

SCA NZ INC.

FINANCIAL POLICY

Version 1.0

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# SCA NZ INC. FINANCIAL POLICY

**As at December 2004**

## **1. INTRODUCTION**

The SCA is incorporated in New Zealand, under the Associations Incorporation Act (1908). This financial policy applies to all SCA branches in New Zealand.

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 SCANZ and its rules and Corpora.

The chief financial officer of the SCANZ Inc. is the Corporate Treasurer who is appointed by and answerable to the Committee of the SCANZ Inc.. 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 New Zealand and Australia is known as the Kingdom of Lochac. The chief financial officer of the New Zealand branches of the Kingdom of Lochac is the SCANZ Corporate Treasurer.

All Branch Treasurers (Reeves) within New Zealand report directly to the Corporate Treasurer. The Corporate Treasurer is responsible for the administration and management of the Reeves of each Branch.

We currently enjoy an income tax exempt status in New Zealand 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;
- a substantial part of activities conducted in our name and with our funds are in support of an exempt purpose;
- our earnings are not used in whole or in part to the inurement of private individuals or organisations; and
- 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, the governing documents of the Society, this Financial Policy, or the Kingdom Law or the Kingdom financial Policy does not prohibit them.

The Lochac Chancellor of the Exchequer must consult with the Corporate Treasurer on all matters containing to mundane financial issues in New Zealand, 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 (New Zealand) Inc. - (name of Branch or entity)"  
or
- "(Name of Branch or entity) - Society for Creative Anachronism (New Zealand) Inc."or

- "SCANZ Inc. (name of Branch or entity)" or
- "(Name of Branch or entity) SCANZ 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**

Approved controls on accounts are:

- Requiring two signatures for withdrawal and providing copies of the reconciled statements for review by the Branch Seneschal monthly and the Corporate Treasurer when requested

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

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

In those cases where an incipient branch is granted a dispensation to open their own bank account, the name shall be in the form outlined in section 2. If a branch name has not been registered a suitably unique locative shall be used in place of the branch name. If and when the branch becomes a fully fledged SCA branch, the name of the account will be changed accordingly, if necessary. The same reporting requirements as other branches apply to incipient branches.

Where the holdings and/or annual income of a Branch exceed NZ\$1000.00, the Branch must 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. See (2.0)

## **2.3 SIGNATORIES**

All signatories on Society accounts must be paid members of SCANZ Inc. while they are listed as signatories.

At least three warranted officers of the same Branch or other persons approved by the SCANZ Inc. Committee must be listed as signatories on the account. 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 and Consorts of the Kingdom are not allowed to be signatories on the SCANZ Inc. account while they hold that office. Heirs of the Kingdom must relinquish signatory rights on all SCANZ Inc. accounts within 30 days of becoming heirs.

### **3. SEPARATION OF FUNCTIONS**

No one person may be responsible for all aspects of a Branch's financial management as defined in (6.1).

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 branch.

### **4. FINANCIAL RECORDS**

The Branch Treasurer shall maintain physical 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 seven complete financial years. These books and records as well as bank statements, other correspondence and files of an official nature are property of the SCANZ Inc. and must be turned over to the successor officer within thirty days after a person leaves office.

All financial records of a dissolved branch are to be sent to the Corporate Treasurer within 30 days of the branch's dissolution.

## **5. FINANCIAL REPORTING**

Each Branch Treasurer must report monthly to their Branch Seneschal and quarterly to the Corporate Treasurer. All other entities shall report monthly to 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 Reeve.

The Corporate Treasurer shall report quarterly to the SCANZ Inc. Committee.

The Corporate Treasurer and/or the SCANZ Inc. Committee may request additional reports.

All Branches and other entities shall also produce an annual report, on or before the 30th of April each year. This report shall be forwarded to the Corporate Treasurer. The Corporate Treasurer shall collate these reports and forward them, along with an annual financial report for New Zealand to the SCANZ Inc. Committee on or before 31st of May each year.

If a branch is unable to report for reasons beyond their control by the 30th of April to the Corporate Treasurer, then the Corporate Treasurer may extend this deadline to the 31st of May. Copies of reports must reach the Corporate Treasurer by this date.

The annual report of each branch shall show, as a minimum, the opening and closing balance of the branch, as well as the total income and expenditure of the branch, day membership surcharge totals and kingdom levy totals for the complete financial year. The total income for a branch must be broken down into SCA participants and non-SCA participants, where SCA participants are all those individuals who have taken part in an SCA related events or activities which include, but are not limited to, events, fighters' practices, dance practices and arts and sciences classes. Non SCA participant income includes, but is not limited to, income derived from demonstrations, grants and/or other fundraising ventures held outside the bounds of SCA events. The financial year in New Zealand commences on the 1st of April, and concludes on the 31st of March.

Failure of a branch or other entity to produce financial reports or records is grounds for the immediate suspension of the Branch or other entity by the SCANZ Inc. Committee. Failure of the Corporate Treasurer to collate and forward these reports and/or other financial reports to the SCANZ Inc. Committee is grounds for immediate removal of Corporate Treasurer from office, and/or the placement of the New Zealand branches into abeyance.

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

The SCANZ Inc. Pegasus Chronicler must report monthly to the Corporate Treasurer.

The SCANZ Inc. Registrar must report monthly to the Corporate Treasurer.

Any person in charge of an SCANZ Inc. account, who does not report to a branch reeve must report monthly to the Corporate Treasurer

All must produce an annual report to reach the Corporate Treasurer by the 30th of April.

## **5.2. DISCLOSURE**

The following financial policy regarding the disclosure of all Branch accounts has been adopted by the Committee of the SCANZ Inc., and must 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 Institute of Chartered Accountants of New Zealand.

## **6. 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 \$20.00, 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 branch 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 branches, which are those known as Baronies, shall establish a 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, Corporate Treasurer 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 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 examples that support our tax exempt purpose can be used as exemplars:

**6.2.1.** Production of branch regalia, including branch banners, generic banners indicating positions such as Seneschal, Marshal, Herald, etc. This does not extend to personally owned 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 and event 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 event cost assistance is limited to events within the boundaries of the branch giving assistance. This provision of assistance does not extend to Barons, Baronesses or Kingdom Officials.

**6.2.4.** Branches may create a travel fund to assist with the transportation of assets of that branch to events. This includes, but is not limited to, baronial regalia, thrones and other equipment that is deemed necessary for the running of events. The travel fund may not be used to provide assistance to cover travel and/or event costs for individuals.

**6.2.5.** People are reminded that should there ever be any doubt, consultation with 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 Corporate Treasurer 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 at the first council meeting following 30 days after the event the cash advance has been issued for. If the branch does not have monthly council meetings then reconciliation must occur within 30 days of the event.

If the cash advance is to be used for purposes other than that of an event it must be reconciled at the first council meeting following 30 days after the cash advance being issued. If the branch does not have monthly council meetings then reconciliation must occur within 30 days of the cash advance being issued.

## **9. ACCEPTABLE TRANSACTION METHODS**

Moneys received in favour of any account of SCANZ Inc.. or its branches shall be received in the form of Legal Tender (cash), Negotiable Instrument (cheque, money order et alia)

and/or 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 SCANZ Inc.

Payment of moneys shall be authorised as follows:

Moneys for any purpose required to be paid by an SCANZ Inc. Branch or Individual in charge of SCANZ Inc. 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 6 of this Financial Policy.

### **9.1 INTERNET BANKING**

Payment over the internet is available only where authorised by the Committee of the SCANZ Inc. A trial period of three months shall be granted to individual branches, upon presentation of a policy for internet banking to the Committee of the SCANZ Inc. which is deemed acceptable.

During the trial period the branch reeve shall report to the Corporate Treasurer every 30 days on the status of internet banking within their branch, outlining any problems that have arisen with the process of internet banking.

At the end of the trial period, ongoing authorization for internet banking will be granted provided that the Corporate Treasurer and/or the SCANZ Inc. Committee are satisfied with the internet banking procedures the branch has been operating under. If there has been insufficient occurrences of internet banking transactions, that is less than ten internet banking transactions, then the trial period may be extended by time periods of 30 days until there has been at least ten internet banking transactions.

Branches who have been granted ongoing authorization for internet banking must include in their quarterly reeve's reports any instances of problems with internet banking.

The Corporate Treasurer and/or the SCANZ Inc. Committee have the ability to suspend a branch's authorisation for internet banking if the need arises. A review of the branch's internet banking policy and procedures will then be undertaken.

## **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 SCANZ Financial Policy.

Event Financial Reports must be submitted to the Branch Treasurer at or before the first council meeting following 30 days after the Event. If an Event Financial report cannot be finalised at the first council meeting following 30 days after the event an interim report must be produced for the council meeting, with additional interim reports being produced for every council meeting thereafter until a final report can be produced. If a branch does not have monthly council meetings then the Event Financial report must be submitted to the Branch Treasurer within 30 days of the Event. If an Event Financial report cannot be finalised within 30 days of the Event, an interim report must be produced, with additional interim reports being produced every 30 days 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 by the Corporate Treasurer.

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

Documents for these reviews must be supplied to the Corporate Treasurer no later than 2 (two) months from the date of notification. The cost of providing these documents must be borne by the branch supplying them.

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

### **11.1 EXTRAORDINARY REVIEW OF FINANCIAL RECORDS BY THE TREASURER**

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

## **12. DAY MEMBERSHIP**

For every event held a \$2 day membership levy shall be collected from every person over the age of 18 years attending the event who is not a subscribing, family or associate member of SCA NZ Inc or one of it's affiliated bodies.

The word "event" means any in-garb event meeting the requirements of Corpora II.A, and excludes regular activities such as monthly or weekly fighter practices, branch business meetings, informal classes, etc, as per Corpora II.B.

Events at which no fee is normally collected are exempt from this fee. If there is doubt as to whether an activity is an "event" according to this definition, then the decision shall be made by the SCA NZ Inc committee.

A list of members and non members attending events must be kept. Event reports must include information on day membership in their reports.

Within 30 days of the end of every quarter, the day membership funds collected by the branch shall be remitted to the Corporate Treasurer along with the sign in sheets carrying the details of the people who signed into events during the quarter.

No college branch will be required to collect or remit these funds, nor shall this fund be collected at any event held by a college.

### **13. KINGDOM EVENT LEVY**

Within 30 days of the end of every quarter, the Kingdom Event Levy funds collected by the New Zealand branches shall be remitted to the Corporate Treasurer along with the list of people who attended events during the quarter. The Corporate Treasurer will remit the funds for the New Zealand branches to the New Zealand Kingdom account.

The Corporate Treasurer will send a quarterly report to the Lochac Kingdom Chancellor of the Exchequer on the kingdom levies received that quarter, as well as an update on the New Zealand Kingdom account.

The monies in the New Zealand Kingdom account are to be used at the discretion of the Lochac Kingdom Chancellor of the Exchequer.

### **14. IRD REPORTING REQUIREMENTS**

Branches of the SCA NZ Inc are registered under the SCA NZ Inc. IRD number.

The Corporate Treasurer must produce an income tax return for the Inland Revenue Department by the 30th of June every year. This return must be filed with the Inland Revenue Department by the 7th of July every year. Failure to do so may incur penalties

from the Inland Revenue Department, and are grounds for removal from the position of Corporate Treasurer.

## **15. GST**

SCA NZ Inc. has not registered for GST (Goods and Services Tax) and does not have a GST number. However SCA NZ Inc. has received permission from the Inland Revenue Department for each branch to be treated separately for the purposes of GST if and when a branch does need to register for GST.

All branches that exceed an annual turnover of \$40,000 must file a GST return. Turnover is the total value of taxable supplies for a branch's taxable activities excluding GST. This will equate to the value of all sales and income within a 12 month period, including but not limited to event fees, magazine subscriptions, and fundraising.

Each branch must consider its turnover position at the beginning of each quarter. If a branch's quarterly turnover reaches \$10,000 then the branch must decide whether they expect to maintain that level of turnover all year. If so then that branch will need to register for GST.

If a branch is required to register for GST then the branch reeve must inform the Corporate Treasurer immediately, and apply for registration within 21 days of becoming liable. The Inland Revenue Department may charge penalties if any branch fails to register.

### **15.1 GST REPORTING REQUIREMENTS**

If a branch is required to register for GST then it must follow GST accounting and reporting requirements as set out by the Inland Revenue Department. Failure to do so may incur penalties for the Inland Revenue Department and is grounds for removal from the position as Branch Reeve.

## **16. POLICY REVIEW**

This policy shall be reviewed by the Corporate Treasurer and the Committee at least annually or when requested by a committee member, effective as of the date of first publication.

## **17. VARIANCES TO THIS POLICY**

The Corporate Treasurer on a case-by-case basis may grant variances to Article 2.2 in writing.

Variances to Articles 2 and 9 may be granted in writing by Corporate Treasurer on a case-by-case basis but only for limited periods of time, and subject to review by the Committee.

## **18. DOCUMENT REVISION HISTORY**

- Original Document Issued: December 2004