

What is the Public Funds Investment Act, And Does It Apply To My Organization?

Overview

The Public Funds Investment Act (PFIA) governs the investment of public funds in Texas. Funds provided by the Texas Water Development Board (TWDB) are public funds and are subject to compliance with PFIA.

Requirements

Additionally, legal agreements between TWDB and recipients of funding from TWDB cite the requirement to comply with TWDB Rules (see Texas Administrative Code) and statutes such as the PFIA.

The PFIA has many requirements including training, investment policy adoption, reporting requirements, and many others. Because of the extensive nature of the requirements, it is best to seek the required training to fully understand the requirements that may be applicable.

Additional requirements relating to deposits and investments are imposed by Generally Accepted Government Accounting Standards (such as GASB Statement No. 40, “Deposit and Investment Risk Disclosures”) but are not fully covered in this topic. Please consult your Certified Public Accountant for current accounting standard requirements and related disclosure requirements.

Training

Online training is available from multiple sources in Texas that would meet PFIA requirements. Self service online searches can identify training providers.

Best Practices

Financial statement footnote disclosure over recent years has improved in reporting the status of compliance with applicable statutes.

For PFIA purposes, a best practice disclosure *should* include a statement by management that indicates overall compliance status with PFIA requirements. Additional background on PFIA requirements may be helpful to the financial statement reader but is not included here.

Example financial statement footnote disclosure may include the following:

Compliance with Investment Policy - As required by the Public Funds Investment Act (PFIA), a compliance audit was conducted of selected management controls on investments, and management’s adherence to the established investment policy. Compliance audit results indicated that compliance with PFIA and investment policy requirements (was/was not) in place as required. Management believes the (entity name) is generally compliant with all applicable requirements of the PFIA.

Guidance

For financial advice, please contact your financial advisor, and for legal advice, consult with your legal advisor. Financial compliance can provide assistance, but statutory compliance remains the responsibility of the entity as assisted with the guidance of its counsel and other outside experts. Best practices may be available from your Certified Public Accountant as well.