

SESSION ONE

Understanding Roles and Responsibilities of Public Investment Officers, Staff, and Elected Officials



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Public Funds Investing: Introduction



- Public funds represent taxpayer dollars and public trust
- Highest priority: Safety → Liquidity → Yield
- Decisions occur under legal, fiduciary, and public scrutiny
- Shared responsibility across multiple roles
- Clear governance structures reduce risk and build confidence

Why Governance Matters

- Prevents errors, misuse, and conflicts of interest
- Supports transparency and accountability
- Protects individuals and the agency from liability
- Ensures continuity during staff or leadership changes

Purpose of This Session

- Clarify roles and responsibilities
- Distinguish:
 - Elected officials
 - Treasurer/Investment Officer
 - Audit, accounting, and support staff
- Review common organizational structures
- Understand legal and fiduciary obligations
- Highlight personal and institutional liability

Key Participants

- Governing body/elected officials
- Treasurer/investment officer
- Finance & treasury staff
- Oversight committees
- Advisors, brokers, consultants

Fiduciary Duty



- Act solely in the public's best interest
- Exercise care, skill, prudence, and diligence
- Follow the law and adopt investment policy
- Avoid conflicts of interest
- Decisions judged by process, not outcomes

California Legal Framework

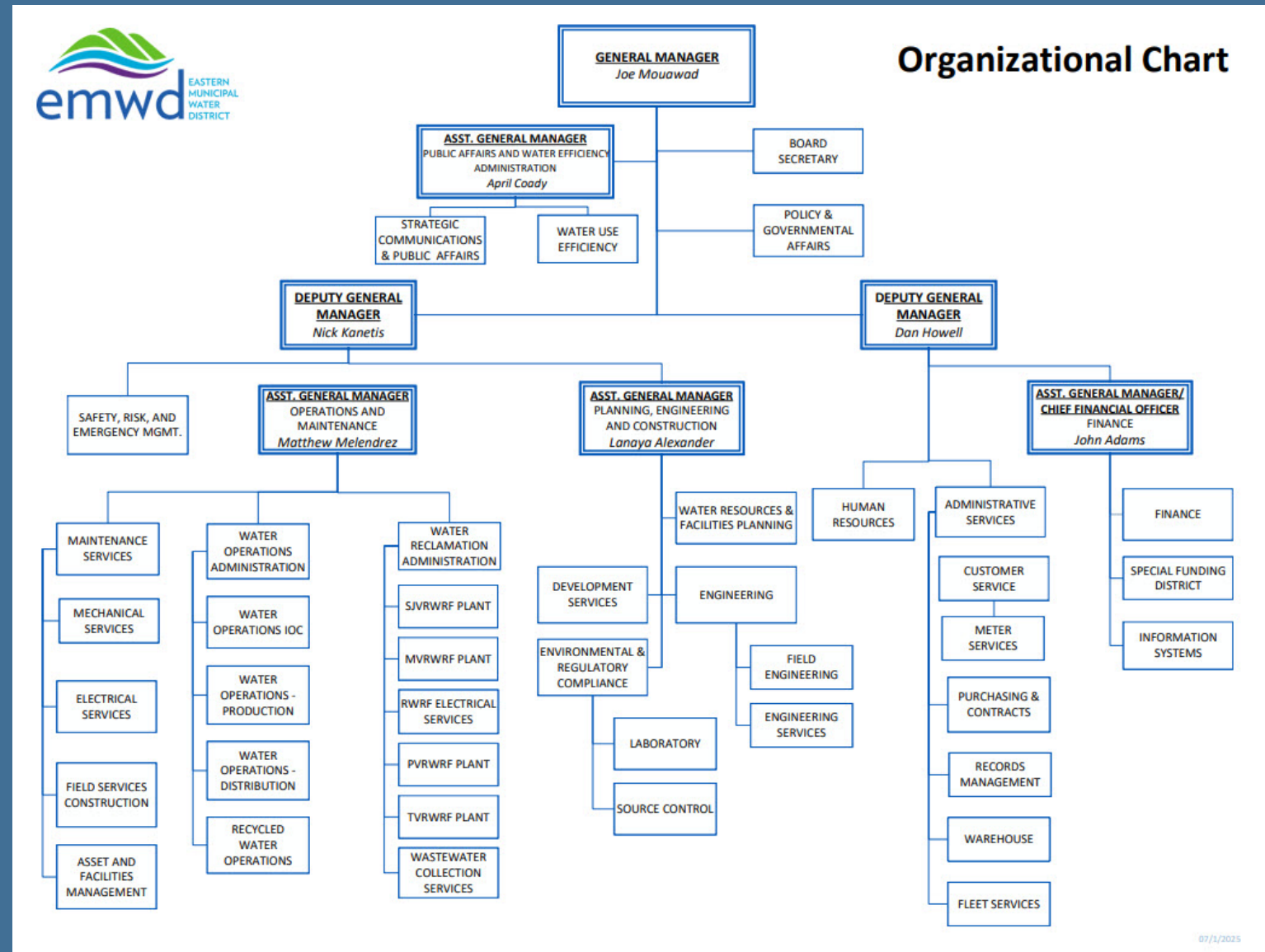
- California Government Code
- Prudent Investor Standard
- Delegation of investment authority
- Local Investment Policy requirements
- Oversight and reporting expectations

Organizational Structures

- Structures vary by agency type
- Governance principles remain consistent
- Accountability must be clear regardless of structure

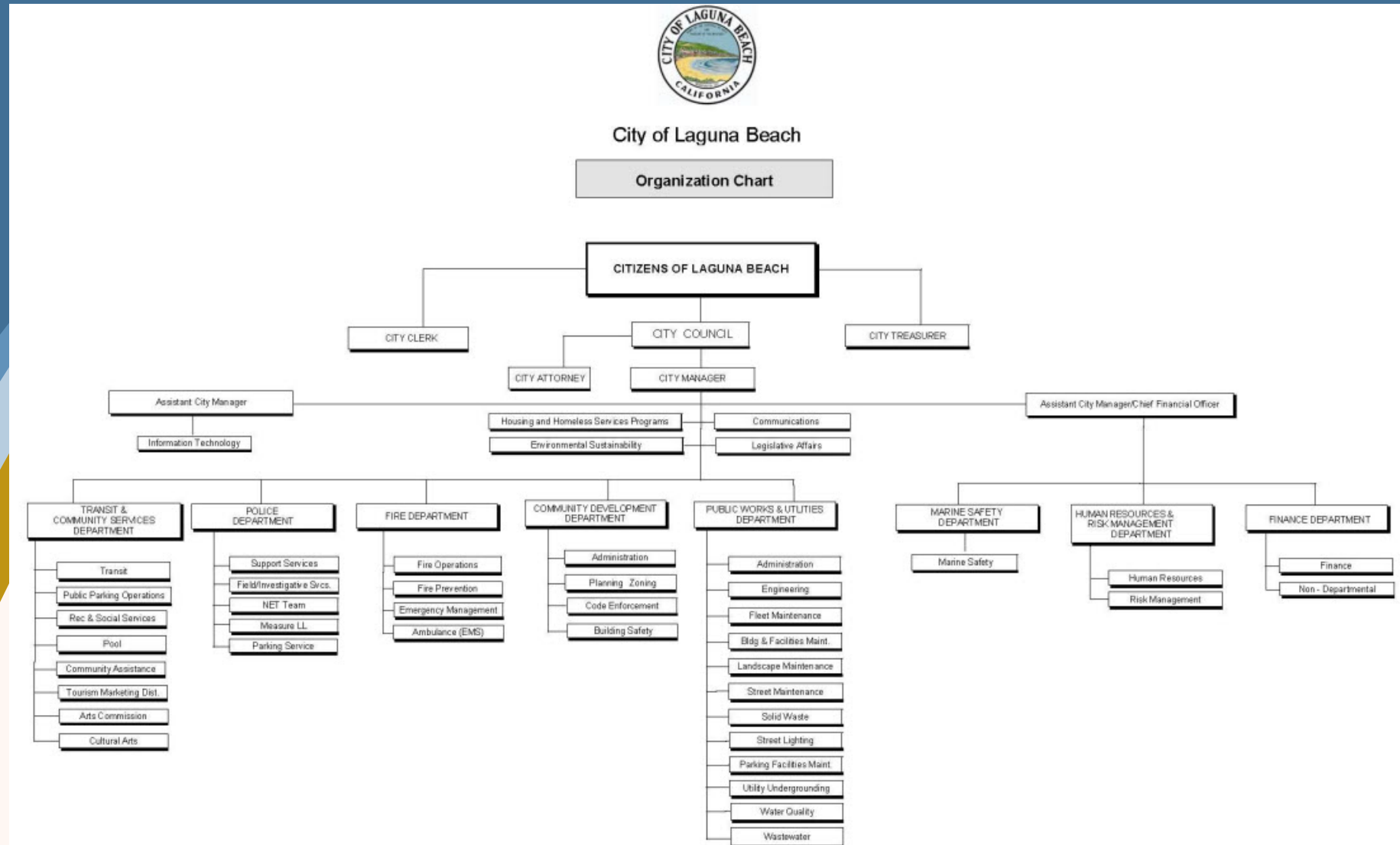
Organizational Structure – Appointed Treasurer

- An appointed Treasurer serves at the pleasure of and reports directly to management at the organization and the governing body.
- This looks much more like a typical employee-employer relationship
- Local taxpayers are often unaware (and less interested) in who is managing funds



Organizational Structure – Elected Treasurer

- In an elected role, the Treasurer is accountable to their constituents
- Despite greater autonomy, interaction with governing agency remains
 - Budget approvals
 - HR/staffing
 - Procurement



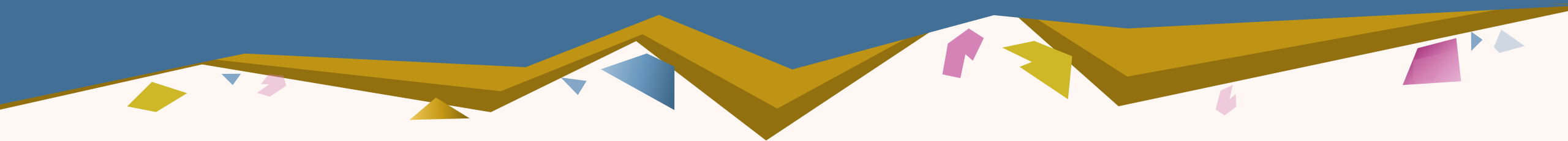
Organizational Structure: Elected Treasurer

- Treasurer accountable directly to voters
- Greater autonomy, but coordination required
- Interaction with governing body on:
 - Budget
 - Staffing
 - Procurement
- **Pros:** Direct public accountability
- **Cons:** Multiple reporting relationships

Organizational Structure: Appointed Treasurer

- Serves at the pleasure of the governing body
- Traditional employer-employee relationship
- Less public visibility of the role
- **Pros:** Clear reporting structure
- **Cons:** Reduced public awareness

Core Responsibilities (All Structures)

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- Non-partisan, professional role
 - Operates within adopted policy
 - Protected from political influence
 - Relies on separation of duties

Governance & Policy

Governing Body/Investment Committee

- Approves investment policy
- Sets risk tolerance and objectives
- Delegates authority
- Provides oversight
- Does **not** execute trades

Execution & Management

Treasurer/Investment Officer

- Executes investment strategy
- Manages liquidity and cash flow
- Conducts pre-trade compliance checks
- Monitors portfolio limits
- Manages broker and vendor relationships

Separation of Duties

- Core control in public fund management
- Separates:
 - Trading
 - Reporting
 - Reconciliation
- Reduces fraud and operational risk
- Ensures checks and balances

Separation of Duties & Succession Planning

- Roles defined by function, not person
- Processes are documented and repeatable
- Institutional knowledge preserved
- Smooth transition during vacancies

Separation of Duties & Business Continuity

- Reduces single points of failure
- Enables coverage during absences
- Maintains confidence of:
 - Governing bodies
 - Auditors
 - The public

Role of Stakeholders

- Adopt and review investment policy
- Set and revisit risk tolerance
- Ask informed, policy-based questions
- Focus on oversight, not micromanagement

Transparency & Reporting



Governing Body/Investment Committee

- Receives timely and accurate reports
- Reviews:
 - Policy compliance
 - Risk exposure
 - Portfolio performance
- Provides strategic oversight

Transparency & Reporting (cont. 2 out of 3)

Treasurer/Investment Officer

- Ensures accurate and consistent reporting
- Explains:
 - Strategy
 - Market conditions
 - Performance results
- Discloses deviations or exceptions
- Provides cash sufficiency statements

Transparency & Reporting (cont. 3 out of 3)

- Accounting/Audit/Back Office
- Independent verification of activity
- Records transactions
- Performs reconciliations
- Confirms alignment with:
 - General ledger
 - Custodial statements
 - Third-party manager reports

Key Takeaways

- Clear roles protect public funds
- Separation of duties is essential
- Transparency builds trust
- Oversight focuses on governance, not execution
- Strong processes ensure continuity and accountability

QUESTIONS?



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