflicts and gifts and gratuities regarding federal funds: CAA, CAAB
  - Systems for monitoring the College District's investment program: CAK
  - Budget planning and evaluation: CC
  - Compliance with accounting regulations: CDC
  - Criminal history record information for employees: DC
  - Disciplinary action for fraud by employees: DCC and DM series
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### **Fraud and Financial Impropriety**

The College District prohibits fraud and financial impropriety, as defined below, in the actions of its Board members, employees, vendors, contractors, agents, consultants, volunteers, and others seeking or maintaining a business relationship with the College District.

#### Definition

Fraud and financial impropriety shall include but not be limited to:

1. Forgery or unauthorized alteration of any document or account belonging to the College District.

2. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
3. Misappropriation of funds, securities, supplies, or other College District assets, including employee time.
4. Impropriety in the handling of money or reporting of College District financial transactions.
5. Profiteering as a result of insider knowledge of College District information or activities.
6. Unauthorized disclosure of confidential or proprietary information to outside parties.
7. Unauthorized disclosure of investment activities engaged in or contemplated by the College District.
8. Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the College District, except as otherwise permitted by law or College District policy. [See [CAA](#), [DBD](#)]
9. Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
10. Failing to provide financial records required by federal, state, or local entities.
11. Failure to disclose conflicts of interest as required by law or College District policy.
12. Any other dishonest act regarding the finances of the College District.
13. Failure to comply with requirements imposed by law, the awarding agency, or a pass-through entity for state and federal awards.

**Financial Controls and Oversight**

Each employee who supervises or prepares College District financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor his or her area of responsibility for fraud and financial impropriety.

**Fraud Prevention**

The College President or designee shall maintain a system of internal controls to deter and monitor for fraud or financial impropriety in the College District.

Reports

Any person who suspects fraud or financial impropriety in the College District shall report the suspicions immediately to a person with authority to investigate them, including any supervisor, the

College President or designee, the Board President, or local law enforcement.

Reports of suspected fraud or financial impropriety shall be treated as confidential to the extent permitted by law. Limited disclosure may be necessary to complete a full investigation or to comply with law. All employees involved in an investigation shall be advised to keep information about the investigation confidential.

*Protection from  
Retaliation*

Neither the Board nor any College District employee shall unlawfully retaliate against a person who in good faith reports perceived fraud or financial impropriety. [See DG]

**Fraud Investigations**

In coordination with legal counsel and other internal or external departments or agencies, as appropriate, the College President, Board President, or a designee shall promptly investigate reports of potential fraud or financial impropriety.

Response

If an investigation substantiates a report of fraud or financial impropriety, the College President or designee shall promptly inform the Board of the report, the investigation, and any responsive action taken or recommended by the administration.

If an employee is found to have committed fraud or financial impropriety, the College President or designee shall take or recommend appropriate disciplinary action, which may include termination of employment. If a contractor or vendor is found to have committed fraud or financial impropriety, the College District shall take appropriate action, which may include cancellation of the College District's relationship with the contractor or vendor.

When circumstances warrant, the Board, College President, or designee may refer matters to appropriate law enforcement or regulatory authorities. In cases involving monetary loss to the College District, the College District may seek to recover lost or misappropriated funds.

The final disposition of the matter and any decision to file a criminal complaint or to refer the matter to the appropriate law enforcement or regulatory agency for independent investigation shall be made in consultation with legal counsel.

Federal Awards  
Disclosure

The College District shall promptly disclose, ~~in a timely manner~~ in writing ~~to~~ whenever, in connection with the federal ~~awarding agency~~ award, which includes any activities or ~~pass-through entity, all violations~~ subawards, the College District has credible evidence of the commission of a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations ~~potentially affecting a~~ found in federal ~~grant award~~ law, including the Civil False Claims Act. [See CAAB]

**Analysis of Fraud**

After any investigation substantiates a report of fraud or financial impropriety, the College President or designee shall analyze conditions or factors that may have contributed to the fraudulent or improper activity. The College President or designee shall ensure that appropriate administrative procedures are developed and implemented to prevent future misconduct. These measures shall be presented to the Board for review.

## Reporting

Any person who has reasonable cause to believe that a child's physical or mental health or welfare has been adversely affected by abuse or neglect has a responsibility under state law to immediately report the suspected abuse or neglect to an appropriate authority.

As defined in state law, child abuse and neglect include both sex and labor trafficking of a child.

A professional who has reasonable cause to believe that a child has been or may be abused or neglected or may have been a victim of indecency with a child has an additional legal obligation to submit a written or oral report within 48 hours after the professional first has reasonable cause to believe the abuse or neglect has occurred or may be occurring. A "professional" is anyone licensed or certified by the state who has direct contact with children in the normal course of duties for which the individual is licensed or certified.

A person is required to make a report if the person has reasonable cause to believe that an adult was a victim of abuse or neglect as a child and the person determines in good faith that disclosure of the information is necessary to protect the health and safety of another child or an elderly or disabled person.

## Oral Reports

As required by law, an oral report made to the Texas Department of Family and Protective Services (DFPS) is recorded.

## Making a Report

Reports may be made to any of the following:

1. A state or local law enforcement agency;
2. The Child Protective Services (CPS) division of ~~the Texas Department of Family and Protective Services (DFPS)~~DFPS at (800) 252-5400 or the [Texas Abuse Hotline Website](#)<sup>1</sup>;
3. A local CPS office; or
4. If applicable, the state agency operating, licensing, certifying, or registering the facility in which the suspected abuse or neglect occurred.

However, if the suspected abuse or neglect involves a person responsible for the care, custody, or welfare of the child, the report must be made to DFPS, unless the report is to the state agency that operates, licenses, certifies, or registers the facility where the suspected abuse or neglect took place; or the report is to the Texas Juvenile Justice Department as a report of suspected abuse or neglect in a juvenile justice program or facility.

EMPLOYEE STANDARDS OF CONDUCT  
CHILD ABUSE AND NEGLECT REPORTING

DHB  
(LOCAL)

An individual does not fulfill the person's responsibilities under the law by only reporting suspicion of abuse or neglect to the ~~College President~~ College President or another College District staff member. The College District shall not require an employee to first report the employee's suspicion to a College District or campus administrator.

In accordance with law, an individual must provide the individual's name and telephone number. If the individual making the report is a professional, as defined by law, the individual must also provide the individual's business address and profession.

Confidentiality ~~In accordance with state law, the~~ The identity of a person making a report of suspected child abuse or neglect shall be kept confidential and shall be disclosed only in accordance with law and the rules of the investigating agency.

Immunity A person who in good faith reports or assists in the investigation of a report of child abuse or neglect is immune from civil or criminal liability.

Failure to Report By failing to report suspicion of child abuse or neglect, an employee:

1. May be placing a child at risk of continued abuse or neglect;
2. Violates the law and may be subject to legal penalties, including criminal sanctions for knowingly failing to make a required report; and
3. Violates Board policy and may be subject to disciplinary action, including possible termination of employment.

It is a criminal offense to coerce someone into suppressing or failing to report child abuse or neglect.

**Responsibilities  
Regarding  
Investigations**

In accordance with law, College District officials shall be prohibited from:

1. Denying an investigator's request to interview a child on campus in connection with an investigation of child abuse or neglect;
2. Requiring a parent or College District employee be present during the interview; or
3. Coercing someone into suppressing or failing to report child abuse or neglect.

College District personnel shall cooperate fully and without parental consent with an investigation of reported child abuse or neglect.

EMPLOYEE STANDARDS OF CONDUCT  
CHILD ABUSE AND NEGLECT REPORTING

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**Adverse  
Employment Action  
Prohibited**

The College District prohibits any adverse employment action, including termination or discrimination, against any employee who in good faith reports child abuse or neglect or participates in a related investigation.

**Training**

The College District shall provide training to employees as required by law. Training shall address reporting requirements and techniques to prevent and recognize sexual abuse, trafficking, and all other maltreatment of children.

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<sup>1</sup> Texas Abuse Hotline Website: <https://www.txabusehotline.org>

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**Note:** For complaints of discrimination, harassment, and retaliation on the basis of sex or gender, see FFDA. For all other discrimination, harassment, and retaliation complaints related to this policy, see FFDB.

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**Procedures**

The College President or designee shall develop procedures addressing protections and accommodations, consistent with law, for students who are pregnant or parenting, including procedures addressing early registration or pre-registration and leaves of absence.

**Liaison**

The College President shall designate a pregnant and parenting students liaison for current ~~or~~and incoming students ~~at the institution~~who are pregnant or who are the parents or guardians of children ~~younger than~~under 18 years ~~of age~~old. The liaison shall provide the students information ~~regarding support services and other available~~on and access to resources ~~and~~designed to help them successfully and timely complete a degree or certificate. The liaison shall also serve as the point of contact for a student requesting a protection or accommodation under Education Code 51.982. The liaison's contact information shall be included in the procedures described above.

**Publication**

The procedures and the liaison's contact information shall be published in the student and employee handbooks and posted on the College District's website ~~- in a location that is readily available to current and incoming students who are pregnant or who are the parents or guardians of children under 18 years old.~~