SHAAGIRD FOUNDATION



Financial Management Policy

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Shaagird Foundation

1. Preamble

At Shaagird Foundation, we recognize that sound financial management is fundamental to our mission of delivering effective, transparent, and sustainable social impact. As stewards of public trust and donor confidence, we are committed to the highest standards of financial integrity, accountability, and compliance. This policy provides a framework for the prudent and responsible use of the Foundation's financial resources. It outlines the principles, systems, and procedures that govern budgeting, expenditure, accounting, reporting, and oversight. The goal is to ensure that all financial activities are conducted in alignment with legal requirements, donor expectations, and internationally accepted best practices. By adopting and adhering to this Financial Management Policy, Shaagird Foundation seeks to foster a culture of financial discipline, transparency, and ethical stewardship—ensuring that every rupee received is used effectively for the benefit of the communities we serve.

2. Purpose

The purpose of this policy is to ensure that Shaagird Foundation maintains the highest standards of financial accountability, transparency, and integrity in the stewardship of its resources. It outlines the systems, structures, and controls in place to manage income, expenditures, assets, liabilities, and financial reporting in a responsible and ethical manner, in compliance with all applicable laws and donor requirements.

3. Scope

This policy applies to:

- All Board members and Trustees
- Full-time and part-time staff
- Finance and program staff
- Volunteers, consultants, and service providers involved in financial activities
- All financial transactions, grants, donations, procurement, and disbursements made on behalf of the Foundation

4. Financial Governance

4.1 Board Oversight

- The Board of Directors has ultimate responsibility for the financial health of the Foundation.
- The Board approves the annual budget, financial policies, and major expenditures.
- The Finance Committee (or designated financial officer) shall monitor financial performance and provide quarterly reports to the Board.

4.2 Management Accountability

- **The Executive Director is responsible for implementing financial policies, managing day-to-day financial operations, and ensuring compliance.**

- The Finance Manager (or Accountant) is tasked with maintaining accurate records, preparing reports, and ensuring adherence to internal controls.

5. Budgeting

5.1 Annual Budget

- An annual budget shall be developed in consultation with all Departments and approved by the Board before the start of each fiscal year.
- Budgets shall reflect realistic income projections and planned expenditures aligned with strategic priorities.
- Budget performance shall be reviewed quarterly and revised if needed.

5.2 Program Budgets

- Each major program must have a separate budget and cost center.
- Program leads are accountable for spending within budget and must seek prior approval for variances exceeding 10%.

6. Financial Controls

6.1 Segregation of Duties

- Key financial tasks—such as authorization, custody, recording, and reconciliation—shall be assigned to different individuals to reduce the risk of fraud and error.

6.2 Approvals and Authorizations

  - Up to ₹10,000: Program Coordinators
  - ₹10,001 – ₹100,000: Executive Director
  - Above ₹100,000: Requires Board or Finance Committee approval
- All payments require documentation including requisition, invoice, and approval.

7. Accounting and Recordkeeping

7.1 Accounting System

- The Foundation will maintain a double-entry accounting system using Tally, QuickBooks, or any other approved software.
- All transactions shall be entered timely, accurately, and supported by valid documentation.

7.2 Chart of Accounts

- A structured chart of accounts shall be maintained to categorize income, expenses, assets, and liabilities by project and funder.

7.3 Document Retention

- Financial records (vouchers, invoices, receipts, ledgers) shall be retained for a minimum of 5 years.
- All documents must be stored securely, with backup and protection from loss or damage.

8. Reporting

8.1 Internal Reporting

- Monthly: Internal financial statements to management including income-expenditure and cash flow

- Quarterly: Budget-to-actual variance reports to the Board
- Annually: Full financial statements including Balance Sheet and Income & Expenditure Statement

8.2 Donor Reporting

- All donor agreements shall be accompanied by tailored financial reporting formats and timelines.
- Separate ledgers shall be maintained for each grant/project.

8.3 Statutory Reporting

- Annual audited accounts shall be filed with:
  - Income Tax Department (for 12A and 80G compliance)
  - Ministry of Home Affairs (for FCRA, if applicable)
  - Any other regulatory authorities as per Local/State laws

9. Fund Management

9.1 Restricted vs. Unrestricted Funds

- Restricted funds must be spent only for the designated purpose specified by the donor.
- Unrestricted funds may be allocated based on organizational priorities.

9.2 Bank Reconciliation

- Monthly reconciliation of all bank accounts shall be completed and reviewed by the Finance Manager and signed off by the Executive Director.

9.3 Reserves Policy

- The Foundation shall strive to maintain reserve funds equivalent to at least 6 months of operational expenses.
- Reserve funds must not be used without prior Board approval.

10. Asset Management

- All physical assets above ₹5,000 must be recorded in the Asset Register.
- An annual physical verification shall be conducted, and variances reported.
- Assets donated to beneficiaries must be documented with handover receipts.

11. Procurement Policy

- All procurement must be competitive, transparent, and value-driven.
- Quotations:
  - ₹5,000–₹50,000: Minimum two quotations
  - ₹50,001 and above: Minimum three quotations or formal bidding
- Conflict of interest must be declared by procurement committee members

12. Audit and Compliance

12.1 Internal Audit

- An internal audit may be conducted annually or semi-annually to assess compliance with policies, donor rules, and internal controls.

12.2 External Audit

- A registered Chartered Accountant shall conduct the statutory audit at the end of each financial year.

12.3 FCRA and Other Legal Compliances

- If the Foundation receives foreign funding, all FCRA guidelines including designated bank account use, quarterly returns, and Form FC-4 must be followed strictly.

13. Anti-Fraud, Anti-Bribery and Financial Misconduct

- The Foundation maintains a zero-tolerance stance on financial fraud, bribery, and misappropriation.
- Any suspicion or evidence of misconduct must be reported immediately to the Executive Director or via the confidential helpline.
- Disciplinary or legal action will be taken in case of violations.

14. Training and Capacity Building

- All relevant staff shall receive periodic training on financial management, donor compliance, and fraud prevention.
- The Finance Department shall keep abreast of evolving laws and best practices.

15. Policy Review

This Financial Management Policy will be reviewed annually or as needed based on changes in law, regulations, or organizational operations. Updates will be approved by the Board and communicated to all stakeholders.

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