



FINANCIAL POLICIES & PROCEDURES - SHAPE ORGANIZATION

Ref No.: LOII/AL/AP/M19

ORGANIZATIONAL PROFILE:

Society for Harmony, Aid and Prosperous Economy (SHAPE) is a Non Profit, Non Sectarian, and Voluntary N.G.O. registered under the Societies Act, 1860 of India. It was registered back in 1987 under the Registrar of Societies, Tamil Nadu State Government of India.

MISSION STATEMENT:

To render holistic economic, environmental and developmental services to the needy.

LEGAL STATUS AND RECOGNITION:

1. Registered with the Ministry of Home Affairs, India under the FCRA rule for receiving foreign funds.
2. Registered with the Income Tax Department of India under 80G to receive domestic donations.
3. Authorized to receive full tax exemptions under the 12AA rule.
4. Holds a Permanent Account Number (PAN) with the Government.

FINANCIAL MEETINGS:

SHAPE conducts two semiannual meetings with the executive committee for budget drawing, policy training, and other financial decisions.

PURPOSE OF POLICY:

The purpose of financial management in the operation of all SHAPE's activities is to fulfill the organization's mission in the most effective and efficient manner and to remain accountable to stakeholders. To accomplish this, SHAPE commits to providing accurate and complete financial data for internal and external use by the Executive Director and the Executive Committee.

AUTHORITY:

The Executive Committee is ultimately responsible for the financial management of the activities. The treasurer is authorized to act on the committee's behalf on financial matters when action required in advance of a meeting of the Executive Committee.

- The Executive Director is responsible for the day-today financial management of the organization. The Board authorizes the Executive Director to hire and supervise staff and independent consultants, pay bills, receive funds. Although any maintenance and transaction regarding the bank has to be signed and authorized by the President and the Secretary.
- The Executive Director is authorized to enter into contracts for activities that have been approved by the Board as a part of budgets or plans.



- The Executive Director is authorized to manage expenses within the parameters of the overall approved budget, reporting to the President and Secretary on variances and the reason for these variances.
- The President and Secretary are authorized on behalf of the Executive Committee to approve any use of the board designated cash reserve fund.

RESPONSIBILITIES:

The Executive Director shall:

- Account for donor restricted and board designated funds separately from general operating funds, and clearly define the restrictions applicable to these funds.
- Report the financial results of SHAPE's operations according to the schedule established by the Executive Committee, but at least half-yearly.
- Pay all obligations and file required reports in a timely manner.
- Make no contractual commitment for bank loans, corporate credit cards, or for real estate leases or purchases without specific approval of the Board.
- Record fixed assets with purchase prices greater than INR 5,000 as capital assets in accounting records.
- Depreciation of capital assets will not exceed five years for furniture and equipment or three years for computer and other technology equipment.
- Obtain competitive bids for items or services costing in excess of INR 5,000 per unit. Selection will be based on cost, service, and other elements of the contract. SHAPE may award the bid to any provider and is not required to accept the lowest cost proposal.

The Executive Committee shall:

- Review financial reports at each board meeting.
- Provide adequate training to members to enable each member to fulfill his or her financial oversight role.

INTERNAL FINANCIAL TRANSACTION:

No advances of funds to employees, officers, or directors are authorized. The Executive Committee is not entitled to receive any funds as honorariums or salaries for their services to SHAPE. Direct and necessary expenses including travel for meetings and other activities related to carrying out responsibilities shall be reimbursed. In no case shall SHAPE borrow funds from any employee, officer, or director of the organization without specific authorization from the Executive Committee.

EXTERNAL FINANCIAL TRANSACTION:

The President and Secretary are authorized on behalf of the executive committee to sign the checks or issue hard cash for external payments including bills, salaries, reimbursements, organizational and other expenses. The project and office staff are authorized to purchase necessary project needs with the prior concern of the Executive Director, Project Coordinator or the Treasurer with regard to who their immediate superior is.



The bill payment/deposit process is as follows:

- Any bill payment or deposit can be made via three modes: cash, check or online transaction.
- In any case, a request has to be submitted to the financial officer who then approves the request and forwards it to the Executive Director.
- The instrument of transaction would then be issued by the Executive Director.

BUDGET:

In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with board-approved priorities, long-range organization goals, and specific five-year objectives, the Executive Director shall:

- Submit operating and capital budgets to the Treasurer in time for reasonable approval by the Board prior to each fiscal year.
- Use responsible assumptions and projections as background, with the general goal of an unrestricted surplus.

During budgeting, the treasurer proposes a yearly budget to the executive committee. After a 15 day review period, the board signs or reprocesses the budget to gratify the needs of the stakeholders. The budget will be approved by the President and the Secretary.

GIFT ACCEPTANCE:

SHAPE will accept stock or other negotiable instruments as a vehicle for donors to transfer assets to the organization. Transfer and recording the value of the asset shall be done in a consistent manner and in compliance with accounting standards. The Secretary shall sell any stock given to the organization immediately upon receipt by the organization. SHAPE shall accept contributions of goods or services other than cash that are related to the programs and operations of the organizations. Any other contributions of non-cash items must be reviewed and approved by the Executive Directors before acceptance.

ASSET PROTECTION:

In order to ensure that the assets of SHAPE are adequately protected and maintained, the Executive Director shall:

- Insure against theft and casualty losses to the organization and against liability losses to Board members, staff, or the organization itself to levels indicated in consultation with suitable professional resources.
- Plan and carry out suitable protection and maintenance of property, building, and equipment.
- Avoid actions that would expose the organization, its board, or its staff to claims of liability.
- Protect intellectual property, information, and files from unauthorized access, tampering, loss, or significant damage.
- Receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.



FUNDRAISING:

- SHAPE will draw a clear-cut agreement with earmarked donors and treat the donations as requested.
- Any donation received will be handled by the treasurer and kept in the cash reserve of the organization. A written response with the value of the received donation will be forwarded to the Executive Director.

DOCUMENT RETENTION:

- All the financial documents will be audited by the end of each financial year by an external auditing agency.
- The external agency shall file the necessary documents with the income tax department of India on a yearly basis.
- A quarterly report of all the incomes of the Organization will be forwarded to the Indian Ministry of Home Affairs by the Secretary of SHAPE.
- Annual report and the consolidated financial statement will be prepared and complied by the Executive Director for any official inquiry or stakeholder request.
- Any stale records of SHAPE will be properly discarded by the Executive Director.