

REPORT ON THE INSPECTION OF RECORDS RELATING TO THE BIOGAS PROJECT UNDERTAKEN BY COMMUNITY RECONSTRUCTION OF SOCIAL SERVICE (CROSS) PURSUANT TO THE EMISSION REDUCTIONS PURCHASE AGREEMENT (ERPA) DATED 9TH APRIL 2014 WITH FAIR CLIMATE SERVICES PRIVATE LIMITED (FCS)

I. Project Progress

Community Reconstruction of Social Service (CROSS) has received an amount of Rs. 1,03,50,000/- as project advance from Fair Climate Services Private Limited (FCS) during the period up to 31st March 2015, out of the Rs. 2,12,93,600/- earmarked for the first year in the ERPA. Work has commenced on 1322 units in 106 villages, of which 564 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	1322	100%	0
Excavate	1319	99.77%	2 days
Supply of Sand	1262	95.46%	10 days
Supply of Cement	1234	93.34%	14 days
Supply of Bricks	1256	95.01%	11 days
Supply of Hardware	1238	93.65%	14 days
Supply of Jelly	1252	94.70%	13 days
Supply of Concrete	1175	88.88%	27 days
Brick Work	1165	88.12%	29 days
Plastering	1156	87.44%	31 days
Fixing Grill	843	63.77%	71 days
Fill Gobar	725	54.84%	95 days
Supply of Stone	1059	80.11%	34 days
Supply of Stove	646	48.87%	102 days
Fixing of Pipe	633	47.88%	111 days
Commissioned	564	42.66%	124 days

II. Bank Account and Books of Account:

1. As mandated by clause 5.5 a. of the ERPA, the designated savings 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. 1,03,50,000/- has been received by CROSS from FCS, and an amount of Rs. 73,735/- has been earned as bank interest.

As required under clause 5.5 b. to e. of the ERPA, CROSS 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 CDM Manager, and the Desk Worker (Accounts) were found to be conversant and comfortable with using the software application.

3. As per clause 5.5 h. 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 registers are being maintained in respect of gate valves and inlet pipes, safety grills and steel rods, and gas pipes. Other materials are purchased as and when necessary, and supply is done directly at the project site.

A physical verification of stock with the stock records revealed no discrepancies.

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

4. CROSS is maintaining a Fixed Assets Register showing date of acquisition, value, location, and other details of fixed assets.

III. Information:

1. As per clause 7.2 c. of the ERPA, CROSS 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, CROSS has been sending periodic reports to FCS in the prescribed format. The CDM Manager sends a report on operations monthly, and the Desk Worker (Accounts) sends financial data on a bi-weekly basis.

IV. Field Visit:

1. Visits were made to three units under construction, and the progress of work was in conformity with the records maintained.

Unit ID	End User	Village	Stage of completion
3602	S. Savithamma	Murthinayagampalli	Plastering
3624	R. Martha	Murthinayagampalli	Plastering
3853	N. Yamuna	M. Kandriga	Supply of materials

V. Other issues:

1. CROSS has a budget that allows gas pipe of length 20 metres to each End User free of cost. The cost of pipe in excess of 20 metres is to be borne by the End User family.

As per the information and explanations given to us, this is being implemented as follows:

Entry is made in the stock register for issue of only 20 metres of pipe even where the length issued is greater than 20 metres. The Case Worker responsible for the unit collects money for the additional length from the End User before the installation, and



the money is used to replenish the stock, so that the physical stock held is in agreement with the stock as per the books.

Therefore, the entries in the stock register do not accurately represent the receipt and issue of stock, and the monies received from the Case Workers do not appear in the books of account.

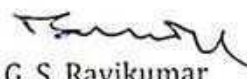
As per the explanations given to us, this is being done because

- a) It is not feasible to have the End Users purchase the additional length of pipe herself/himself
- b) Clause 5.5 c. of the ERPA states that 'no other incomes, even if they be contributions meant for the project, will be received into the designated bank account or the books of account'. Therefore, the monies received towards the pipe from the End User cannot be brought into the books of account.

To overcome these problems, it is recommended that the supplier be asked to supply additional length of pipe directly to the End Users when necessary, and to collect payment and issue bills for the same in the names of the End Users.

Place: Bangalore

Date: 20/05/2015


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