



Financial Policy

Version 1.9

Approved by: The Board of Trustees
Prepared On: September 2023
Next Review: September 2025



1. Introduction

The Finance Department of The Safa Educational Welfare and Charitable Trust (TSEWCT) is responsible for managing the organisation's financial resources. This includes ensuring that revenue generated from various projects and donations received are allocated efficiently, financial transactions and donations received in-kind are recorded accurately, and the organisation complies with all legal and regulatory requirements. The department's role is pivotal in supporting TSEWCT's mission by providing the financial stability necessary to carry out its charitable activities.

1.1 Policy Statement:

TSEWCT is committed to maintaining the highest standards of ethical behaviour and integrity in all financial activities. This policy serves not only states activities against fraud, bribery, corruption, diversion, and money laundering but also as a guide to empowering our employees to maintain these values. We believe that each team member plays a vital role in creating a culture of transparency and accountability. TSEWCT complies with all applicable laws and regulations, including the Prevention of Money Laundering Act (PMLA) 2002, the Foreign Contribution (Regulation) Act (FCRA) 2010, and other relevant anti-corruption, fraud, and financial regulations applicable to all NGO's. Together, through shared responsibility and trust, we will strive to create an environment where both the organisation and its employees thrive in alignment with our core ethical principles.

2. Scope :

This finance policy applies to all employees, board members, consultants or third party contractors who are hired to be exposed to finances of TSEWCT. It encompasses principles related to financial integrity, transparency, accountability, and compliance with legal and regulatory requirements. ensuring that resources are used responsibly and in alignment with TSEWCT's mission.

3. Principles

- Integrity and Ethical Conduct: Ensure and promote honesty, transparency, and ethical behaviour in all financial activities.
- Transparency: Maintain clear, accessible financial records for donors, stakeholders and regulatory bodies making sure communication is transparent and trustworthy.
- Accountability: Ensure all the funds are responsibly managed and aligned with TSEWCT's mission and empower the involved employees to feel accountable for achieving the organisation mission and vision.
- Compliance: Support the whole department in adherence to all relevant financial laws, including PMLA 2002 and FCRA 2010 through regular training assessment and as per given guidelines.



- Risk Management: Implement measures / tools / systems to identify and mitigate financial risks like fraud and money laundering.
- Efficiency in Resource Allocation: Allocate funds effectively to maximise impact and minimise wastage.
- Internal Controls: Establish strong controls to safeguard assets and ensure reliable financial data.
- Confidentiality: Keeping financial data secured with encryption and confidential unless disclosure is legally required.
- Fair Financial Reporting: Prepare accurate, timely financial reports reflecting the organisation's performance and adding the department's contribution to its success.

4. Roles and Responsibilities :

4.1 Head of Department (Senior Accounts Manager's) Responsibilities,

- Financial Oversight: He/She will oversee all accounting and financial activities, ensuring accurate transaction recording and efficient management of the organisation's financial resources. Also making sure that all rules and regulations of the Income Tax Act, 1961; and FCRA Act, 2010 are followed.
- Leadership and Team Management: He/She will lead the finance team, clarifying roles and responsibilities of each individual according to their abilities while mentoring team members to enhance their skills and competencies. Regular encouragement of the team and appreciation of their efforts and creating opportunities to enhance their growth within the organisation.
- Budget Management: Collaborating with all the department heads, He/She will develop and monitor the organisation's budget, ensuring expenditures align with strategic goals of the organisation, later updating the same with the team for smooth execution of the work.
- Audit and Compliance: He/She will conduct internal audits and coordinate for external audits to ensure compliance of financial regulations within the organisation and that of Indian Tax laws and implements internal controls to protect the organisation. He/She must oversee timely filing of regular returns such as TDS, GST, and Income Tax returns, ensuring that all legal and financial obligations are met.
- Financial Analysis and Reporting: He/She will conduct financial analyses and provide comprehensive reports to senior management, ensuring effective and efficient use of financial resources.
- Donations Management: He/She is responsible for managing donor funds and ensuring that funds are utilised according to donor requirements and provide timely reports of their funds utilisation.
- Cash Management: Donations that are received in cash are to be managed by him/her and recorded accurately with transparency and documentation. He/She must also monitor banking relationships and manage financial instruments while complying with Indian regulations, as per Indian Taxation laws and FCRA laws.



- Procurement Oversight: He/She must oversee procurement processes, ensuring that purchases comply with internal policies and financial controls, risk management and are aligned with Indian tax laws.
- Team Management: He/She can recommend adding or removing team members based on their performance subject to management approval or consent. Also he/she must give orientation to the newly added member to the team ensuring they are trained and are aware of the finance policy.

4.2 Account Manager's Responsibilities

- Account Management: Account Managers oversee the management of all financial accounts, including FCRA and Non FCRA accounts, ensuring accurate transaction recording and regular reconciliation.
- Tax and Regulatory Compliance: They will ensure compliance with all tax laws and regulations, staying informed about changes and ensuring timely submission of tax filings for all the accounts.
- Relationship Management: Account Managers maintain strong relationships with internal auditors, tax authorities, vendors, donors, suppliers, contractors and stakeholders, addressing any concerns or issues promptly.
- Financial Processes: They oversee the receipt and payment of funds, ensuring accurate and timely processing, documenting all transactions.
- Reporting: Account Managers prepare financial reports and analyse data, providing insights and recommendations to senior management.
- Team Collaboration: Manager should conduct regular meetings with project accountants to ensure that financial management aligns with project timelines. In addition, collaboration with the fundraising team to manage donor expectations and reporting would enhance the financial planning process.
- Coordination: The Account Manager should take on a greater role in coordinating both internal and external audits, ensuring that all documentation is prepared and accessible for auditors. They should be responsible for ensuring audit findings are addressed and recommendations are implemented in a timely manner.
- Donor - Project specific funds management: The account manager should maintain and report to Senior Accounts Manager and all the stakeholders regarding any donor or project specific funds that needs to be maintained and reported in a timely manner.

4.3 Accountant's Responsibilities

- Financial Transactions: Accountants process and record all financial transactions daily, ensuring accuracy and timeliness in their reporting.
- Bank account reconciliation: the accountant should ensure monthly bank reconciliation and any discrepancies should be reported to the manager or Senior Accounts Manager.
- Salary Disbursements: The accountant should oversee salary disbursement ensuring that salaries are paid on time and in compliance with tax regulations such as ESI, PF, TDS etc.



- Voucher and Receipt Management: They create and manage vouchers and receipts for transactions, ensuring proper documentation and accurate records.
- Reporting and Documentation: Accountants prepare financial reports monthly, quarterly, half yearly or annually for the Account Manager and Senior Accounts Manager, maintaining organised records and ensuring report accuracy.
- Compliance and Procedures: They ensure all financial activities comply with relevant laws, regulations, and internal policies, adhering strictly to established procedures by the respective government bodies and of the organisation.
- Conflict of Interest: Accountants must disclose and document any potential conflicts of interest to the Account Manager, upholding integrity in financial activities.
- Ethical Standards and Whistleblower Protection: With proper training the accountants are expected to maintain high ethical standards and are protected under the Whistleblower Policy when reporting any financial misconduct.
- Data Privacy and Security: They implement security measures to protect financial information, ensuring sensitive data is encrypted, backed up and access to records is restricted to anyone except to relevant people involved.
- Inventory and Asset Management: Accountants are responsible to take inventory and fixed assets into record for tracking, depreciation, appreciation with proper verification. This helps safeguard the organisation assets and ensure proper accounting of assets.
- Petty cash: The accountant should maintain petty cash with proper receipts for day to day petty expenses.

5. Financial Process

5.1. Budgeting:

The Finance Department at TSEWCT plays a crucial role in planning and allocating financial resources, ensuring that funds are used efficiently to support the organisation's charitable activities. The budgeting process aligns with the organisation's mission and complies with legal and regulatory requirements to prevent fraud or misallocation of resources. The team should do a half yearly review on budget to assess the funds position within the organisation and track any financial risks.

5.2. Revenue Generation:

TSEWCT generates revenue through donations, grants, and other fundraising programs, which are managed with strict adherence to the Foreign Contribution Regulation Act (FCRA) 2010 and other relevant laws to ensure transparency and ethical handling of funds.

5.3. Expenditure Management:

The Finance Department is responsible for monitoring all authorised expenses, ensuring that expenditures are in line with the approved budget and financial policies in which the managers and Senior Accounts Manager have pre approved limits up to INR 10,000 and above that the approval of Joint Secretary is required. This includes prevention of any unauthorised use of funds and ensuring that spending aligns with TSEWCT's mission and legal obligations under the Prevention of Money Laundering Act (PMLA) 2002.



5.4. Record Keeping:

Accurate financial records of all transactions, including donations, grants, and operational expenses, are meticulously maintained by the Finance Department to ensure compliance with both internal policies and external legal regulations. This is key to maintaining financial integrity and abiding to the law where 10 years of documents are to be retained.

5.5. Financial Reporting:

Regular (Monthly, Quarterly and Annually) financial reports are prepared to provide transparency to stakeholders, including board members and donors. These reports are crafted to ensure accountability and compliance with anti-corruption and fraud regulations and in compliance with Income tax returns, FCRA Returns, TDS Filings and any other required return.

5.6. Internal Controls:

TSEWCT has implemented stringent internal controls to safeguard its assets, prevent fraud, bribery, corruption, and ensure that financial data remains accurate and secure. The finance policy ensures adherence to ethical standards in financial dealings where the payments are approved by the authority and recorded accurately to avoid financial fraud risk.

5.7. Compliance:

All financial processes within TSEWCT comply with applicable laws and regulations, including PMLA, FCRA, and other financial regulations aimed at preventing money laundering and ensuring financial transparency in non-governmental organisations.

5.8. Audit and Evaluation:

Regular audits (monthly, half yearly and annually), both internal and external, are conducted to assess the financial health of TSEWCT. These audits evaluate compliance with financial policies and regulations, identifying any areas for improvement and ensuring the organisation adheres to ethical financial practices.

6. Anti-Fraud Measures:

- All financial transactions must be accurately recorded, transparent, and verifiable.
- Employees must report any suspected fraudulent activities to the designated authority or through a confidential reporting mechanism.
- Regular internal audits will be conducted to identify and address any potential fraud risks.
- Segregation of duties will be enforced to prevent any individual from having complete control over financial processes.

7. Anti-Bribery and Corruption:

- TSEWCT prohibits the offering, giving, soliciting, or receiving of bribes, kickbacks, or any form of corrupt practices.



- Employees and volunteers must not engage in any activity that could compromise their objectivity or integrity.
- Gifts, hospitality, or benefits received or offered must be of nominal value (not exceeding INR3,000), appropriate, and transparently recorded.
- TSEWCT will conduct due diligence on all third - party partners, vendors, and contractors to ensure compliance with anti - bribery and anti - corruption laws.

8. Anti-Diversion Measures:

- All funds, resources, and aid provided by TSEWCT must be used exclusively for their intended purpose.
- A stringent monitoring system will be in place to ensure that funds are not diverted for personal gain or unauthorised activities. The monitoring system will include regular documentation of all disbursements, periodic internal audits, and beneficiary verification will include:
 - Detailed Record-Keeping: Document all transactions and approvals.
 - Quarterly Internal Audits: Regular checks to ensure fund compliance.
 - Beneficiary Verification: Confirm identity and fund receipt for beneficiaries.
 - Dual Authorisation: Require two approvals for significant transactions.
 - Annual External Audit: Independent review with public reporting for transparency.

9. Anti-Money Laundering (AML):

- TSEWCT complies with relevant anti-money laundering laws and regulations.
- Thorough due diligence will be conducted before accepting funds from donors or partners to ensure the legitimacy of the source of funds.
- All donations and partnerships will undergo Know Your Customer (KYC) and Customer Due Diligence (CDD) checks with proper government identification proofs to verify the identity of donors and the legitimacy of funds. This includes collecting and verifying identification documents and assessing the risk of involvement in money laundering activities.
- Any suspicious financial transactions will be reported to appropriate authorities as required by law.

10. Reporting Mechanisms:

- A confidential reporting mechanism (form in Annexure - I) is in place for employees, volunteers, and stakeholders to report any concerns related to fraud, bribery, corruption, diversion, or money laundering.
- Whistleblowers will be protected from retaliation in accordance with TSEWCT's [Whistleblower Protection Policy](#).
- TSEWCT will maintain an anonymous whistleblowing mechanism for reporting frauds, corruption, or AML violations. All reports will be investigated thoroughly, and findings will be presented to the board of directors for further action.



11. Training and Awareness:

- All employees, volunteers, and relevant stakeholders will receive training on this policy and relevant financial software and the importance of adhering to its principles.
- Regular awareness programs will be conducted to keep everyone informed about the latest anti-fraud, anti-corruption, and AML best practices.
- Periodic internal audits will be conducted to assess the effectiveness of training programs, and updates will be made as necessary to address any gaps in knowledge or compliance.
- Feedback on this policy from the employees will be welcomed by the management and confidentiality will be maintained regarding it.

12. Non-Compliance Consequences:

- Violations of this policy may result in disciplinary action, warnings and if found repeating the same violations will result in termination of employment, volunteer role, or legal action, as found appropriate.
- In case of any violations by any employee, TSEWCT reserves the right to pursue a legal course of action, including civil or criminal prosecution, in accordance with Indian Penal Code.

13. Review and Revision:

- This policy will be reviewed periodically to ensure its effectiveness and alignment with evolving regulatory requirements and organisational needs. If any changes are made after review and revision the revised policy will be shared accordingly with all the responsible stakeholders to keep them updated.

14. Communication and Implementation:

- This policy will be communicated through email and printed copies to all employees, volunteers, partners, and stakeholders.
- It will be available on TSEWCT's website and other internal communication platforms of the organisation.

15. Conclusion:

This Finance Policy ensures the transparent and accountable management of organizational funds, aligning with best practices and legal compliance. Adherence to this policy is essential for sustaining donor trust and achieving our mission.

16. Roles and Responsibilities

- All staff must follow the outlined financial procedures and guidelines.



- Financial oversight is the responsibility of the Finance Department.

17. Review and Updates

This policy will be reviewed as per the mentioned date on the cover to ensure compliance with evolving regulations and organizational needs.



Annexure - I

Confidential Reporting Form

This form is designed to provide employees, volunteers, and stakeholders a secure and confidential way to report concerns related to fraud, bribery, corruption, diversion, or money laundering. The information provided will be treated with strict confidentiality and investigated in accordance with our organization's policies.

Section 1: Reporter Information

Providing your name and contact details is optional. Anonymous reports will still be investigated; however, providing your information may help in clarifying details.

1. Full Name: _____
2. Contact Number: _____
3. Email Address: _____
4. Relationship to the Organization (e.g., Employee, Volunteer, Stakeholder):

5. Would you like your identity to remain confidential?
 Yes
 No

Section 2: Concern Details

1. Type of Concern (tick all that apply):
 Fraud
 Bribery
 Corruption
 Diversion of Resources
 Money Laundering
 Other (please specify): _____
2. Description of the Concern:
(Provide as much detail as possible, including names, dates, locations, amounts, and any other relevant information.)



3. Date(s) of Incident(s): _____

4. How did you become aware of the issue?

5. Are there any witnesses or others involved? If yes, please provide their names and roles (if known):

6. Have you reported this concern to anyone else? If yes, please provide details (e.g., name, position, and date):

Section 3: Supporting Documentation

(Attach any supporting documents, emails, photographs, or other evidence that may assist in the investigation.)

- Documents attached
 - No documents available
-

Section 4: Acknowledgment

By submitting this form, I confirm that the information provided is accurate to the best of my knowledge. I understand that the organization will handle this report in accordance with its policies and applicable laws.

Signature (if not anonymous): _____

Date: _____



Submission Instructions:

Please submit this form via one of the following channels:

- Email: vp@tsewct.org
- Drop-off: Head office, Malakpet at President / Vice President Desk

For any questions about this process, contact: Vice President 9394419813.