



NATURE TRUST

leading towards a better future

FINANCIAL MANAGEMENT & ACCOUNAIBITY POLICY



Effective Date: February 2026

Zero Tolerance for Financial Mismangement

naturetrust.org.in

This **Financial Management & Accountability Policy** for **Nature Trust** is designed to ensure the highest standards of transparency and fiscal discipline. It is aligned with the **Constitution of India**, the **Income Tax Act, 1961**, and the **Tamil Nadu Societies Registration Act/Trust Laws**, ensuring that donor funds are used exclusively for disability welfare, education, and sustainable lifestyle programs.

Financial Management & Accountability Policy

Organization: Nature Trust

Effective Date: February 10, 2026

Primary Objective: To ensure every rupee is utilized ethically, legally, and effectively to fulfill the Trust's mission while maintaining "Zero Tolerance" for financial mismanagement.

1. Constitutional & Legal Framework

Nature Trust adheres to the following mandates:

- **Article 21 (Right to Life):** Recognizing that financial stability is essential to provide life-saving disability aids and therapy.
- **Income Tax Act, Sec 12AB & 80G:** Maintaining strict records to preserve tax-exempt status and provide tax benefits to donors.
- **Section 11(5) Compliance:** Investing surplus funds only in government-approved modes (Scheduled banks, PSUs, etc.).
- **Government of Tamil Nadu Norms:** Complying with state-level auditing requirements for charitable trusts and NGOs.

2. Internal Financial Controls

To prevent fraud and errors, the following controls are mandatory:

- **Segregation of Duties:** The person who authorizes a payment cannot be the same person who records the transaction or manages the bank reconciliation.
- **Dual Signatories:** All bank transactions and cheques above **₹10,000** must require the signatures of at least two authorized Trustees (typically the Managing Trustee and the Treasurer).
- **Voucher System:** No payment shall be made without a valid bill/invoice and a signed payment voucher explaining the purpose of the expense.

3. Budgeting and Procurement

- **Annual Budget:** The Board shall approve an annual budget every March for the following financial year.
- **Procurement Thresholds:**
 - **Up to ₹5,000:** Direct purchase by authorized staff.
 - **₹5,001 to ₹50,000:** Requires at least three competitive quotes to ensure "Value for Money."
 - **Above ₹50,000:** Requires a formal tender process or Board Resolution.
- **Conflict of Interest:** No contract shall be awarded to a relative of a Trustee or staff member without full disclosure and unanimous Board approval.

4. Cash and Bank Management

- **Cash Limit:** To comply with the **Finance Act**, Nature Trust discourages cash transactions. No single cash payment shall exceed **₹2,000**.
- **Digital First:** All major donations and vendor payments must be made via Bank Transfer (NEFT/IMPS/UPI) to ensure a clear audit trail.
- **Petty Cash:** A small petty cash fund (max ₹5,000) will be maintained for daily office utilities, managed by the Accountant and replenished upon submission of bills.

5. Audit and Accountability

- **Internal Audit:** A quarterly internal review of accounts will be conducted by the Treasurer.
- **Statutory Audit:** An independent Chartered Accountant (CA) will conduct an annual audit of the Trust's accounts by September 30th each year.
- **Public Accountability:** Nature Trust will publish a summary of its "Annual Impact & Financial Report" on its website (naturetrust.org.in) to remain transparent to donors and the public.

6. Asset Management

- **Fixed Asset Register:** All equipment (wheelchairs, therapy tools, computers) must be tagged and recorded in the Asset Register.
- **Physical Verification:** A physical count of assets will be conducted every six months to check for damage or loss.

7. Anti-Bribery and Corruption

- Nature Trust prohibits the payment of bribes, kickbacks, or "speed money" to any person or government official.
- Employees found guilty of financial embezzlement will face immediate termination and legal action as per the **Indian Penal Code (IPC)**.