

REPORT ON THE INSPECTION OF RECORDS RELATING TO THE BIOGAS PROJECT UNDERTAKEN BY ACCION FRATERNA (SAHAJEEVAN TRUST) PURSUANT TO THE EMISSION REDUCTIONS PURCHASE AGREEMENT (ERPA) DATED 26TH SEPTEMBER 2014 WITH FAIR CLIMATE SERVICES PRIVATE LIMITED (FCS)

I. Project Progress

Sahajeevan Trust has received an amount of Rs. 85,41,295/- as project advance during the period September 2014 to March 2015, out of the Rs. 2,78,09,446/- earmarked for the first year in the ERPA. Work has commenced on 560 units in 42 villages, of which 40 units have been commissioned up to 31st March 2015. The progress of the project is as follows:

Process	Units	Percentage of completion	Average days from start
Mark	560	100.00%	0
Excavate	558	99.64%	2 days
Supply of Sand	489	87.32%	13 days
Supply of Cement	452	80.71%	14 days
Supply of Bricks	512	91.43%	7 days
Supply of Hardware	452	80.71%	15 days
Supply of Jelly	487	86.96%	11 days
Supply of Concrete	356	63.57%	32 days
Brick Work	353	63.04%	33 days
Plastering	352	62.86%	34 days
Fixing Grill	78	13.93%	57 days
Fill Gobar	78	13.93%	62 days
Supply of Stone	48	8.57%	75 days
Supply of Stove	43	7.68%	78 days
Fixing of Pipe	41	7.32%	79 days
Commissioned	40	7.14%	91 days

II. Bank Account and Books of Account:

1. As mandated by clause 5.5 a. of the ERPA, the designated bank account has been used exclusively for the receipt and utilisation of funds under the ERPA. The only credits to the account are the remittances from FCS, and interest earned thereon. During the period up to 31st March 2015, an amount of Rs. 85,41,295/- has been received by Sahajeevan Trust from FCS, and an amount of Rs. 27,808/- has been earned as bank interest.



2. As required under clause 5.5 b. to f. of the ERPA, Sahajeevan Trust is maintaining separate books of account for the project using Tristle Transact, and the Tristle Biogas Monitoring Solution, wherein only transactions directly related to activities covered under the ERPA are recorded. The staff comprising Case Workers, the Desk Worker (Accounts), and the CDM Manager were found to be conversant and comfortable with using the software application.
3. As per clause 5.5 g. of the ERPA, 'no loans or advances, unless directly related to the implementation of activities covered under this ERPA, shall be given out from this set of books, using moneys received from the Buyer'. However, Sahajeevan Trust has loaned 260 bags of cement to Accion Fraterna on 13/03/2015 out of its stock of cement held in Accion Fraterna's godown.
4. As per clause 5.5 i. of the ERPA, manual stock registers of materials purchased in bulk are to be maintained, and should be identically reflected in the Tristle Transact Biogas Monitoring Solution. Manual stock register is being maintained for stock of cement held. Issues are made from the godown on the basis of indents. On verification, it was found that initial entries in the indents made at the start of the project do not tally with the stock register. Entries in the stock register are made on the basis of details of receipts and issues received from the godown at the end of each month. The frequency of updation of stock records needs to be increased. Entries in the stock register should be made on a daily basis.

While Sahajeevan Trust is holding stock of hardware and stoves, manual stock registers for the same are not being maintained.

Stock records are not updated in the Tristle Transact Biogas Monitoring Solution.

5. Advances are being given to staff to cover program expenditure. These advances, when settled by the submission of bills, are not being closed by means of a journal entry. Instead, a cash receipt is shown for the full amount of the advance given, and expenditure is booked against such cash receipt. This is not an accurate reflection of the transaction and cash flow. Furthermore, advances, in some cases, are settled many months after they are received, and the entire expenditure made against the advance is booked at the time of settlement, resulting in a lengthy delay between the incurring of expenses and the accounting of bills.

III. Information:

1. As per clause 7.2 c. of the ERPA, Sahajeevan Trust has to supply to FCS 20 case studies quarterly of individual end users, and/or their communities, illustrating the beneficial results of the project. However, this has not been done till the date of inspection.
2. As mandated by clause 11. 1. f. of the ERPA, Sahajeevan Trust has been sending periodic reports to FCS in the prescribed format. The CDM Manager sends a report on operations monthly, and the Finance Manager sends financial data on a bi-weekly basis.



IV. Other issues:

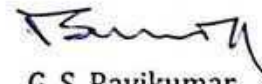
1. For issue of materials, the Case Worker makes a written request, which is verified by the CDM Manager and the Desk Worker (Accounts) independently. They make field trips for the verification. Upon their approval, the matter is forwarded to the Project Director for final approval.

The procedure for making payments to suppliers is similar. The supplier makes a written request, which is verified by the Case Worker, and then forwarded to his superiors. After it is verified and approved by the CDM Manager and the Desk Worker (Accounts), it is sent to the Project Director for final approval.

While this procedure allows for effective internal control, it is suggested that powers to make small issues and payments be delegated, so as to avoid operational delays.

Place: Bangalore

Date: 20/05/2015



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