



CENTER FOR PUBLIC MANAGEMENT PUBLIC FUNDS INVESTMENT ACT TRAINING CURRICULUM

New Investment Officer Training – Ten Hours

Session: Public Funds Investment Act Compliance

Overview: This session reviews the requirements of the Public Funds Investment Act, with particular emphasis on the Investment Officer's responsibilities. Upon completion, the participant should be able to:

- *Understand the history of the Public Funds Investment Act*
- *Understand the requirements of the Act*
- *Identify whether or not their organization is in compliance with the Act*

Session: Managing Risk

Overview: Risk in an investment program can never be eliminated, but it can be managed and controlled. This session presents the risk management controls for an investment program. Upon completion, the participant should be able to:

- *Understand elements of control to minimize risk in an investment program*
- *Understand the elements of and preparation for the annual compliance audit*

Session: Authorized Investments and Associated Risks

Overview: There are many types of risk associated with an investment program. This session discusses the different aspects of risk in relation to the investments authorized by the Public Funds Investment Act. Upon completion, the participant should be able to:

- *Understand the different types of risk in investing*
- *Understand the investments authorized by the Act and the associated risks*

Session: Investment Strategies and Associated Risks

Overview: The investment policy creates the framework for the investment program by establishing objectives and risk parameters. The investment strategy is the guidebook for managing the investment program. This session reviews the basic types of investment strategies and associated risks. Upon completion, the participant should be able to:

- *Understand the purpose of the investment policy and investment strategy*
- *Understand the benefits and risks of the four basic investment strategies*
- *Determine which strategy is appropriate for the organization's funds*

Session: Cash Flow Forecasting

Overview: The foundation of an investment program is cash flow forecasting. This session discusses the benefits, functions, and preparation of a cash flow analysis. Upon completion, the participant should be able to:

- *Identify the information required to prepare a cash flow forecast*
- *Understand the benefits and functions of a cash flow forecast*

Session: Factors Affecting Interest Rates

Overview: Interest earnings are affected by various economic factors. This session discusses the relationship between interest rate movements and changes in the economy. Upon completion, the participant should be able to:

- *Understand the effect of Federal Reserve Bank actions on interest rates*
- *Understand the effect of various economic indicators on interest rates*
- *Understand the effect of the business cycle on interest rates*

Session: Effective Investment Reporting

Overview: The Public Fund Investment Act requires the Investment Officer to prepare and present to the governing body an investment report at least quarterly. This session reviews the required elements of the quarterly report and discusses various presentation styles. Upon completion, the participant should be able to:

- *Understand the reporting requirements*
- *Understand the function of the investment report in monitoring the investment program*
- *Learn various methods of investment report preparation and presentation*

Session: A Step Approach to Investing and Cash Management

Overview: This session offers the investment officer a plan to implement an investment and cash management program. Basic concepts and requirements are reviewed and organized in a step-by-step structure. Upon completion, the participant should be able to:

- *List the steps to implement an effective investment and cash management program*
- *Understand the basics of selecting brokers/dealers*
- *Recognize various cash management products*
- *Understand the investment selection process*

Experienced Investment Officer Training – 10 Hours

Session: Public Funds Investment Act Compliance

Overview: This session reviews the requirements of the Public Funds Investment Act, with particular emphasis on the Investment Officer's responsibilities. Upon completion, the participant should be able to:

- *Understand the history of the Public Funds Investment Act*
- *Understand the requirements of the Act*
- *Identify whether or not their organization is in compliance with the Act*

Session: Safekeeping and Custody

Overview: This session reviews the role of a bank in providing safekeeping services for securities owned by the entity and for securities pledged to the entity by its depository bank. The requirements of the Public Funds Collateral Act will be discussed. Upon completion of this session, the participant should be able to:

- *Understand the requirements of the Public Funds Collateral Act*
- *Understand the roles of a safekeeping agent and a collateral custodian and the documents related to these services*

Session: Diversifying and Protecting Your Portfolio

Overview: The two factors common to investment problems are lack of investment controls and lack of diversification. Risk management for the investment program is reviewed, including discussion of control elements and identification of risk. Diversification concepts in investing are discussed and illustrated in group exercises. Upon completion, the participant should be able to:

- *Implement controls in the investment program to protect the portfolio*
- *Understand the risks associated with the investment program*
- *Understand the basic principles of diversification*

Session: Local Government Investment Pools and Money Market Mutual Funds

Overview: This session focuses on two of the common investments for governments. Legal requirements for each investment type are presented. Factors to consider in investing are discussed. Group exercise to determine whether pool and fund information is adequate to support investment decision. Upon completion, the participant should be able to:

- *Understand the Public Funds Investment Act requirements for these investments*
- *Know the questions to ask a prospective fund or pool provider*
- *Interpret the information received from a pool or fund provider*

Session: Depository Relationships

Overview: This session reviews the legal requirements and methods for selecting depositories. Services offered by depositories that support the investment program are discussed. Upon completion, the participant should be able to:

- *Understand the various laws governing depository relationships and know which law or laws apply to the participant*

- *Understand the factors considered in awarding depository contracts*
- *Understand the banking services supporting the investment program*

Session: Preventing Loss from Check Fraud

Overview: This session will discuss various methods of controlling loss from one of the fastest growing crimes in the United States. Upon completion, the participants should be able to:

- *Understand internal control elements used to prevent check fraud*
- *Understand banking services used to prevent check fraud*

Session: Investment Calculations

Overview: This session illustrates various investment calculations, including methods of determining yield and weighted average maturity. Upon completion, the participant should be able to:

- *Understand the concepts of time value of money*
- *Calculate the price for a discount security*
- *Calculate the price for a coupon security*
- *Calculate the effective yield for a discount security*
- *Calculate the weighted average maturity of an investment portfolio*

Session: Investment Scenarios

Overview: This exercise develops portfolio management skills by building portfolios in teams and reporting recommendations. Case studies are used to illustrate the importance of cash flow, risk tolerance, and investment policy parameters in determining portfolio strategy.

Both curricula use case studies and group exercises extensively.