

## TREASURY AND INVESTMENT MANAGEMENT

### A. Examination Specifications

Specifications account for 160 of the 175 prescribed examination questions. Item writers are instructed to develop examination items that require application of knowledge or higher cognitive levels.

### SECTION A: INVESTING (60)

#### I. Investing

- A. Legal requirements of investing
- B. Objectives of investing (e.g., safety, liquidity, yield, prudence)
- C. Process of establishing investment policy (Including approval process)
- D. Investment risks
- E. Process of making investments (e.g., competitive bidding, safekeeping, custody, delivery vs. payment)
- F. Investment strategies
- G. Investment instruments (e.g., U.S. government securities, repurchase agreements, depository instruments, certificates of deposit, bankers' acceptances, commercial paper, mutual funds, local government investment pools, derivatives)
- H. Investment economics (e.g., the yield curve, strategy, monitoring financial markets and interest rates)
- I. Relationships with broker/dealers
- J. Relationships with investment advisers

### SECTION B: MANAGING BANKING SERVICES (60)

#### II. Banking relationship management

- A. Depository selection
- B. Custodian selection
- C. Bank compensation (e.g., compensating balances, direct fees, account analysis statement)
- D. Bank safety (e.g., role of federal regulators, factors to evaluate)
- E. Insurance and collateralization (e.g., FDIC limits, GASB Statement 3, surety bonds, collateral safekeeping)

#### III. Collections and concentration

- A. Objectives of collections and concentration
- B. Methods used to collect and concentrate funds

#### IV. Disbursements

- A. Objectives of disbursements
- B. Methods used to disburse funds
- C. Fraud prevention (e.g., positive pay)

### SECTION C: GENERAL TREASURY MANAGEMENT (40)

#### V. Cash management and investments

- A. Objectives of cash management and investments
- B. Components of the cash management and investments function

#### VI. Cash flow forecasting

- A. Objectives of cash flow forecasting
- B. Controls and support in forecasting
- C. Types and frequency of forecasts
- D. Methodology used to forecast

#### VII. Short-term borrowing

- A. Federal laws and regulations
- B. Access to credit markets (e.g., credit ratings, interest rates)
- C. Borrowing methods (e.g., direct loans, short-term debt instruments, lines of credit)

#### VIII. Information and control

- A. Cash accounting (e.g., bank and cash reconciliations, treasurers' reports, and interest allocation)
- B. Investment reporting
- C. Internal controls
- D. Use of technology (including security measures)

# Treasury and Investment Management Examination

## Recommended Readings

### Readings from GFOA Publications

- Investing Public Funds, second edition
- An Elected Official's Guide to Investing (2nd Edition)
- # Evaluating Internal Controls: A Local Government Manager's Guide
- # Banking Services: A Guide for Governments
- # An Introduction to Collateralizing Public Deposits for State and Local Governments (2<sup>nd</sup> Edition)
- # An Introduction to Investment Advisers for State and Local Governments (2<sup>nd</sup> Edition)

Best Practices (Treasury and Investment Management) GFOA Web site: [www.gfoa.org](http://www.gfoa.org).

### Others

- # GFOA Sample Investment Policy
- # Errata Sheet 2019: Treasury and Investment Management Recommended Readings
- # Free on GFOA Website: [www.gfoa.org/cpfo](http://www.gfoa.org/cpfo) and click on GFOA Reading Material