

ART GALLERY OF SOUTH AUSTRALIA

Board Funds Management Policy

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1. Purpose of Policy

This purpose of this policy is to specify the principles and procedures that are to be followed by the Art Gallery of South Australia (AGSA) in relation to the management, investment and utilisation of donated funds from private individuals or foundations.

2. Scope

This policy applies to all AGSA staff, officers, directors and members of the Board Funds Management Committee (BFMC) who are involved in the processes that relate to the management, investment and utilisation of funds donated to AGSA and under the responsibility of the Art Gallery Board. This policy recognises that there are special provisions relating to the James and Diana Ramsay Fund and its associated Art Gallery Board appointed external fund manager, Knightsbridge Wealth Management (KWM).

3. Principles

AGSA will exercise its responsibilities for the management, investment and utilisation of donated funds in accordance with Section 29 of the Art Gallery Act 1939 and with the principles and procedures set out in this policy. The Art Gallery Board has established a Board Funds Management Committee to assist in the execution of its responsibilities. The BFMC will invest all appropriate funds conservatively, with a strong bias against exposure to the risk of capital loss. Should external fund managers be engaged by the Art Gallery Board to manage specific investment portfolios, their investment strategies and resultant performance will be an agenda item of every BFMC meeting.

In the case of KWM's management of investments associated with the James and Diana Ramsay Fund, senior representatives of KWM will attend in person at every meeting to present on these matters. Funds will be managed in accordance with the donation's stipulation, as provided in Section 29 of the Art Gallery Act 1939. Where required, investments will be managed and revenue from investments used in the manner stipulated in by the donor and in

accordance with AGSA's Gifts, Bequests and Donations Policy, Due Diligence and Provenance Policy and Acquisitions Policy. The BFMC shall ensure that the investment of funds is consistent with the terms and/or directions associated with the source of those funds, including, but not limited to, compliance with the special conditions that apply to income from investments in the James and Diana Ramsay Fund. In making investment decisions the Committee will take account of:

- the risk associated with investments;
- the desirability of diversifying investments;
- the potential for capital appreciation;
- the likely income return;
- the length of the term of the proposed investment;
- the liquidity of an investment during, and on determination of, the term of the proposed investment;
- the aggregate value of the Board and Foundation funds, including the foundation 'corpus'; and
- the costs of making the proposed investment.

4. The Art Gallery Act 1939

Pursuant to Section 17(2)(u) of the Art Gallery Act 1939 the Art Gallery Board may acquire, hold and dispose of shares and securities within or outside of the State. The BFMC was established by the Art Gallery Board in 1990, under Sections 10 and 11 of the Art Gallery Act, which state respectively that the Art Gallery Board may establish a committee as it sees fit, and may delegate certain functions and powers to that committee. Some functions outlined under Section 17(2)(u) of the Art Gallery Act have been delegated to the BFMC. The Committee is charged with the task of acquiring, holding, dealing and disposing of shares in order to generate revenue to be used in a manner consistent with the original donor's specifications.

5. Board Funds Management Committee

The membership and conditions of membership of the BFMC are determined by the Art Gallery Board and currently comprise:

- a Board Member of the Art Gallery Board (Chair of the Board Funds Management Committee);
- the Chair of the Art Gallery Board;
- the AGSA Director; and
- two nominees of the Art Gallery Board, who possess the requisite knowledge and skills as determined by the Board, who may also be members of the Art Gallery Foundation.

The term of appointment of BFMC members shall be determined by the Art Gallery Board.

A quorum will consist of the presence, in person or facilitated by phone or other technological solution, of at least three members of the committee.

Various AGSA and departmental public servants may attend the BFMC meetings to provide administrative support and supply information to facilitate the

deliberations of the committee, at the BFMC Chair's discretion. This may include, but is not limited to:

- Deputy Director, AGSA
- Management Accountant, AGSA
- Senior Financial Accountant, Shared Services South Australia (SSSA), (Executive Officer)
- Director, Financial Accounting, SSSA

Under Section 74 of the Public Sector 2009, the committee and its members are indemnified against any civil liability that attaches to an act or omission in the exercise or purported exercise of official powers or functions, in good faith.

6. Investment Procedures

Details of the precise procedures associated with the investment of donated funds that exceed the immediate operational and acquisitional needs of AGSA, are contained within the *Board Funds Management Procedure*.

7. Operating Environment

This policy is a component part of the suite of policies and procedures that are required under *Treasurer's Instruction 2 – Financial Management*, which states that all public authorities must create, implement and maintain adequate financial controls that are sufficient to manage the complexities of their particular operating environments. Other controls that impact the management of the funds of the Art Gallery Board include, but are not limited to:

- Art Gallery Act 1939
- Public Finance and Audit Act 1987
- AGSA Budget Policy and Procedure
- Department of the Premier and Cabinet (DPC) Budget and Financial Management Policy and Procedure
- Fraud and Corruption Control Policy
- The Code of Ethics for the South Australian Public Sector
- Acquisitions Policy and Procedure
- Acquisitions Committee Charter
- Acquisitions Checklist
- Bequests and Donations Policy and Procedure
- Due Diligence and Provenance Policy and Procedure

8. Acquisitions Committee

The Acquisitions Committee is an official committee of the Art Gallery Board charged with the responsibility of advising the Board on matters relating to the acquisition of works of art, as detailed in the Acquisitions Policy and Acquisitions Procedure.

Timing of the Acquisitions Committee and BFMC meetings will be coordinated such that the recommendation to acquire a work of art will be made by the Acquisitions Committee contingent on the following BFMC's confirmation that an appropriate and available funding source/s has/have been identified.

The Acquisitions Committee's recommendation, along with the BFMC's confirmation will then be presented at the next Art Gallery Board meeting for discussion and a formal decision as to whether the work is to be acquired.

9. Responsibilities

- The Art Gallery Board is responsible for ensuring that AGSA has the appropriate policies and procedures in place to address the management and investment and utilisation of donated funds and their associated revenue, and that there is appropriate documentation of all the associated transactions.
- The Director, AGSA is responsible for ensuring that AGSA staff and inter- and intra-departmental staff understand and adhere to the policies and procedures.
- The Deputy Director, AGSA and Management Accountant, AGSA are responsible for monitoring the performance of these controls, and managing the day to day implementation of, and associated reporting from, these instruments.
- Should the Art Gallery Board appoint external, professional fund managers to manage a portion or portions of the investment portfolio, the external fund managers must report to the Board Funds Management Committee on their investment decisions, strategies and performance at each meeting. The Chair of the Board Funds Management Committee, or his/her delegate will report to the Art Gallery Board after each BFMC meeting on those same matters, and furnish members with the associated BFMC agenda papers.

10. Related policies and procedures include:

- Acquisitions Policy
- Acquisitions Procedure
- Gifts, Bequests and Donations Policy
- Gifts, Bequests and Donations Procedure, to be revised 2020
- Due Diligence and Provenance Policy
- Due Diligence and Provenance Procedure, to be revised 2020

11. Review

This policy will be reviewed after its first year of operation and then on a five-yearly basis.

Policy approved by Art Gallery Board	16 April 2019
Policy reviewed after first year of operation	22 April 2020
Revised policy endorsed by Audit Committee	14 May 2020
Policy approved by Art Gallery Board (to be reviewed again in 2025)	24 June 2020