Procedure: Gift fund governance

Purpose
To outline the procedures by which the University manages special purpose funds within the ANU Endowment for Excellence.

Definitions
The ANU Endowment for Excellence is the framework established under section 10 of the Australian National University Endowment for Excellence Statute 2012, to manage monetary gifts that, once received, are owned and controlled absolutely by the University.

D and E ledgers are accounting ledgers within the University’s finance system used to identify term and perpetual funds managed under the ANU Endowment for Excellence framework.

Perpetual funds are special purpose funds established to support an activity or activities in perpetuity.

Term funds are special purpose funds that are disestablished once all monies are expended or conversion to a perpetual fund occurs.

Procedure

Establishment
1. Upon receipt of a monetary gift accepted by the University, a fund is established under a D or E fund code in the University’s ledger. This will assign or establish the funds within the ANU Endowment for Excellence.
   a. A newly established Perpetual Fund (Endowment), or Perpetual Fund (Growth) is designated as an E Fund.
   b. A newly established Term Fund (Spend Down), or Term Fund (Growth) is designated as a D Fund.
2. Perpetual Funds:
   a. have a minimum establishment threshold determined by the asset level required to fund the supported activity in perpetuity;
b. are invested in units in the Long Term Investment Pool;
c. are subject to the University’s Deemed Return Rate and Annual Distributable Amount; and
d. are established either to support an activity or activities in perpetuity (Endowment), or to receive further gifts (Growth) with the aim of increasing the scope of activities, as defined in the Gift Deed.

3. Term Funds:
   a. are not held in the Long Term Investment Pool;
   b. are either fully expended within a specified timeframe (Spend Down), or receive further gifts (Growth) with the aim of converting to a Perpetual Fund;
   c. are disestablished once monies are expended or conversion to a Perpetual Fund (Endowment) occurs.

4. Both Perpetual (Growth) and Term (Growth) funds must be accompanied by a time–bounded fundraising plan that includes disbursement/refund of monies if the fundraising goal is not met within the specified time.

5. Upon establishment of the gift fund, the University records the administrative terms of acceptance of the gift/s in the current, approved pro forma Fund Purpose Statement and drafts and approves the Conditions of Award for Scholarship and Prize funds.

Matching agreements

6. The University only contributes to term or perpetual funds under the conditions of an approved gift matching agreement.

7. Matching agreements:
   a. may be proposed only during the period of solicitation of a gift;
   b. are not entered into retrospectively; and
   c. do not compromise the University’s operating cash reserves, the discretionary investment income on those cash reserves, or University financial performance targets.

8. College Deans or Service Division Directors endorse and submit matching agreements on the approved pro forma Gift Matching Proposal to philanthropy@anu.edu.au. Matching agreement proposals are endorsed by the Vice–President (Advancement) and approved by the Chief Operating Officer.

9. The University contributes monies under a matching agreement only after receipt of the associated gift or bequest.
Financial management

10. Additional gifts (or monies contributed by the University under the terms of a matching agreement):
   a. are assigned to an existing fund;
   b. are managed in accordance with the terms outlined in the Fund Purpose Statement;
   c. may be directed to convert a Term Fund to a Perpetual Fund, on the basis of an agreed, actionable fundraising plan and timeframe within which to meet the minimum establishment threshold.

11. The designated College Dean or Service Division Director holds authorisation for expending monies from a fund under the ANU Endowment for Excellence framework. The designated Deputy Vice-Chancellor holds authorisation over all University-wide funds. The Vice-Chancellor holds authorisation over all unrestricted gifts to the University and The ANU Fund.

12. The University does not apply merchant fees to any gifts or Fringe Benefit Tax expenses to funds within the ANU Endowment for Excellence framework.

13. All income and expenditure relating to a specific gift must be accounted for in the assigned D or E ledger gift fund.

Review and adjustment mechanisms

14. The Alumni Relations & Philanthropy Division oversees governance of the ANU Endowment for Excellence and conducts a review of all funds as part of the annual budgeting process.

15. College Deans and Service Division Directors provide an annual report to the Alumni Relations & Philanthropy Division on the activities of each philanthropic fund as part of the annual budget and review process.

16. The Alumni Relations & Philanthropy Division reports on the financial position of the ANU Endowment for Excellence to the Board of Governors, and externally via the Report to Donors.

17. College Deans, Service Division Directors or the Vice-President (Advancement), can initiate review of a gift fund if:
   a. the fund has not been utilised for two years or more;
   b. the University can no longer fulfil the intended purpose either financially and/or academically;
   c. there is conflict between the University and the donor; or
d. the gift or donor brings the University into disrepute.

18. If future unforeseen circumstances cause the University to be unable to fulfil the fund purpose as outlined in the Fund Purpose Statement (e.g. the subject area is altered or removed from the ANU academic plan), the principal and income of the fund is directed to an activity in the relevant area deemed most consistent with the wishes of the donor. Donors, or their families, are consulted, College Deans or Service Division Directors endorse, and the Vice-Chancellor approves any changes to purpose.

19. The Deemed Return Rate is reviewed and set on an annual basis by the Investment Office. Perpetual Funds (Endowment) that can no longer support their purpose following any adjustment to this rate are reviewed and an expenditure plan is approved for the following budget cycle by the Vice-President (Advancement).