

# SCAA Financial Policy

(As at February 2002)

## 1 INTRODUCTION

The SCA is incorporated in the state of South Australia, under the Associations Incorporation Act (1985). This financial policy applies to all SCA groups in the Commonwealth of Australia.

Our stated purpose is the study of the Middle Ages and Renaissance. This has led the Society to create a social structure adapted from those found in Europe during the Middle Ages. This, of course, has created a diversity of groups and interests that enhance the experience we seek to create.

### 1.1 DEFINITIONS:

The term "Branch" refers to any geographic or institutional division of the Society, as specified in Corpora Article V.C.

The term "other entity" includes but is not limited by: chartered guilds, special newsletters, and special deputies to the Corporate Treasurer or Kingdom Chancellor of the Exchequer.

The governing documents of the Society include the articles of Incorporation of SCA (Inc. in SA) and its rules and the SCA Inc. (USA) Corpora and its rules.

The chief financial officer of the SCA is the Corporate Treasurer who is appointed by and answerable to the Committee of the SCA (Inc. in SA). The Corporate treasurer is ultimately responsible for administration and management of all financial assets of the Association and the upkeep of this policy.

The SCA Branch covering the whole of Australia is known as the Kingdom of Lochac. The chief financial officer of the Kingdom is the Lochac Chancellor of the Exchequer who reports to the Corporate Treasurer.

All Branch Treasurers (Reeves) within the Kingdom report directly to the Lochac Exchequer. The Lochac Exchequer is responsible for the administration and management of the Reeves of each Branch.

We currently enjoy an income tax exempt status in the Commonwealth of Australia, and maintaining that status requires that we adopt certain uniform practices and standards regarding our financial activity.

### 1.2 WE MUST MAKE SURE THAT:

- every part of the organisation engages primarily in activities that advance our tax exempt purposes, except where prohibited by law;
- that a substantial part of activities conducted in our name and with our funds are in support of an exempt purpose;

- that our earnings are not used in whole or in part to the benefit of private individuals or organisations; and
- that we serve a public, not a private, purpose.

In order to accomplish this, every Branch or other entity maintaining Society assets must follow a system of consistent financial procedures.

This financial policy establishes the basic accounting and financial management procedures for every part of the organisation, to be followed except where prohibited by law.

The Kingdom of Lochac may establish additional requirements as they see fit, so long as the law, the Governing Documents of the Society, or this financial policy does not prohibit them. Branches and other entities may also establish additional requirements, so long as law does not prohibit them, the governing documents of the Society, this Financial Policy, or the Kingdom Law or the Kingdom financial Policy.

The Lochac Chancellor of the Exchequer must consult with the Corporate Treasurer on all matters containing to mundane financial issues, and/or where breaches to the financial Policy have occurred.

## **2 BANK ACCOUNT IDENTIFICATION AND STRUCTURE**

All funds will be maintained in a bank account in the name of  
 Society for Creative Anachronism Inc. - (name of Branch or entity)" or  
 (Name of Branch or entity) - Society for Creative Anachronism Inc."  
 SCA Inc. (name of Branch or entity)"  
 (Name of Branch or entity) SCA Inc."

Entities maintaining funds insufficient to open a bank account shall either have them kept in another Society account or contact the Kingdom Exchequer to make other arrangements.

### **2.1 APPROVED CONTROLS ON ACCOUNTS ARE**

- Requiring two signatures for withdrawal and providing copies of the reconciled statements for review by the Branch Seneschal and the Kingdom Chancellor of the Exchequer monthly; or
- With the Corporate Treasurer's written approval, having the unopened bank statements sent to someone other than the Branch Reeve who lives at a different address for initial review.
- Single signature accounts must have the approval of the Committee.

### **2.2 POLICY IN REGARDS TO BANKS AND OTHER FINANCIAL INSTITUTIONS**

Each Branch or other entity shall keep its funds in an SCA Inc. account.

Incipient groups shall use their sponsoring groups bank account.

Where the holdings and/or annual income of a Branch exceed \$A1000.00, the Branch shall keep its funds in an account held by a bank. With the written approval of the Corporate Treasurer, a Branch or other entity may keep its funds with a financial institution other than a bank.

## **2.3 SIGNATORIES**

All signatories on Society accounts must be paid members of SCA (Inc. in SA) while they are listed as signatories.

At least two officers of the same Branch must be listed as signatories on the account, along with one other person. All accounts shall have the signature of the Corporate Treasurer (Barons and Baronesses are not officers).

The signatories on the account shall not share the same residence.

Sovereigns, Consorts, and the heirs of the Kingdom are not allowed to be signatories on the SCA Inc. Lochac account while they hold that office.

## **3 SEPARATION OF FUNCTIONS**

No one person may be responsible for all aspects of a Branch's financial management as defined in VI (a). The Branch Seneschal may not perform the duties of the Branch Treasurer.

There can be no co-mingling of Society funds with the funds of any individual or other non-SCA group.

## **4 FINANCIAL RECORDS**

The Branch Treasurer shall maintain permanent books and records of the Branch's financial activity.

Detailed records must be maintained and receipts, disbursements, and contributions specifically itemised.

Where a system is automated, printouts ("hard copy") of computerised records must be made as well as computer files/disks.

Internal records must be reconciled through the bank statements as received.

In no case shall reconciliation occur less than monthly.

All records must be retained for at least five years. These books and records as well as bank statements, other correspondence and files of an official nature are property of the SCA (Inc. in SA) and must be turned over to the successor officer within thirty days after a person leaves office.

All financial records of a dissolved group are to be sent to the Corporate Treasurer, with a copy being provided to the Chancellor of the Exchequer.

## **5 FINANCIAL REPORTING**

Each Branch Treasurer must report monthly to their Branch Seneschal and to the Chancellor of the Exchequer. All other entities shall report monthly to the Chancellor of the Exchequer.

The Chancellor of the Exchequer may request additional reports.

The Lochac Chancellor of the Exchequer must report at least once per reign to the Lochac Seneschal, the Coronet, the Kingdom Chancellor of the Exchequer, and the Corporate Treasurer.

Failure to file timely reports within thirty days of the end of the reporting period is grounds for suspension of the Branch or other entity and/or replacement of its Branch Treasurer.

All Branches and other entities also shall produce an annual report, on or before the 31st of July each year. This report shall be forwarded to the Lochac Chancellor of the Exchequer. All Kingdom Officers shall report annually to the Chancellor of the Exchequer, by the 31st of July, on the moneys and properties they held for their office, the Coronet or the SCA (Inc. in SA) during the previous Australian financial year. The Lochac Chancellor of the Exchequer shall collate these reports and forward them, along with an annual financial report for Lochac to the Corporate Treasurer.

If a group is unable to report for reasons beyond their control by the 31st of July to the Lochac Chancellor of the Exchequer, then the Corporate Treasurer may extend this deadline to the 31st of August. Copies of reports must reach the Corporate Treasurer and the Lochac Chancellor of the Exchequer by this date.

The annual report of each group shall show, as a minimum, the opening and closing balance of the group, as well as the total income (this to be broken down into members and non-members) and expenditure of the group, for the complete financial year. The financial year in Australia commences on the 1st of July, and concludes on the 30th of June.

Failure of a group to produce an annual report is grounds for the immediate suspension of the Branch or other entity by the Corporate Treasurer. Failure of the Exchequer to collate and forward these reports and/or an annual financial report to the Treasurer is grounds for immediate removal of the Lochac Chancellor of the Exchequer from office and/or the placement of the Kingdom of Lochac into abeyance.

### **5.1. OFFICERS REPORTING DIRECTLY TO THE CORPORATE TREASURER**

The Pegasus Chronicler must report monthly to the Corporate Treasurer.

The Stock Clerk must report monthly to the Corporate Treasurer.

The Registrar must report monthly to the Corporate Treasurer.

All must produce an annual report to reach the Corporate Treasurer by the 31st of July.

### **5.2. DISCLOSURE**

The following financial policy regarding the disclosure of all Branch accounts has been adopted by the Committee of the SCA (Inc. in SA), and should be adhered to by all Branch Treasurers:

An officer responsible for keeping the accounting records of the association, or of Branches of the association, shall make these records available to any member of the association on request. The member making such a request shall be responsible for all reasonable costs associated with the request, including photocopying and postage costs. A member obtaining the accounting records of the association in accordance with this resolution may, at the member's own expense, have these records audited by a registered company auditor, a firm of registered company auditors, or a person who is a member of the Australian Society of Certified Practising Accountants or The Institute of Chartered Accountants.

## **6.0 EXPENSE AUTHORISATION POLICY**

## **6.1. RESPONSIBLE OFFICERS**

All expenditure must be authorised in advance by two or more persons designated by the Branch as having approval authority. This should include the Branch Treasurer and/or Seneschal. Fully documented receipts or statement of expenditure must be provided to support all cash outlays in excess of .00, even where expenditures have been budgeted in advance (as for ongoing office expenses).

This rule applies to anyone expecting reimbursement from the Branch, including Crowns and ruling nobles. In emergency situations only, the Seneschal or Branch Treasurer of the group may authorise expenses on a case-by-case basis. This type of authorisation should be severely limited and must be reviewed within 7 days by the normal authorisation procedure. Larger groups, which are those 25 or more members receiving Pegasus, shall establish a Finance Committee of no fewer than five (5) persons with at least the Seneschal, Treasurer and either the Baron or Baroness as members of this committee with authority to approve major expenditures. If the reasonableness of an expense is uncertain, the Lochac Chancellor of the Exchequer and/or the Lochac Seneschal should be consulted prior to any commitment.

## **6.2. ALLOWABLE EXPENDITURES**

No officer of any level has the power to authorise payments that do not support the Society's tax exempt purpose. If the reasonableness of an expense is uncertain, the Lochac Chancellor of the Exchequer or the Corporate Treasurer must be consulted prior to any commitment.

To clarify issues of just what does and what does not support our tax-exempt purpose, the following can be used as exemplars:

**6.2.1.** Production of group regalia, including group banners, generic banners indicating positions such as Seneschal, Marshal, Herald, etc. This does not extend to personal devices.

**6.2.2.** Costs incurred in the running of SCA events, including, but not limited to, feasts, demonstrations, official training and practices, etc.

**6.2.3.** Provision of assistance to cover travel costs of landed Royalty where attendance at major events is important. It is suggested that this only be provided where absolutely necessary and should be a reasonable amount. Provision of assistance should not take place more than twice per financial year.

**6.2.4.** Folk are reminded that should there ever be any doubt, consultation with the Lochac Chancellor of the Exchequer or the Corporate Treasurer must be undertaken.

## **6.3. RECEIPTS**

Fully documented receipts or detailed statements of expenditure (which must be witnessed by the Branch Seneschal or Branch Treasurer) must be provided to support all expenses. This rule applies to anyone expecting reimbursement. The Chancellor of the Exchequer handles emergency situations on a case-by-case basis.

## **7. SPECIAL PURPOSE DONATIONS AND OTHER DEDICATED FUNDS**

Branch accounting must support segregation of funds by purpose. When setting up special purpose/dedicated funds, the finance committee shall establish a primary and a secondary purpose. Funds raised will be used for the primary purpose first. If it is not possible to fulfil the primary purpose or if there are residual funds, the funds will be directed to the secondary purpose. The final destination for all special purpose funds will be the general fund.

Sufficient reserves must exist to fund any outstanding subscription liability for all publications, where a Branch accepts subscriptions to any of its publications. It is recommended that each Branch or other entity should maintain sufficient cash reserves to continue normal operations after a total loss of advance expenses for one major event of the type it typically runs.

Donations earmarked for a purpose contrary to our tax-exempt status, or found undesirable by the potential recipient shall be declined.

## **8. CASH ADVANCES**

Cash advances must be documented beforehand and treated as a receivable item until they are reconciled by presentation of receipts and/or cash totalling the amount of the advance.

Reconciliation of cash advances must occur within 30 days of the advance.

## **9. ACCEPTABLE TRANSACTION METHODS**

Moneys received in favour of any account of SCA Inc. (SA) or its branches shall be received in the form of Legal Tender (cash), Negotiable Instrument (cheque, money order et alia) and Credit Card, where such facility is available and such facility has been authorised by the Corporate Treasurer. Payment over the Internet is available only where authorised by the committee of SCA Inc. (SA).

Payment of moneys shall be authorised as follows:

Moneys for any purpose required to be paid by an SCA Group or Individual in charge of SCA funds can be effected by Legal Tender, Negotiable Instrument, Credit Card or Internet. As long as the transaction is to specifically further the aims and objectives of the Association, and has been Authorised as per Article VI of this Financial Policy.

## **10. CASH RECEIPTS/EVENT FINANCIAL REPORTS**

Adequate cash controls and security must be in place at any event where money is collected in the name of the Society. Implementation of cash controls and security is the responsibility of the Branch Treasurer and the Autocrat of the event, and must comply with Kingdom Law and Kingdom Financial Policy.

Event Financial Reports must be submitted to the Branch Treasurer within 30 days of the Event. If an Event Financial report cannot be finalised within 30 days an interim report must be produced, with additional interim reports every 30 days there after until a final report can be produced.

## **11. REVIEW OF BOOKS**

When any office dealing with finances changes hands, a review of the financial records of that office is mandatory. Written results of any such review are to be reported to the same officers required by any normal periodic report for that office.

Biennial review is required of each Branch's books for the Corporate Treasurer.

The Corporate Treasurer shall announce by 31st of August the Branches and other entities to be reviewed for that year and ensure that they are notified. The list will include all Branches not audited the previous year and any other Branch at the Corporate Treasurer's discretion or the Committees direction.

Documents for these reviews must be supplied within at least 2 (two) months from the date of notification

Reviews shall be completed not more than 6 (six) months from the date of notification.

### **11.1 EXTRAORDINARY REVIEW OF EACH BRANCH'S AND OTHER ENTITIES BOOKS BY THE CORPORATE TREASURER.**

The Corporate Treasurer may with the authority of at least two members of the Committee review any branch on 14 days notice.

## **12. GST**

The SCA has not, and will not be, in the foreseeable future, either applied for an ABN, or registered for GST. SCA groups that either receive, or wish to receive government grants or other financial assistance from government are required to have an ABN, but do not require to register for GST.

Essentially, no other groups require either an ABN, or to register for GST. If you have external parties requesting an ABN, there are two processes that are approved on in dealing with this situation. The first is the application for an ABN to be undertaken at the group level. This must be handled by the group itself and the group, should it choose to apply for an ABN, shall be responsible for same, and shall be issued an ABN in its' own right. The other method, which does not require registration is whereby a declaration is provided to those requesting an ABN in the following format: Suppliers Name and Address (i.e. of the SCA group providing the service, such as a demo, etc.)

A statement as follows:

"This supply is part of a private recreational pursuit by an income tax exempt body and therefore we do not need to quote an ABN and you do not need to withhold from your payment to us. This information is from the Taxation Administration Act Section 12-190."

The suppliers signature

### **13. POLICY REPORT**

This policy shall be reviewed by the Corporate Treasurer and the Committee at least annually, effective as of the date of first publication.

### **14. VARIANCES TO THIS POLICY**

The Corporate Treasurer on a case-by-case basis may grant variances to Article II b and V a. in writing. Variances to Articles II, III and IX may be granted in writing by the Lochac Chancellor of the Exchequer on a case-by-case basis but only for limited periods of time, and subject to review by the Corporate Treasurer.

The Treasurer on a case-by-case basis may grant variances to Articles II (b) and V (a).

### **15. DOCUMENT REVISION HISTORY**

- \* Original Document Issued: July 1999
- \* Revision 1.0 Issued: November 2001
- \* Revision 2.0 Issued: February 2002
- \* Revision 2.1 Issued: November 2002 (Current Version)