



**SCOUTS**<sup>®</sup>  
South Africa

# Finance, Fundraising and Administration Policy

Version 3

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## **Preamble**

### **Legal entity**

The Scouting Movement in the Republic of South Africa is represented by a single legal entity, namely SCOUTS South Africa (SSA). All financial accounting and reporting (with the exception of the individual Scout Groups) will be consolidated in the name of SCOUTS South Africa (this will include all national and regional camps, events and training activities, other than those carried out by individual Scout Groups).

### **One Corporate Body**

SSA is one corporate body (refer to the Constitution Article 1) and as such all the component units, including individual Scout Groups, are subject to the Constitution, Organisation Rules and Policies and decisions of the committees set up to operate and administer Scouting in South Africa.

### **One Finance, Fundraising & Administration policy**

There shall be one Finance, Fundraising and Administration policy applicable to both SSA and all its individual Scout Groups. Failure to comply with the policy, procedures and rules as set out will result in that group acting ultra vires to the constitution and accordingly will place that group in bad standing with SSA (refer to the Organisational Rules Section 5).

### **Accountability**

All members who accept positions of financial or administrative responsibility shall be accountable to the Treasurer at the next reporting level. All income and expenditure must be accounted for by way of annual financial statements or financial reports as required by the next reporting level. Such members that accept a position of financial or administrative responsibility are required to make themselves fully acquainted with all the financial policies and procedures of SCOUTS South Africa.

### **Membership Data**

SSA has specifically ruled that the distribution of/ sale of/ trading of/ or any other utilisation of membership data/ lists in exchange for any gain is prohibited. The records of all members are confidential and must under no circumstances be open to the scrutiny of anyone other than those with the authority to do so.

## **Revision Approval**

This revision of the Finance, Fundraising and Administration Policy was approved for publication at the SCOUTS South Africa Executive Committee via email on 30 June 2015 by the committee comprising:

Mr S Vilane; Dr B Hausberger; Mr J Fraser; Dr A Griffiths; Mr K Mdaka; Mr A Petrie; Mr D Robinson; Mr H Sibande; Ms M Siebrits and Mr A Tanner.

# 1. FINANCES

## 1.1. SCOUTS South Africa National Office

### 1.1.1. *Financial reporting*

Accounting records produced in the name of, or on behalf of SCOUTS South Africa (previously South African Scout Association) must be accounted for by way of generally accepted accounting practice. These accounting records must be available at all times in order to allow for the scrutiny thereof by the Scout Executive Committee (Exco) and the Board of SSA (as referred to in the Constitution and Organisational Rules) or any body to which they delegate said authority. The National Office is required to produce annual financial statements in a format approved by the National Finance Committee and signed by an independent firm of auditors and to present this for approval at the Board meeting annually. The annual financial statements as presented will not include the financial statements and assets of individual Scout Groups. The financial year shall close on 30 September. The annual financial statements must be approved by no later than six months after year-end.

### 1.1.2. *Budget Approval*

#### (a) SSA National office

The SSA National Office and all Regions shall present an Exco approved annual budget, at least one month prior to the commencement of the financial year, through the Chief Scout, for approval by the Governing Board of SSA.

#### (b) Properties

As per the SSA Property Policy all properties which fall outside of the Social Partnership Agreement (as referred to in the SSA Constitution) shall present an annual budget to the National Property Committee for approval, at least one month prior to the start of each financial year. The National Property Committee shall not have the authority to approve a loss making budget unless it is a short term loss and is fully motivated.

#### (c) National camps, events and training activities

All national camps, events and training activities shall be self-financing and a budget showing how this is to be achieved shall be the first planning tool for the activity. The Activity organiser will need to determine the closing date for entries and the minimum number of participants to make it financially viable. Should the minimum number for financial viability not be achieved by the closing date the activity will be cancelled. All such activities shall rely solely on funding from participants and/or or donor funding. Prior to the activity taking place, should the National Office be required to release any funding to cover expenditure relating to the activity, such release shall only be made on the basis of registered and paid participants.

All national camps, events and training activities with a budget in excess of R500,000 shall be required to present such budget to the National Finance Committee of SSA for

approval at least three months prior to the activity, and before a fee is set for the activity, whichever comes first.

All national camps, events and training activities with a budget of less than R500,000 shall be required to present such budget to the CEO of SSA for approval at least two months prior to the activity, and before a fee is set for the activity, whichever comes first.

From time to time national events may make a surplus, after having provided for capital expenditure. In this case the surplus should be used to make future events more accessible either through a reduction in the fee for future events or through sponsoring Groups and/or Scouts who may not otherwise be able to attend such events. The plans to use the surplus should be signed off by the National Finance Committee.

### **1.1.3. SARS: Public Benefit Organisation status and Section 18A status**

Only the National Office may issue a Section 18A certificate.

### **1.1.4. Bank accounts**

All bank accounts opened by the National Office shall be opened in the name of SCOUTS South Africa and these must be reported to National Finance Committee on an annual basis, by the 31<sup>st</sup> of October of each year, setting out the account name, number, balance at year-end and the purpose for which that specific account is held.

All National Office bank accounts shall require at least two authorised signatories. Exco will have the authority to appoint signatories to the respective bank accounts. The Chief Executive Officer and Chief Commissioner shall always be signatories to the bank accounts. All cheque and electronic funds transfer payments will require two authorised signatories.

It is noted that all bank accounts are funds of SCOUTS South Africa.

### **1.1.5. Accounting for Reserve Funds**

All reserve funds (being funds held for safekeeping for a specific purpose), with the exception of specific project related funding, will be invested in the Scout Foundation for safe keeping.

### **1.1.6. Membership fee**

An annual membership shall be paid by the National Office to World Organisation of Scout Movements.

### **1.1.7. National Finance Committee**

At National level the Chairman of National Finance Committee (as defined in the Organisational Rules Section 8) shall be responsible for the financial accountability of the National Office. In this regard he/she shall report to Exco and ultimately the Governing Board through the Chief Scout.

## **1.2. Regional camps, events and training activities**

Each Region shall have a Regional Finance Representative who will report to the National Finance Committee. The Regional Finance Representative will be in the position for a maximum of three years. The incumbent will apply for the position and the appointment will be made by the CEO and Chairman of the National Finance Committee as described in Organisational Rules Section 8.5. Their responsibilities will include:

- Approving of budgets for regional camps, events and training activities.
- Assisting in setting budgets for regional camps, events and training activities.
- Signing off of all expenses related to regional camps, events and training activities as per the approved budget of such activities.
- Assisting the region in raising funds for camps, events and training activities.
- Assisting with the management of National Office staff deployed to the regions.
- Working closely with the Regional Commissioner.

All regional camps, events and training activities shall be self-financing and a budget showing how this is to be achieved shall be the first planning tool for the activity. The Activity organisers will need to determine the closing date for entries and the minimum number of participants to make it financially viable. Should the minimum number for financial viability not be achieved by the closing date the activity will be cancelled. All such activities shall rely solely on funding from participants and donor funding. Prior to the activity taking place, should the Regional Office be required to release any funding to cover expenditure relating to the activity, such release shall only be made on the basis of registered and paid participants.

All regional camps, events and training activities with a budget in excess of R500,000 shall be required to present such budget to the National Finance Committee for approval at least three months prior to the activity, and before a fee is set for the activity, whichever comes first.

For practical purposes the National Finance Committee has the right to open a bank account for specific events and appoint signatories for the account, of which the Regional Treasurer will have to be one of the signatories.

From time to time regional events may make a surplus, after having provided for all capital expenditure. In this case the surplus should be used to make future scout events more accessible either through a reduction in the event fee for future events or through sponsoring Groups and/or Scouts who may not otherwise be able to attend such events. The plans to use the surplus should be signed off by the Regional Commissioner.

## **1.3. Individual Scout Groups**

### ***1.3.1. Financial reporting***

The Group Committee shall be responsible for the proper control, administration, and investment of all funds held by, or on behalf of, the Group.

The Group Committee shall also be responsible for the financial accountability of the fixed property and other assets used by or owned by the Group.

All individual Scout Group funds are to be received and accounted for by the Group Treasurer, who shall be responsible for keeping accurate accounting records and for the drafting of annual financial statements of the group.

Accounting records produced in the name of the individual Scout Group must be accounted for by way of standard accounting practice. These accounting records must be available at all times in order to allow for the scrutiny thereof by the Exco, or an Exco appointed representative.

All Groups are required to:

- produce annual financial statements in a format approved by the National Finance Committee, and signed off by an independent person with financial expertise, as well as the Scout Group Leader and the Group Treasurer;
- to present the annual financial statements for approval at the annual general meeting of the Group, School Governing Body or Board of an NGO, whichever is relevant;
- where after the statements are to be submitted to the Regional Office, this must be within 4 months of the financial year end.

The annual financial statements shall incorporate a balance sheet and income statement. The financial year shall close on 30 September.

If the Annual income or expenditure is more than R500,000 a review needs to be carried out by a registered auditor.

### **1.3.2. Budget Approval**

All individual Scout Group camps, events and training activities shall be self-financing and a budget showing how this is to be achieved shall be the first planning tool for the activity. The budget shall be approved by the Group Committee.

### **1.3.3. SARS: Public Benefit Organisation (PBO) status and Section 18A status**

Only SSA National Office may issue a Section 18A certificate. Should a group receive funding where the funder requires a PBO Number or Section 18A certificate then such funds needs to be channelled via SSA National Office, i.e. receipted by SSA and transferred on to the individual Scout Group. Detailed accounting for the funds received will be required annually.

A Section 18A certificate may only be issued for specific categories of donations, which is outlined in Guideline: SCOUTS South Africa Section 18A certificate

#### **1.3.4. Bank accounts**

All bank accounts opened by the individual Scout Group, must be opened in the name of SCOUTS South Africa, followed by the name of the Group. These bank accounts must be reported to the SSA National Office on an annual basis, by the 31<sup>st</sup> of October of each year, setting out the account name, number, balance at year-end and the purpose for which that specific account is held.

All bank accounts shall require at least two authorised signatories. If a group closes, the bank account reverts to SSA National Office as custodian to be kept in reserve for five years. If the individual Scout Group does not open again, the money will be invested in the Scout Foundation.

#### **1.3.5. Accounting for Reserve Funds**

All reserve funds (being funds held for safekeeping for a specific purpose, i.e. property sold) belonging to the individual Scout Group will be invested in the Scout Foundation for safe keeping.

#### **1.3.6. Membership fee**

An annual Social Partnership fee shall be paid to SSA National Office by each individual Scout Group. The amount of the fee shall be agreed on an annual basis by the Exco. The annual Social Partnership fee must be paid on due dates as detailed in the Social Partnership Agreement. Failure to do so within thirty days will result in a written warning being issued to that individual Scout Group where after such shall then be deemed to be in bad standing. Refer to Section 5 in Organisational Rules.

Membership fees at the individual Scout Group level shall be agreed at the annual general meeting of the individual Group's Committee. The Membership fee paid by the members to the individual Scout Group must be used for the development of the activities of the group.

All funds raised by an individual Scout Group will be applied solely for the funding of the group's activities, and must comply with the fundraising requirements of SSA.

### **1.4. Capital Disposals**

From time to time the National Office, Regions and / or Groups may dispose of capital assets which includes properties and other fixed assets.

The property disposals must comply with the required authorisation procedures as set out in the Property Policy.



All capitals funds raised from the disposal of properties and other fixed assets (whose original cost was more than R20 000) must be reserved and be used solely for the future purchase of capital assets and must not be used to fund operational expenditure.

However, up to 50% of the income earned on the capital proceeds may be used for the development of scouting and / or for operational expenses.

### **1.5. The Scout Foundation**

The objective of The Scout Foundation is to generate funds for the financing of SCOUTS South Africa (Article 5) and to manage, secure and invest reserve funds. As such, The Scout Foundation has a fundraising and fund management function.

The Scout Foundation shall hold in trust all monies received from the disposal of Scout fixed properties, wherever they may originate.

- i) Capital proceeds thus realised will be accounted for as a reserve fund under administration in the name of the individual Scout Group or other such unit having disposed of such fixed assets. These funds cannot be distributed without written motivation from the Group and approved by the National Property Committee and Scout EXCO. Investment income not utilised will accrue to the capital balance of that reserve fund.
- ii) 10% of the investment income earned on these funds shall be paid to the account of The Scout Foundation.

### **1.6. Private work**

No member of SSA may use SSA's equipment, property or material for private work or for the raising of funds in a private capacity.

## **2. FUNDRAISING**

The spirit of SSA is that Scouts and Cubs should earn the funds that they raise and not merely solicit money from the public. Scouts in uniform shall not take part in street collections for money either for their own fundraising purposes or for that of others.

No appeals to the public may be made where illegal or undesirable methods of raising funds are proposed.

SSA is an independent legal entity and subject to its Constitution. Fundraising appeals to all of National, Provincial or Local Government must carry the sanction of the Exco. This is to ensure that as an independent entity, SSA is not dependent on/or subject to the control of any form of government office.

### **2.1. Sponsorships and Promotions**

The primary purpose of sponsorship for Scouting is to attract financial funding to assist in the physical, intellectual, spiritual and social development of the youth as well as promote and enhance the image of Scouting.

#### a) Criteria for Acceptance

Scouting will not accept any form of sponsorship/ promotional income from individuals, organisations or companies associated directly (or indirectly) with the following products and services:

- Arms and ammunition
- Illicit Drugs
- Political parties/ services

In addition to the above, SSA will terminate any form of sponsorship with products or services that generate ethical or moral concerns that are in conflict with the values and ethics of Scouting.

All members of SSA acting as such must not countenance, or be concerned in, any public method of fundraising for SSA which is in any way contrary to the law of the land, or is likely to encourage its members in the practice of gambling.

There must be no contravention of the SSA Constitution, Organisational Rules and Policies, in particular reference to the Child Protection and Member Code of Conduct Policy.

#### b) Badge Sponsorship

SSA will proactively seek the sponsorship of activity or interest badges. SSA will not seek support for other badges.

The lower half of the badge may be altered to reflect the name or corporate logo of the company/sponsor on the badge. This must account for no more than 33% of the badge.

Corporate catch phrases or slogans will not be permitted on the badge. Approval of badge alterations will be at the discretion of the Youth Programme Chairperson in conjunction with the SSA National Office.

## **2.2. Donations and Project Funding**

SSA Exco, through the National Office, shall actively seek to raise funds through donations and project funding from companies, trusts and foundations, recognising that funds raised from such organisations need to comply with the criteria for acceptance as set out in 2.1(a) above.

SSA Exco shall encourage all levels of SSA to raise funds by seeking donations, sponsorships, promotions and hosting fundraising activities.

However only the SSA National Office may approach International Funding Agencies, National Scout Organisations, Embassies, Countries and/or the National Lottery Distribution Trust Fund in order to raise funds.

In approaching national Companies and Charitable Trusts/Foundation, the SSA National Office asserts the right to priority if so required.

An individual Scout Group, regional camp, -event, -training activity or -property within SSA which wishes to apply to a national corporate head office within their local boundary, must consult with the SSA National Office prior to making that approach. Unless the SSA National Office has existing ties or is in the process of negotiating a donation/sponsorship/support, the individual Scout Group will be given permission to make such an approach.

An individual Scout Group, regional camp, -event, -training activity or -property within SSA which wishes to apply to a regional office or branch of a national corporate entity, trust, or foundation within their local boundary, must notify the SSA National Office prior to making that approach.

An individual Scout Group, regional camp, -event, -training activity or -property within SSA may not make an approach to organisations outside their boundaries as defined by the Exco.

Individual Scout Groups and regional camp, -event, -training activity or -property within SSA are encouraged to seek advice on fundraising from the SSA National Office. Individual Scout Groups are also encouraged to approach local town Councils.

## **2.3. Accounting for sponsorship and project fundraising**

Where funds are raised for a specific national or regional camp, -event, -training activity or -property within SSA, these funds will be ring-fenced within the financials of SSA and managed as such.

## **2.4. Individual Scout Group Fundraising**

The Group Committee (and in the case of sponsored Groups, the sponsoring authority), shall have the authority to raise funds by any means not in conflict with the Constitution, Organisational Rules and Policies of SSA. However, the term "raising funds" does not include the borrowing of money or the purchase of goods on credit without the prior written consent of the National Finance Committee.

## **3. ADMINISTRATION**

### **3.1. Annual General Meetings**

Every individual Scout Group that forms part of the Community Channel and School Channel shall call for an annual general meeting of its members.

The Group Annual General Meeting shall be held within 3 months of the financial year end (by 31 December).

The business of all AGMs shall include:

- a. the election of officers as set out in the SSA Organisational Rules;
- b. approval of the annual financial statements;
- c. approval of the budget. It must be noted that a loss making budget may not be approved;
- d. agreement on the membership fee for the following year;
- e. any other business approved by the chairman.

### **3.2. Central database**

Every member of SSA, as detailed in the SSA Organisational rules (Section 2), has to be registered on the National database of SSA. Depending on the role performed by an individual, authority to view or edit data will be given.

## **4. INTERPRETATION**

As a point of departure any conflict of interest should be avoided at all costs. Open communication is to be maintained. This policy is subject to the interpretations of the Scout Governing Board as advised by the National Finance Committee should any of its provisions be in dispute.

## **Guideline: SCOUTS South Africa Section 18A Certificate**

The public benefit organisation was approved for purposes of section 18A(1) (a) of the Act and donations to the organisations are tax deductible in the hands of the donors in terms of and subject to the limitations prescribe in section 18A of the Act from 12 December 2011. The approval is ring-fenced and tax deductible receipts may only be issued in respect of the following public benefit activities-

- Community development for poor and needy persons and anti-poverty initiatives, including
  - I) the promotion of community-based projects relating to self-help, empowerment, capacity building, skills development or anti-poverty;
  - II) the provision of training, support or assistance to community based projects contemplated in item (i); or
  - III) the provision of training, support or assistance to emerging micro enterprises to improve capacity to start and manage business, which may include the granting of loans on such conditions as may be prescribed by the Minister by way of regulation.
- The prevention of HIV infection, the provision of preventative and education programmes relating to HIV/AIDS.
- The promotion of, and education and training programmes relating to, environmental awareness, greening, clean-up or sustainable development projects.

## **Amendment Submission Contact Details**

While every attempt is made to ensure that the contents of this policy are correct and consistent at the time of publication, the changing nature of SCOUTS South Africa and the communities that we serve is acknowledged, and as living documents this Policy should and will require correction and amendment from time to time.

Any proposals for amendment of the contents of this policy should be submitted in line with the process described in the standing Organisation Rules in effect at the time of submission of the proposed amendment.

The proposed amendments for this document should be submitted to:

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