

## **JEEVA JYOTHI**

No. 17A, IInd Cross Street,  
K. K. R. Nagar, Madhavaram,  
Chennai, Tamil Nadu, India

### **FINANCIAL POLICY**

#### **1. Introduction**

Jeeva Jyothi is committed to maintaining transparency, accountability, and ethical financial management to achieve its mission of supporting children, women, persons with disabilities, and promoting environmental sustainability. This policy is designed based on best practices for NGOs and is fully compliant with frameworks such as the Income Tax Act, Foreign Contribution Regulation Act (FCRA), Indian trust Act, and other applicable statutes. It outlines financial procedures, responsibilities, and internal controls to ensure the effective, efficient, and lawful use and reporting of funds.

#### **2. Financial Management Principles**

- Adherence to transparency, accountability, and good governance.
- Full compliance with Indian financial laws and donor requirements.
- Proper documentation and multi-tier approval for all financial activities.
- Effective internal controls to prevent misuse, fraud, or corruption.
- Regular internal checks and statutory audits.
- Adoption of Generally Accepted Accounting Principles (GAAP) in India.

#### **3. Core Functions Include:**

- Cash flow and fund flow management
- Budgeting and planning
- Balance sheet oversight
- Asset and tax management
- Resource mobilisation and utilisation tracking

#### **4. Planning and Budgeting**

- Annual and project-specific budgets shall be prepared by the Finance Committee, validated by management, and approved by the Board of Directors.
- Budgets shall align with strategic goals and donor agreements.
- Significant deviations require re-approval by the Board.
- Budgets shall include operational, programmatic, administrative, and capital expenditure planning.
- Budgeting shall adhere to zero-based or performance-based approaches as applicable.

#### **4. Income and Fundraising**

- All sources of funds—including donations, grants, sponsorships, and government aid—shall be recorded in accordance with applicable Indian laws.
- Income sources shall comply with the provisions under:
- Section 12A and 80G of the Income Tax Act - FCRA (for foreign contributions, if applicable) - CSR compliance under Companies Act 2013 - Funds shall be used strictly for approved charitable purposes. - All income shall be documented and acknowledged with proper receipts and audit trails.

#### **5. Expenditure and Procurement**

- All expenses shall be authorised as per the delegation of financial powers (DoFP). - Procurement shall follow a transparent and competitive process:
- At least three quotations for purchases above ₹25,000 - Tendering or bidding for expenses above ₹1,00,000 - Expenses shall be compliant with: - Section 2(15) and 2(16) of the Income Tax Act - CSR expenditure rules under the Companies Act (where applicable) - All expenditures shall be accompanied by bills, vouchers, and purpose justification.

#### **6. Accounting and Record-Keeping**

- The organisation shall follow accrual-based double-entry bookkeeping.
- All records shall be maintained as per: - Income Tax rules - FCRA record-keeping (if applicable) - Monthly trial balance and quarterly management reports to be prepared. - Books of account shall include: - Cash Book, Ledger, Journal - Fixed Asset Register - Donation Register - Bank Reconciliation Statements - Receipts & Payments Account - Income & Expenditure Account - Balance Sheet

#### **7. Internal Controls**

- Segregation of duties for transaction initiation, approval, and review.
- Periodic internal audit by designated internal auditor. - Cash handling shall be limited; preference given to banking channels.

#### **8. Payroll and Compensation**

- Salaries to comply with market standards and approved organisational pay scales.
- Compliance with labour laws, PF, ESI, gratuity, and TDS regulations as applicable to the NGO.
- Payroll will be processed monthly with documented approvals.
- Volunteer stipends, if any, shall be processed as per prior approvals and agreements.

## **9. Financial Reporting and Audits**

- Annual audited financial statements shall be shared with stakeholders.
- Annual statutory audit by a Chartered Accountant registered under ICAI.
- FCRA audit (if applicable) to be conducted and Form FC-4 submitted timely.
- Quarterly reports will be submitted to the Board.

## **10. Asset Management**

- Asset Register shall be maintained with tagging and valuation.
- Assets shall be used exclusively for charitable purposes.
- Asset disposal shall follow approval procedures and be recorded with justification.
- Depreciation policy shall follow IT rules and accounting standards.

## **11. Fraud Prevention and Whistle-blowing**

- Zero tolerance to fraud, bribery, or financial misconduct.
- Whistle-blower policy shall allow staff to report concerns anonymously.
- An internal committee shall investigate complaints, and serious matters shall be escalated to law enforcement.

## **12. Compliance and Review**

- This policy shall be reviewed annually or upon changes in Indian financial/legal frameworks.
- Mandatory training on financial policy and compliance for all finance personnel and senior staff.
- Changes shall be approved by the Board and communicated to all departments.

**Approval and Implementation** *This Financial Policy is approved by the Board of Directors and effective from 7.6.2025.*

**Signed by:**

Executive Director

**Date:** 7.6.2025