



FINANCIAL POLICY AND PROCEDURES

Balkans Forward Foundation

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1. Purpose

The purpose of this Financial Policy and Procedures document is to ensure that Balkans Forward Foundation (“the Foundation”) manages its financial resources lawfully, responsibly, transparently, and in a manner consistent with its mission, legal obligations, donor requirements, and principles of sound governance.

The Foundation is committed to maintaining high standards of financial integrity, accountability, internal control, and proper stewardship of all funds, assets, and financial commitments.

This policy provides the framework for financial planning, budgeting, expenditure, approvals, record-keeping, reporting, oversight, and financial risk management.

2. Scope

This policy applies to all persons involved in the financial management, authorisation, use, administration, oversight, or reporting of Foundation resources, including the Founder, Board members, Executive Director, staff, consultants, project managers, and any other authorised persons acting on behalf of the Foundation.

It applies to all Foundation funds and resources, regardless of source, including unrestricted funds, donor funds, grants, sponsorships, contributions, and any income generated through Foundation activities.

3. Guiding Principles

The Foundation shall manage its finances in accordance with the principles of legality, transparency, accountability, prudence, proportionality, and proper documentation.

All financial decisions and transactions must serve a legitimate organisational purpose, be properly authorised, be supported by adequate documentation, and be recorded accurately and in a timely manner.

Foundation funds and assets must be used only for approved organisational purposes and not for personal, political, or unauthorised use.

4. Roles and Responsibilities

The Board has overall oversight responsibility for the Foundation's financial governance and sustainability. It approves annual budgets, reviews financial performance, and ensures that appropriate controls and systems are in place.

The Executive Director is responsible for the day-to-day financial management of the Foundation, including budget oversight, expenditure control, compliance with donor and legal obligations, and ensuring that this policy is implemented.

Staff and other authorised persons are responsible for managing funds and expenses within their approved responsibilities, complying with this policy, maintaining supporting documentation, and using Foundation resources responsibly.

Where external accountants, bookkeepers, or financial service providers are engaged, they shall operate under the authority of the Foundation and in accordance with this policy and applicable law.

5. Budgeting and Financial Planning

The Foundation shall prepare an annual organisational budget and, where relevant, project-specific budgets.

Budgets must be realistic, justified, and aligned with planned activities, staffing, operational needs, and available or expected funding.

No expenditure should be made unless there is an approved budget line or specific authorisation to proceed.

Material changes to approved budgets must be reviewed and approved in accordance with internal procedures and donor requirements where applicable.

6. Income and Funding

All income received by the Foundation must be properly recorded, traceable, and used in accordance with the applicable legal, contractual, and donor conditions.

Restricted funding must be used only for the purpose for which it was granted.

The Foundation shall not accept funding that would compromise its independence, integrity, legal compliance, or mission.

All funding agreements, grant arrangements, sponsorships, and significant financial commitments must be reviewed and approved by the appropriate authorised person.

7. Authorisation and Approval of Expenditure

All expenditures must be reasonable, necessary, proportionate, and directly connected to the legitimate work of the Foundation.

Expenditures must be approved in advance by the appropriate authorised person, in line with internal approval levels and delegated authority.

No person may approve a payment or reimbursement to themselves without independent approval.

The Foundation should apply separation of duties where reasonably feasible, particularly in relation to authorisation, payment processing, bookkeeping, and review.

8. Payments and Reimbursements

All payments must be supported by valid invoices, contracts, receipts, or other appropriate documentation.

Payments should, wherever possible, be made through traceable banking channels rather than cash.

Reimbursements must relate to approved Foundation-related expenses, be submitted within a reasonable timeframe, and include clear supporting evidence.

The Foundation may establish separate internal procedures for travel costs, reimbursements, per diems, and procurement.

9. Cash and Bank Management

The Foundation shall maintain appropriate control over bank accounts, cash holdings, and payment instruments.

Bank accounts must be opened and operated only in the name of the Foundation and only by duly authorised persons.

Access to online banking, payment systems, cards, or financial credentials must be restricted and protected.

Cash use should be minimised and allowed only where necessary, lawful, and appropriately documented.

Regular reconciliation of bank accounts and financial records must be carried out.

10. Procurement and Use of Resources

The Foundation shall seek value for money, fairness, and transparency in the procurement of goods and services.

Purchases must be proportionate to operational needs and, where appropriate, based on comparison, documentation, and justification.

Foundation property, equipment, subscriptions, systems, and other resources must be used responsibly and primarily for Foundation purposes.

Any personal use must be limited, lawful, reasonable, and explicitly authorised where relevant.

11. Accounting and Record-Keeping

The Foundation shall maintain complete, accurate, and up-to-date financial records in accordance with applicable law, accounting obligations, donor requirements, and internal controls.

All transactions must be properly recorded and supported by documentation that is sufficient to explain the purpose, amount, date, and approval of the transaction.

No false, misleading, incomplete, or off-the-record financial entries are permitted.

Financial records must be stored securely and retained for the period required by law, donor rules, and internal policy.

12. Financial Reporting

The Foundation shall prepare financial reports that are accurate, timely, and appropriate to internal, legal, donor, and governance needs.

This includes, where applicable, internal budget monitoring, donor financial reports, annual accounts, and other financial reporting required by law or contract.

Financial reports must present a fair and clear picture of the Foundation's financial position and use of funds.

13. Internal Control and Financial Risk

The Foundation shall maintain reasonable and proportionate internal controls to reduce the risk of error, fraud, corruption, unauthorised spending, loss of assets, or financial mismanagement.

This includes oversight, approval controls, supporting documentation, reconciliation, role clarity, and periodic review.

Any suspected financial irregularity, fraud, theft, misuse of funds, or serious control weakness must be reported immediately in accordance with relevant Foundation policies.

14. Conflict of Interest in Financial Matters

All persons involved in financial decisions, procurement, contracting, grant-making, hiring, or reimbursement processes must avoid conflicts of interest and act in the best interest of the Foundation.

Any actual, potential, or perceived conflict of interest must be disclosed and managed in accordance with the Foundation's Conflict of Interest Policy.

No person may use their financial authority or access for private benefit or to favour connected persons or entities.

15. Audit, Review, and Oversight

The Foundation may be subject to internal review, external accounting review, donor verification, or statutory audit, depending on legal obligations, donor requirements, and organisational needs.

All relevant persons must cooperate fully with any legitimate financial review, audit, or verification process and provide access to relevant records and explanations.

The Foundation shall take reasonable steps to address any significant findings, weaknesses, or recommendations arising from such processes.

16. Breach of Policy

Failure to comply with this policy may result in appropriate action, depending on the seriousness of the matter.

This may include corrective measures, reimbursement of unauthorised expenditure, restriction of financial authority, disciplinary action, termination of engagement, recovery procedures, donor notification, or referral to competent authorities where required.

Serious or deliberate misuse of Foundation funds or resources will be treated as a particularly serious breach.

17. Related Policies

This policy should be read together with other relevant Foundation policies, including the Anti-Corruption and Fraud Prevention Policy, Procurement Policy, Conflict of Interest Policy, Whistleblower Protection Policy, Code of Conduct, Data Protection Policy, and any applicable donor or legal requirements.

18. Review of the Policy

This policy shall be reviewed periodically and updated as necessary to reflect legal requirements, donor expectations, organisational development, operational risks, and good governance practice.