

PARTICIPACION CIUDADANA

FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS “CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE” NO. 517-A-00-09-00103-00, AND “FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC – PHASE II” NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS FROM THE U.S. AGENCY FOR THE INTERNATIONAL DEVELOPMENT (USAID) FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1ST., 2008 TO AUGUST 31, 2009, RESPECTIVELY.

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FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS “CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE” NO. 517-A-00-09-00103-00, AND “FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC – PHASE II” NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS FROM THE U.S. AGENCY FOR THE INTERNATIONAL DEVELOPMENT (USAID) FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1ST., 2008 TO AUGUST 31, 2009, RESPECTIVELY.

Transmittal Letter

Sir:

Lic. Javier de Jesús Cabreja Polanco
Executive Director
Participación Ciudadana
Wenceslao Alvarez Street No. 8,
Zona Universitaria
Santo Domingo, Dominican Republic

Sir:

In relation to our audit on the fund accountability statement of the projects, under the Programs “Civil Society Action for Improved Public Sector Performance” and “Formation of Young Leaders of Political Parties in the Dominican Republic – Phase II - Nos. 517-A-00-09-00103-00 and 517-A-00-09-00105-00, financed with funds from the U.S Agency for the International Development – USAID – Mission to Dominican Republic, and managed by PARTICIPACION CIUDADANA, for the period October 22, 2008 and December 1st, 2008 to August 31, 2009, respectively, we inform the following:

I- BACKGROUND

a) **Audit Background**

On January 6, 2010, our audit firm was contracted by **PARTICIPACION CIUDADANA** to perform an audit on the fund accountability statement of the projects, under the **Programs “Civil Society Action for Improved Public Sector Performance” and “Formation of Young Leaders of Political Parties in the Dominican Republic” Phase II – Nos. 517-A-00-09-00103-00 and 517-A-00-09-00105-00**, financed with funds from the U.S. Agency for International Development –**USAID- Mission to Dominican Republic**, and managed by **PARTICIPACION CIUDADANA**, for the period from October 22, 2008 and December 1st., 2008 to August 31, 2009.

b) Background of Project 517-A-00-09-00103-00

In October 22, 2008, the U.S. Agency for International Development (USAID) subscribed grant agreement No. 517-A-00-09-00103-00 with Participación Ciudadana, which was amended in December 21, 2009 to increase the amount of the agreed Fund from US\$1,350,800 to US\$1,750,800, without altering the budgeted amount of US\$4,169,696, for the implementation of the Program “Civil Society Action for Improved Public Sector Performance” financed with funds of *USAID Mission to Dominican Republic*, and managed by *PARTICIPACION CIUDADANA*, for the period October 22, 2008 to October 31, 2011. From this budgeted amount, US\$4,169,696 corresponds to USAID and US\$1,128,591 corresponds to Participación Ciudadana and the co-executors.

c) Background of Project 517-A-00-09-00105-00

On December 1, 2008, The U.S Agency of International Development (USAID) subscribed the grant agreement No. 517-A-00-09-00105-00 with Participación Ciudadana, to implement Program “*Formation of Young Leaders of Political Parties in the Dominican Republic*” –Phase II-, financed with funds from *USAID Mission to Dominican Republic*, and managed by *PARTICIPACION CIUDADANA*, for the period from December 1, 2008 to September 30, 2012. From the budgeted amount, US\$2,400,000 corresponds to USAID and US\$650,011 corresponds to Participación Ciudadana.

d) Budget of Project 517-A-00-09-00103-00

The life-of-project budget is of US\$4,169,696, contributed by *USAID*, Participación Ciudadana, and the other executors will contribute with US\$1,128,591, as costs sharing.

The budget for the implementation of this activity is as follows:

<i>Item</i>	<i>Justice</i> US\$	<i>Transparency</i> US\$	<i>Total</i> US\$
Personnel	448,984	336,596	785,580
Supplementary benefits	134,695	100,979	235,674
Justice Sector Activities	1,325,542	-	1,325,542
Transparency Sector Activities	-	1,471,646	1,471,646
Operative expenses and equipment	160,627	160,627	321,254
Audit	15,000	15,000	30,000
USAID Contribution	2,084,848	2,084,848	4,169,696

a) **Budget of Project 517-A-00-09-00105-00**

The budget to be contributed by USAID during the life of the Project is of US\$2,400,000. **Participación Ciudadana**, will contribute with US\$650,011, as cost sharing.

<u>Item</u>	<u>US\$</u>
Personnel	1,009,878
Equipment	9,698
Administrative expenses	171,203
Activities	1,209,221
Total USAID funds	<u>2,400,000</u>

b) **Periods of Execution**

The Project No. 517-A-00-09-00103-00 was initiated in October 22, 2008 and will be ended by October 31, 2011, meanwhile the Project No. 517-A-00-09-00105-00 began at December 1, 2008 and will be ended by September 30, 2012.

c) **Objectives of the Projects**

Objective of Project 517-A-00-09-00103-00. The overall objective of civil society of USAID/DR, is the improved organized citizen participation in the implementation of key policy reforms, generating demand for transparency and exercising government oversight. The activities to be performed under this agreement in the areas of transparency and justice will contribute to this objective. The responsibility for the execution of the project is shared with Participación Ciudadana – PC -in relation to transparency and with Fundación Institucionalidad y Justicia –FINJUS-, in relation to justice. They will contribute in the preparation of the proposals, especially in matters related with strengthening of civil society and in the design of monitoring systems and evaluation of the impact of this information.

PC-FINJUS Consortium is ruled under an inter-institutional agreement where responsibilities of each institution before the program and USAID are defined, to keep communication with other participating institutions in a punctual way: to supervise team behavior, coordination and performance of each member, among others.

The objective of Project 517-A-00-09-00105-00 is to contribute to the modernization of political leadership and the party system in the Dominican Republic, specifically their institutionalism, internal democracy, managerial transparency and accountability, strengthening the presence of youth in politics. At the end of the Program, young leaders of political parties and civil society organizations, whose age range between 18 and 45 years, trained by the Program, contribute to the strengthening of their organizations' institutionalism, internal democracy, transparency and accountability.

II- OBJECTIVES

The objective of this engagement is to conduct a financial audit of the USAID resources managed by the Participación Ciudadana under **Programs “Civil Society Action for Improved Public Sector Performance”** and **“Formation of Young Leaders of Political Parties in the Dominican Republic – Phase II”**, Nos. **517-A-00-09-00103-00 y 517-A-00-09-00105-00**, respectively, for the period from October 22, 2008 and December 1, 2008 to August 31, 2009, in accordance with U.S. Government Auditing Standards issued by the U.S. Government Accountability Office and the USAID Office of Inspector General “Guidelines for Financial Audits Contracted by Foreign Recipients”.

The financial audit includes the specific audit of all the recipient’s USAID-funded programs.

Audit of USAID funds

Our audit of funds provided by USAID was performed in accordance with U.S. Government Auditing Standards, and consequently included those tests of the accounting records as deemed necessary under the circumstances, with the objective of:

- A. Express an opinion on whether the fund accountability statement for the USAID-funded programs presents fairly, in all material respects, revenues received, costs incurred, and commodities directly procured by USAID during the period from October 22, 2008 and December 1, 2008 to August 31, 2009 in conformity with the terms of the agreements and generally accepted accounting principles of the cash basis.
- B. Evaluate and obtain a sufficient understanding of the internal control of Participación Ciudadana in relation to USAID-funded programs, assess control risk and identify reportable conditions, including material weaknesses in the internal control. This evaluation includes the internal control related to require contributions of cost sharing.
- C. Perform tests to determine if Participación Ciudadana has complied, in all material respects, with agreement terms and applicable laws and regulations related with USAID-funded programs.
- D. Determine if Participación Ciudadana has taken adequate corrective actions on prior audit report recommendations.

We designed audit steps and procedures in accordance with U.S. Government Auditing Standards, Chapter 4, to provide reasonable assurance of detecting situations or transactions in which fraud or illegal acts have occurred or are likely to have occurred. If such evidence exists, we will contact RIG/San Salvador Office and will exercise due professional care in pursuing indications of possible fraud and illegal acts so as not to interfere with potential future investigations or legal proceeding, or both.

Review of Cost Sharing

To determine whether contributions of cost sharing were provided and accounted for by the recipient in accordance with the terms of the agreement.

III- SCOPE AND AUDIT PROCEDURES

The material audit procedures applied during our review were:

A. Fund Accountability Statement

We examined the Fund Accountability Statement for USAID program including the budgeted amounts by category and major items; the revenues received from USAID/Dominican Republic for the period from October 22, 2008 and December 1, 2008 to August 31, 2009, the costs reported by Participación Ciudadana as incurred during that period, and the commodities directly procured by USAID/Dominican Republic for Participación Ciudadana's use.

1. We examined direct and indirect costs billed to and reimbursed by USAID/Dominican Republic and costs incurred but pending reimbursement by USAID/Dominican Republic, identifying and quantifying any questioned costs. All costs that were not supported with adequate documentation or that were not in accordance with the agreement terms were reported as questioned. Questioned costs that were pending reimbursement by USAID/Dominican Republic were identified in the sections of findings and in the notes to the fund accountability statement as not reimbursed by USAID.
2. We examined accounting and Project ledgers to determine whether costs incurred were properly recorded and paid. We reconciled direct costs billed to and reimbursed by USAID to the project and general accounting ledgers.
3. We reviewed the procedures used to control funds, including their channeling to contracted financial institutions or other implementing entities. We reviewed the bank accounts and the control of those bank accounts and performed positive confirmation of balances, as necessary.
4. We determined whether advances of funds were justified with documentation, including reconciliations of funds advanced, disbursed and available. We ensured that all funding received from USAID/Dominican Republic were appropriately recorded in the project's accounting records and that those records were periodically reconciled with information provided by USAID/Dominican Republic.
5. We determined whether Project incomes and reimbursements, if any, representing recoveries of direct and indirect costs, were recorded as incomes or credits in the cost accounts of the Project.
6. We reviewed procurement procedures and service contracts to determine whether sound commercial practices were used, including competition, reasonable prices, adequate quality controls and quantities received.
7. We reviewed direct salary charges and determined if salary rates were reasonable for the positions, in accordance with those approved by USAID/Dominican Republic and supported by appropriate payroll records. This examination included:
 8. To determine if overtime was charged to the Project and whether it is allowable under the terms of the agreement.
 9. To determine if fringe benefits received by the employees were in accordance with the terms of the agreement.

10. We examined travel and transportation charges to determine whether they were adequately supported and approved.
11. We verified commodities whether procured by the recipient of directly procured by USAID/Dominican Republic for the project's use. We determined if:
 - (a) they were accounted for;
 - (b) control procedures exist and have been place in operation to adequately safeguard the commodities; and
 - (c) commodities were used for intended purposes as established in the agreement.
12. We reviewed technical assistance and services procured by the beneficiary, and those directly procured by USAID/Dominican Republic for the beneficiary's use. We determined if the technical assistance and the services were:
 - a) Used for their intended purposes in accordance with the terms of the project,
 - b) Adequately documented by the beneficiary as required by the terms of the agreement; and
 - c) Properly accounted for.
13. We examined whether the process of biddings and the adjudication of subprojects to contractors were in accordance with the policies and procedures established in the contractual law of Participación Ciudadana.
14. We reviewed periodical technical reports issued by the teams assigned to agreed works, and also observed television, radio and written publications performed as justification of the investment for the Project execution.

B. Internal Control

We examined and evaluated the beneficiary's internal control in relation to USAID/Dominican Republic projects to obtain an understanding of the design of policies and control procedures and to determine whether they have been placed in operation.

1. We obtained an understanding of the internal control in order to plan the audit and to determine the nature, opportunity and reach of the audit tests to be performed.
2. We assessed inherent risk and control risk, and determined the combined risk to prevent or detect material weaknesses.
3. We summarized the risk assessments for each assertion in the audit documentation under the following categories:
 - a) Existence or occurrence;
 - b) Integrity;
 - c) Rights and obligations;
 - d) Valuation or distribution; and
 - e) Presentation and disclosure.

4. We evaluated the control environment, the adequacy of the accounting system and the control procedures. We emphasized the policies and procedures that pertain to the recipient's ability to record, process, summarize and report financial data consistent with the assertions embodied in each account of the fund accountability statement. Our evaluation included, but not was limited to the following:
 - a) To ensure that charges to the program were proper and supported;
 - b) The management of cash on hand and in bank accounts;
 - c) Procurement of goods and services;
 - d) Management of inventory;
 - e) Management of personnel functions such as timekeeping, salaries and benefits;
 - f) Management and disposition of commodities purchased by the projects; and
 - g) To ensure compliance with agreement terms and applicable laws and regulations that collectively have a material impact on the fund accountability statement.
5. It is included in the study and evaluation other policies and procedures that may be relevant if they pertain to data used by us when applying policies and procedures that pertain to non-financial data used in analytical procedures.

C. Compliance with Agreement Terms and Applicable Laws and Regulations

In planning and conducting the tests of compliance, we took in consideration the following:

- 1) We identified the agreement terms and pertinent laws and regulations and determined which of those, if not observed, could have a direct and material effect on the fund accountability statement.
- 2) We listed all standard and program-specific provision contained in the agreements;
- 3) We assessed the inherent and control risk that material noncompliance could occur for each of the compliance requirements listed in 1) (a);
- 4) We determined the nature, timing and extent of audit steps and procedures to test for errors, fraud, and illegal acts that provide reasonable assurance of detecting both intentional and unintentional instances of noncompliance with agreement terms and applicable laws and regulations that could have a material effect on the fund accountability statement. This must be based on the risk assessment in 1.b above;
- 5) We prepared a summary in the audit documentation identifying each of the specific compliance requirements included in the review, the results of the inherent, control and (detection) risk assessments for each compliance requirement, the audit steps used to test for compliance with each of the requirements base don the risk assessments, and the results of the compliance testing for each requirement. The summary was cross-indexed to detailed audit documentation that adequately supports the facts and conclusion contained in the summary document.

- 6) We determined if payments were made in accordance with agreement terms and applicable laws and regulations.
- 7) We determined if funds were expended for purposes not authorized or not in accordance with applicable agreement terms.
- 8) We identified cost not considered appropriated, classifying and explaining why these costs were questioned.
- 9) We determined whether commodities directly procured by USAID/Dominican Republic were not accounted for not been used for agreement purposes.
- 10) We determined if any technical assistance directly procured by USAID/Dominican Republic has not been accounted for or not used for the purposes in accordance with the agreements.
- 11) We determined whether those who received services and benefits were eligible to receive them.
- 12) We determined whether recipient's financial reports and claims for advances and reimbursements contain information supported in books and records.

D. Schedule of Cost Sharing

We examined the Schedule of cost sharing to determine if contributions were performed and accounted for in accordance with the terms of the agreements and Project's needs.

The reportable conditions and findings of internal control related to the provision and the accounting for of the contributions of cost sharing were presented as findings at the internal control report. Any contribution of cost sharing not provided by the beneficiary accordingly to the terms of the agreements and to the project requirements was questioned at the schedule of cost sharing as payable to the beneficiary, Any contribution of cost sharing not accounted for in books in accordance to the terms of the agreements was questioned as not supported expense. Every questioned cost was briefly described in the notes to the schedule of cost sharing and crossed indexed to the corresponding finding in the compliance report.

E. Follow up on Prior Audit Recommendations

We reviewed the status of actions taken on findings and recommendations reported in prior audits.

IV- AUDIT RESULTS

1. Fund Accountability Statement

We examined the fund accountability statement of grant agreements Nos. 517-A-00-09-00103-00 and 517-A-00-09-00105-00 between PARTICIPACION CIUDADANA and USAID, for the period from October 22, 2008 and December 1, 2008 to August 31, 2009 and our unqualified opinion is presented in pages nos. 10 and 11 of this report.

2. Internal Control

Our evaluation determined that PARTICIPACION CIUDADANA has the ability to record incomes and disbursements pertaining to grant agreements No. 517-A-00-09-00103-00 and 517-A-00-09-00105-00 between PARTICIPACION CIUDADANA and USAID.

3. Compliance with Agreement Terms and Applicable Laws and Regulations.

Our examination determined PARTICIPACION CIUDADANA's compliance with agreement terms and applicable laws and regulations related to USAID programs.

We like to indicate that as a result from the Project sub-executors' technical reports we noted a positive development in scopes and effects.

V- RESULTS FROM THE EXAMINATION OF COST SHARING

We examined the Schedule of Cost Sharing of grant agreements Nos. 17-A-00-09-00103-00 and No. 517-A-00-09-00105-00 between PARTICIPACION CIUDADANA and USAID. In our examination it was determined that the contributions of cost sharing were performed and accounted for in accordance with agreement terms and Project needs.

VI- FOLLOW UP ON PREVIOUS AUDIT RECOMMENDATIONS

This is the first audit projects; however we review reports of other auditors on other USAID's fund projects were handled by Participación Ciudadana and FINJUS and have no comments on weaknesses internal control or non-compliance with clauses or laws pertaining to the cooperative agreements.

VII- MANAGER COMMENTS

This report was delivered to PARTICIPACION CIUDADANA and discussed in a meeting in March 30, 2010. PARTICIPACION CIUDADANA's management expressed its conformity on the fund accountability statement's opinion and on the structure of internal control and compliance with agreement terms, laws and applicable regulations.

Santo Domingo, Dominican Republic.
March 05, 2010


Authorized Public Accountants
Register I.C.P.A.R.D. No. 71





FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS “CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE” NO. 517-A-00-09-00103-00, AND “FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC – PHASE II” NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS FROM THE U.S. AGENCY FOR THE INTERNATIONAL DEVELOPMENT (USAID) FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1ST., 2008 TO AUGUST 31, 2009, RESPECTIVELY.

Independent Auditors’ Report n the Fund Accountability Statement

Sir:

Lic. Javier de Jesús Cabreja Polanco

Executive Director

Participación Ciudadana

Wenceslao Alvarez Street, No. 8,

Zona Universitaria

Santo Domingo, Dominican Republic

We have audited the fund accountability statement of Participación Ciudadana, of funds provided by U.S. Agency for International Development, Mission to Dominican Republic (USAID/Dominican Republic) for the Programs “*Civil Society Action for Improved Public Sector Performance*” and “*Formation of Young Leaders of Political Parties in the Dominican Republic –Phase II- Nos. 517-A-00-09-00103-00 and 517-A-00-09-00105-00*”, for the period from October 22, 2008 and December 1, 2008 to August 31, 2009, respectively. The fund accountability statement is a responsibility of Participación Ciudadana’s management. Our responsibility is to express an opinion on the fund accountability statement based on our audit.

Except for what is expressed in the next paragraph, our audit on the fund accountability statement was performed in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States of America. These standards require us to plan and perform an audit to obtain reasonable assurance whether the fund accountability statement is free of material misstatements. An audit involves the examination, based on selective tests, of evidence about the amounts and disclosures in the fund accountability statement. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

Our audit firm has not been an object of a quality control external review by an unaffiliated audit organization, as it is established by the Government Audit Standards, paragraphs 3.50 and 3.55, chapter. This review is not required by the organizations ruling Dominican Republic accounting firms.

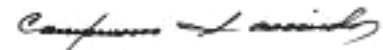
We accept this deviation of the financial audit requirements established by the Government Auditing Standards, but we must inform that our firm participates at the quality control of the international office Leading Edge Alliance, which requires that every three years our office receives a quality control review performed by the affiliated offices.

In our opinion, the accompanying fund accountability statement presents reasonably, in all material respects, program's incomes, incurred costs and reimbursements, commodities and technical assistance directly procured by USAID for the period from October 22, 2008 and December 1, 2008 to August 31, 2009, in accordance to agreement terms and in conformity with the accounting basis described in Note.

As established by the U.S. Government Auditing Standards, we have also delivered our reports dated March 5, 2010, about our consideration on the PARTICIPACION CIUDADANA's internal control on the financial reports and our tests of compliance with certain laws and regulations. These reports are an integral part of our audit performed in accordance to U.S. Government Auditing Standards and should be read in conjunction to the independent auditor report when considering the results of or audit.

The purpose of this report is to inform PARTICIPACION CIUDADANA and USAID. However, upon released by USAID, this report is a matter of public record and its distribution is not limited.

Santo Domingo, Dominican Republic
March 5, 2010.



*Authorized Public Accountants
Register I.C.P.A.R.D. No. 71*



PARTICIPACION CIUDADANA

FINANCIAL AUDIT FOR THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS "CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE" NO. 517-A-00-09-00103-00, AND "FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC - PHASE II", NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS OF THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID) FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1, 2008 TO AUGUST 31, 2009, RESPECTIVELY.

FUND ACCOUNTABILITY STATEMENT

(Expressed in U.S. Dollars)

	<u>Budget of the project</u>	<u>Executed in the period</u>	<u>Questioned Costs</u>		<u>Notes</u>
			<u>Ineligible</u>	<u>Not supported</u>	
INCOMES					
<u>Agreement of Cooperation</u>					
NUM 517-A-00-09-00103-00	4,169,696	534,201	-	-	Note 3
NUM 517-A-00-09-00105-00	<u>2,400,000</u>	<u>269,110</u>	-	-	
Total	6,569,696	803,311			Note 3
LESS, EXPENSES:					
<u>Personnel to implement activities</u>					
NUM 517-A-00-09-00103-00	1,021,254	214,363	-	-	Note 4
NUM 517-A-00-09-00105-00	<u>1,009,878</u>	<u>150,031</u>	-	-	Note 4
	2,031,132	364,394			
<u>Equipment</u>					
NUM 517-A-00-09-00105-00	<u>9,698</u>	<u>1,283</u>	-	-	Notes 4 and 6
	9,698	1,283			
<u>Administrative expenses</u>					
NUM 517-A-00-09-00103-00	321,254	77,398	-	-	Note 4
NUM 517-A-00-09-00105-00	<u>171,203</u>	<u>22,585</u>	-	-	Note 4
	492,457	99,983			
<u>Activities of the project</u>					
NUM 517-A-00-09-00103-00	2,797,188	164,508	-	-	Note 4
NUM 517-A-00-09-00105-00	<u>1,209,221</u>	<u>172,082</u>	-	-	Note 4
	4,006,409	336,590			
<u>Audit</u>					
NUM 517-A-00-09-00103-00	<u>30,000</u>	<u>6,749</u>	-	-	
Total disbursements	<u>6,569,696</u>	<u>808,999</u>	-	-	Note 4
Balance of the agreements	<u>-</u>	<u>(5,688)</u>	-	-	Note 5
Assistance provided by USAID	-	-	-	-	
Total questioned costs			<u>-</u>	<u>-</u>	

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NOTES TO THE FUND ACCOUNTABILITY STATEMENT

NOTE 1--BACKGROUND

a) Background of Project 517-A-00-09-00103-00

On October 22, 2008, the U.S. Agency for International Development (USAID) subscribed grant agreement No. 517-A-00-09-00103-00 with Participación Ciudadana, which was amended on December 21, 2009 to increase the engaged amount of the fund from US\$1,350,800 to US\$1,750,800 without altering the budgeted amount of US\$4,169,696, for the implementation of the Program “*Civil Society Action for Improved Public Sector Performance*” financed with funds from *USAID Mission to the Dominican Republic*, and managed by *PARTICIPACION CIUDADANA*, for the period from October 22, 2008 to October 31, 2011. In relation to the budgeted amount USAID will contribute with US\$4,169,696 and Participación Ciudadana and the co-executors US\$1,128,591.

b) Background of Project 517-A-00-09-00105-00

In December 1, 2008, the U.S. Agency for International Development (USAID) subscribed grant agreement No. 517-A-00-09-00105-00 with Participación Ciudadana, to implement Program “*Formation of Young Leaders of Political Parties in the Dominican Republic – Phase II*” financed with funds of *USAID Mission to the Dominican Republic*, and managed by *PARTICIPACION CIUDADANA*, for the period from December 1, 2008 to September 30, 2012. In relation to the budgeted amount USAID will contribute with US\$2,400,000 and Participación Ciudadana with US\$650,011.

c) Budget of Project 517-A-00-09-00103-00

The budget for the life of the Project is of US\$4,169,696, provided by *USAID*, *PARTICIPACION CIUDADANA* and the other Executors will provide US\$1,128,591 as costs sharing.

The budget for the implementation of the activity is as follows:

<u>Item</u>	<u>Justice</u>	<u>Transparency</u>	<u>Total</u>
Personnel	448,984	336,596	785,580
Supplementary benefits	134,695	100,979	235,674
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Operative expenses	160,627	160,627	321,254
Audit	15,000	15,000	30,000
Total USAID contribution	2,084,848	2,084,848	4,169,696

FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS “CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE” NO. 517-A-00-09-00103-00, AND “FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC – PHASE II” NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS FROM THE U.S. AGENCY FOR THE INTERNATIONAL DEVELOPMENT (USAID) FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1ST., 2008 TO AUGUST 31, 2009, RESPECTIVELY.

NOTES TO THE FUND ACCOUNTABILITY STATEMENT--Continuation

NOTE 1--BACKGROUND-Continuation

d) Budget of Project 517-A-00-09-00105-00

The budget to be provided by USAID for the life of the Project is of US\$2,400,000. *Participación Ciudadana* will provide US\$650,011, as costs sharing.

<u>Item</u>	<u>US\$</u>
Personnel	1,009,878
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Activities	1,209,221
Total USAID funds	<u><u>2,400,000</u></u>

e) Execution Periods

Project No. 517-A-00-09-00103-00 was initiated in December 2008 and will be terminated in October 31, 2011, meanwhile No. 517-A-00-09-00105-00 began on December 1, 2008 and will be terminated in September 30, 2012.

f) Objectives of the Projects

Objective of Project 517-A-00-09-00103-00. The overall objective of USAID/DR, is the improved organized citizen participation in the implementation of key policy reforms, generating demand for transparency and exercising government oversight. The activities to be performed under this agreement in the areas of Transparency and Justice will contribute to this objective. The execution of this Project is shared by *Participación Ciudadana –PC-*, in relation to transparency and *Fundacion Institucionalidad y Justicia –FINJUS-*, in relation to justice. They will contribute in the preparation of the proposals, especially in matters related with strengthening of civil society and in the design of monitoring systems and evaluation of the impact of this information.

PC-FINJUS Consortium is ruled under an inter-institutional agreement where responsibilities of each institution before the program and USAID are defined, to keep communication with other participating institutions in a punctual way: to supervise team behavior, coordination and performance of each member, among others.

FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS “CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE” NO. 517-A-00-09-00103-00, AND “FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC – PHASE II” NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS FROM THE U.S. AGENCY FOR THE INTERNATIONAL DEVELOPMENT (USAID) FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1ST., 2008 TO AUGUST 31, 2009, RESPECTIVELY.

NOTES TO THE FUND ACCOUNTABILITY STATEMENT--Continuation

NOTE 1--BACKGROUND--Continuation

The objective of Project 517-A-00-09-00105-00 is to contribute to the modernization of political leadership and the party system in the Dominican Republic, specifically their institutionalism, internal democracy, managerial transparency and accountability, strengthening the presence of youth in politics. At the end of the Program, young leaders of political parties and civil society organizations, whose age range between 18 and 45 years, trained by the Program, contribute to the strengthening of their organizations’ institutionalism, internal democracy, transparency and accountability.

NOTE 2--ACCOUNTING POLICIES

The fund accountability statement was provided by PARTICIPACION CIUDADANA of projects under the Programs “*Civil Society Action for Improved Public Sector Performance*” and “*Formation of Young Leaders of Political Parties in the Dominican Republic – Phase II* – Nos. 517-A-00-09-00103-00 and 517-A-00-09-00105-00, financed with USAID- *Mission to Dominican Republic*’s funds, and managed by PARTICIPACION CIUDADANA, for the period from October 22, 2008 and December 1, 2008 to August 31, 2009, respectively. The significant accounting policies, adopted by PARTICIPACION CIUDADANA’s management are summarized as follows:

a) Accounting Basis

PARTICIPACION CIUDADANA uses an accounting basis in cash to prepare the financial statements, which is a comprehensive accounting basis that differs from the generally accepted accounting principles. When using the cash basis incomes are recognized when received and costs and expenses are recognized when paid.

b) Currency

The funds received by Participación Ciudadana are record in DR\$ and the fund accountability statement and the Schedule of Cost Sharing are expressed in US\$. The exchange rate used was determined dividing amounts received in Dominican pesos between its equivalents in dollars received during the period. (See Note 3)

c) Budget of the Programs

The budget of the program shown in the fund accountability statement presents incomes and disbursements approved by USAID for the accomplishment of the Project during the period of execution.

d) Disbursements

The disbursements are identified by categories of the budgets based in activities performed in each Project.

FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS “CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE” NO. 517-A-00-09-00103-00, AND “FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC – PHASE II” NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS FROM THE U.S. AGENCY FOR THE INTERNATIONAL DEVELOPMENT (USAID) FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1ST., 2008 TO AUGUST 31, 2009, RESPECTIVELY.

NOTES TO THE FUND ACCOUNTABILITY STATEMENT--Continuation

NOTE 2--ACCOUNTING POLICIES--Continuation

e) Physical Verification of the Project

As part of the procedures of our audit we made sure of identifying that the beneficiaries of the projects correspond to the persons located in these places, and also to refer the obtained reports from the sub-executors of field works against books and to determine the benefits given to the agreed zones by these projects.

NOTE 3--INCOMES

The detail of incomes received from Project 517-A-00-09-00103-00, during the period from October 22, 2008 to August 31, 2009 and confirmed by USAID (Dominican Republic) is as follows:

<u>Date</u>	<u>Value US\$</u>	<u>Value DR\$</u>	<u>Exchange Rate</u>
11/28/2008	203,744	7,163,640	35.16
03/04/2009	50,062	1,778,215	35.52
04/07/2009	29,164	1,041,462	35.71
04/29/2009	44,165	1,577,126	35.71
06/08/2009	29,494	1,059,410	35.92
06/30/2009	92,946	3,338,637	35.92
07/22/2009	84,626	3,039,769	35.92
	534,201	18,998,259	35.56387764

During the period Participación Ciudadana transferred to Fundación Institucionalidad y Justicia -FINJUS- the amount of RD\$8,052,179 (US\$226,415), for the execution of the activities of justice agreed in the project.

The detail of incomes received for project 517-A-00-09-00105-00, during the period December 1, 2008 to August 31, 2009 and confirmed by USAID (Dominican Republic), is as follows:

<u>Date</u>	<u>Value US\$</u>	<u>Value RD\$</u>	<u>Exchange Rate</u>
12/31/2008	36,434	1,286,866	35.32
02/25/2009	71,454	2,538,040	35.52
03/26/2009	7,457	264,889	35.52
04/27/2009	16,915	604,042	35.71
05/29/2009	39,097	1,404,364	35.92
06/30/2009	48,627	1,746,680	35.92
07/21/2009	49,126	1,764,621	35.92
	269,110	9,609,502	35.70845379

PARTICIPACION CIUDADANA

FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMAS "CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE" NO. 517-1-00-09-00103-00, AND "FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC - PHASE II" NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS OF THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID), FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1, 2008 TO AUGUST 31, 2009, RESPECTIVELY.

NOTES TO THE FUND ACCOUNTABILITY STATEMENT--Continuation

NOTE 4--DISBURSEMENTS

The detail of disbursements in accordance to the programs' executors during the period, is as follows:

	<i><u>Budget of the period</u></i>	<i><u>Executed USAID</u></i>	<i><u>Available 08/31/2009</u></i>
<u>Personnel to implement the activities</u>			
517-A-00-09-00103-00-PC	207,431	177,111	30,320
517-A-00-09-00103-00-FINJUS	153,875	37,253	116,622
	<u>361,306</u>	<u>214,364</u>	<u>146,942</u>
517-A-00-09-00105-00 PC	202,477	150,031	52,446
sub-total	<u>563,783</u>	<u>364,395</u>	<u>199,388</u>
<u>Equipment</u>			
517-A-00-09-00105-00 PC	303	1,283	(980)
sub-total	<u>303</u>	<u>1,283</u>	<u>(980)</u>
<u>Administrative expenses</u>			
517-A-00-09-00103-00-PC	39,594	30,278	9,316
517-A-00-09-00103-00-FINJUS	48,476	39,009	9,467
517-A-00-09-00103-00-UNIBE	6,000	4,672	1,328
517-A-00-09-00103-00-PC--equipment	5,753	2,655	3,098
517-A-00-09-00103-00-FINJUS--equipment	9,315	784	8,531
	<u>109,138</u>	<u>77,398</u>	<u>31,740</u>
517-A-00-09-00105-00 PC	36,667	22,585	14,082
sub-total	<u>145,805</u>	<u>99,983</u>	<u>45,822</u>
<u>Activities of the project</u>			
517-A-00-09-00103-00-PC	391,133	123,659	267,474
517-A-00-09-00103-00-FINJUS-JUSTICE	306,293	38,373	267,920
517-A-00-09-00103-00-FINJUS-ANTICORRUPTION	12,500	2,476	10,024
517-A-00-09-00103-00-UNIBE-JUSTICE	64,000	-	64,000
	<u>773,926</u>	<u>164,508</u>	<u>609,418</u>
517-A-00-09-00105-00 PC	299,879	172,082	127,797
sub-total	<u>1,073,805</u>	<u>336,590</u>	<u>737,215</u>
<u>Audit</u>			
517-A-00-09-00103 PC	10,000	-	10,000
517-A-00-09-00103 FINJUS	5,000	-	5,000
	<u>15,000</u>	<u>-</u>	<u>15,000</u>
517-A-00-09-00105 PC	15,000	6,749	8,251
sub-total	<u>30,000</u>	<u>6,749</u>	<u>23,251</u>
Total	<u>1,813,696</u>	<u>809,000</u>	<u>1,004,696</u>

PARTICIPACION CIUDADANA

FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS "CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE" AND "FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC - PHASE II -, NOS. 517-A-00-09-00103-00 AND 517-A-00-09-00105-00, FINANCED WITH FUNDS OF THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID), FROM THE PERIOD OCTOBER 22, 2008 AND DECEMBER 1, 2008 TO AUGUST 31, 2009, RESPECTIVELY.

NOTES TO THE FUND ACCOUNTABILITY STATEMENT --Continuation

NOTE 4--DISBURSEMENTS--Continuation

The detail of disbursements by budgeted items of Agreement 517-A-00-09-00103-00 during the period, is as follows:

<u>Agreement 517-A-00-09-00103-00</u>	Values in DR\$			Exchange Rate	Values US\$	
	<u>Participación Ciudadana</u>	<u>Finjus</u>	<u>Unibe</u>			<u>Total</u>
<u>Personnel to implement activities</u>						
Cordinators and technicians	3,642,248	2,656,496	-	6,298,744	35.56387805	177,111
Social benefits	573,358	751,489	-	1,324,847	35.56387805	37,253
	<u>4,215,606</u>	<u>3,407,985</u>	<u>-</u>	<u>7,623,591</u>		<u>214,364</u>
<u>Administrative expenses</u>						
Travels	238,059	-	-	238,059	35.56387805	6,694
PC Computer	-	17,156	-	17,156	35.56387805	482
Color Printer	-	10,718	-	10,718	35.56387805	301
Office equipment	94,418	-	-	94,418	35.56387805	2,655
Local Rent	-	314,223	-	314,223	35.56387805	8,835
Power, water and waste	259,177	215,450	-	474,627	35.56387805	13,346
Telephone, fax and internet	208,130	343,053	159,750	710,933	35.56387805	19,990
Office maintenance	95,484	133,281	-	228,765	35.56387805	6,433
Equipment maintenance	100,810	10,400	-	111,210	35.56387805	3,127
Expendable office material	175,148	99,386	-	274,534	35.56387805	7,719
Software fee	-	40,314	-	40,314	35.56387805	1,134
Web Page	-	156,592	-	156,592	35.56387805	4,403
Messenger service	-	48,689	-	48,689	35.56387805	1,369
Bank charges	-	25,912	6,416	32,328	35.56387805	909
	<u>1,171,226</u>	<u>1,415,174</u>	<u>166,166</u>	<u>2,752,566</u>		<u>77,398</u>
<u>Project activities</u>						
<u>To promote conscience and access to transparency reforms and presentation of accounts</u>						
<u>To generate the level of civil conscience</u>						
Civil movilization against corruption	337,244	-	-	337,244	35.56387805	9,483
Transparency table Stgo, La Romana, Barahona	1,229,115	-	-	1,229,115	35.56387805	34,561
Publications	17,068	-	-	17,068	35.56387805	480
Systematizing and proposals upgrade	230,218	-	-	230,218	35.56387805	6,473
Technical assistance	5,342	-	-	5,342	35.56387805	150
Meetings	43,173	-	-	43,173	35.56387805	1,214
<u>To improve civil access to information</u>	<u>70,561</u>	<u>-</u>	<u>-</u>	<u>70,561</u>	<u>35.56387805</u>	<u>1,984</u>
	<u>1,932,721</u>	<u>-</u>	<u>-</u>	<u>1,932,721</u>		<u>54,345</u>
<u>To provide technical input to reforms</u>						
To support the process of law implementation purchases and public contracts	165,000	-	-	165,000	35.56387805	4,640
To support technics test mecanisms transparency	170,723	-	-	170,723	35.56387805	4,800
	<u>335,723</u>	<u>-</u>	<u>-</u>	<u>335,723</u>		<u>9,440</u>

PARTICIPACION CIUDADANA, INC.

AUDITORIA FINANCIERA DEL ESTADO DE RENDICION DE CUENTAS PARA LOS PROGRAMAS "ACCION FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS "CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE" AND "FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC-PHASE II" NOS. 517-A-00-09-00103- AND 517-A-00-09-00105-0000, FINANCED WITH U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID), FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1, 2008 TO AUGUST 31, 2009

NOTES TO THE FUND ACCOUNTABILITY STATEMENT--Continuation

NOTE 4-- DISBURSEMENTS

The detail of disbursements by budgeted items of Agreement 517-A-00-09-00103-00 during the period, is as follows:

To exercise supervision of transparency

reforms and accounts surrender

To implement law observatory	574,626	-	-	574,626	35.56387805	16,158
Follow up implementation of Public Function law	46,949	-	-	46,949	35.56387805	1,320
Strengthening corruption denounces	10,591	-	-	10,591	35.56387805	298
	<u>632,166</u>	<u>-</u>	<u>-</u>	<u>632,166</u>		<u>17,776</u>

To develop capacity to create coalitions

Strengthening Civil Forum	20,248	-	-	20,248	35.56387805	569
Conformation of regional webs	87,636	-	-	87,636	35.56387805	2,464
Tables of debates	91,034	-	-	91,034	35.56387805	2,560
Web page maintenance	68,978	-	-	68,978	35.56387805	1,940
Technical assistance	4,100	-	-	4,100	35.56387805	115
Meetings	184,331	-	-	184,331	35.56387805	5,183
Program Launch	138,744	-	-	138,744	35.56387805	3,901
	<u>595,071</u>	<u>-</u>	<u>-</u>	<u>595,071</u>		<u>16,732</u>

Justice Activities

Salaries	555,000	-	-	555,000	35.56387805	15,606
Social benefits	59,915	-	-	59,915	35.56387805	1,685
	<u>614,915</u>	<u>-</u>	<u>-</u>	<u>614,915</u>		<u>17,290</u>

Justice sector activities

Expert groups establishment	-	170,945	-	170,945	35.56387805	4,807
Social activities	-	154,994	-	154,994	35.56387805	4,358
Magistral conference	-	7,800	-	7,800	35.56387805	219
	<u>-</u>	<u>333,739</u>	<u>-</u>	<u>333,739</u>		<u>9,384</u>

Coalition of Workers Promotion

Technical assistance	-	465,000	-	465,000	35.56387805	13,075
Design and pilots implementation	-	87,023	-	87,023	35.56387805	2,447
Web creation support	-	2,321	-	2,321	35.56387805	65
Communication actions	-	221,547	-	221,547	35.56387805	6,230
	<u>-</u>	<u>775,891</u>	<u>-</u>	<u>775,891</u>		<u>21,817</u>

Warning monitoring system

	-	255,063	-	255,063	35.56387805	7,172
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Activities of transparency, promotion

access to information

Monthly round table	-	88,068	-	88,068	35.56387805	2,476
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Total Activities	<u>4,397,785</u>	<u>1,452,761</u>	<u>-</u>	<u>5,850,546</u>		<u>164,508</u>
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Total of Agreement	<u>9,784,617</u>	<u>6,275,920</u>	<u>166,166</u>	<u>16,226,703</u>	35.56387805	<u>456,270</u>
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PARTICIPACION CIUDADANA

FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS "CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE" NO. 517-A-00-09-00103-00, AND "FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC - PHASE II" NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS OF THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID), FOR THE PERIOD OCTOBER 22, 2008 AND DECEMBER 1, 2008 TO AUGUST 31, 2009, RESPECTIVELY.

NOTES TO FUND ACCOUNTABILITY STATEMENT--Continuation

NOTE 4--DISBURSEMENTS-Continuation

The detail of disbursements by budgeted items of the Agreement 517-A-00-09-00105-00 during the period, is as follows:

<u>PARTICIPACION CIUDADANA</u>	<u>Values in DR\$</u>	<u>Exchange Rate</u>	<u>Values in US\$</u>
<u>Personnel to implement activities</u>			
Salaries and wages	4,651,732	35.70845379	130,270
Social benefits	705,651	35.70845379	19,761
	<u>5,357,383</u>		<u>150,031</u>
<u>Equipment</u>			
Office equipment	2,726	35.70845379	76
Computers	43,100	35.70845379	1,207
	<u>45,826</u>		<u>1,283</u>
<u>Administrative expenses</u>			
Travels	85,688	35.70845379	2,400
Local rent	170,000	35.70845379	4,761
Power, water and waste	170,000	35.70845379	4,761
Telephone, fax and internet	272,000	35.70845379	7,617
Office maintenance	7,057	35.70845379	198
Equipment maintenance	8,046	35.70845379	225
Expendable office material	87,395	35.70845379	2,447
Insurances	6,294	35.70845379	176
	<u>806,480</u>	35.70845379	<u>22,585</u>
<u>Activities of the project</u>			
Professional fees	2,235,024	35.70845379	62,591
Meetings and hospitality	3,616,619	35.70845379	101,282
Printed educative material	14,024	35.70845379	393
Publications	279,100	35.70845379	7,816
	<u>6,144,767</u>		<u>172,082</u>
<u>Audit</u>	<u>241,000</u>	35.70845379	<u>6,749</u>
Total	<u>12,595,456</u>		<u>352,730</u>

FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS “CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE” NO. 517-A-00-09-00103-00, AND “FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC – PHASE II” NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS FROM THE U.S. AGENCY FOR THE INTERNATIONAL DEVELOPMENT (USAID) FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1ST., 2008 TO AUGUST 31, 2009, RESPECTIVELY.

NOTES TO THE FUND ACCOUNTABILITY STATEMENT--Continuation

NOTE 5--BALANCE OF THE AGREEMENTS

The balance of the agreements as of August 31, 2009, is as follows:

	<i>Value DR\$</i>	<i>Value US\$</i>
Cash on hand and current accounts		
Petty cash--Participación Ciudadana-Transparency	10,000	280
Pety Cash-Participación Ciudadana-Leaders Formation	10,000	280
Pety Cash - Finjus - Justice	5,000	140
Banco BHD-Participación Ciudadana-Transparency	2,074,042	58,319
Banco Popular - Finjus - Justice	1,268,402	35,665
Banco Popular - Finjus - Unibe - Justice	361,543	10,166
Banco BHD-Participación Ciudadana-Leaders Formation	762,725	21,360
Total of cash and current accounts	4,491,712	126,210
Plus, accounts receivable	2,482	79
Less, accounts payable	(4,333,330)	(121,445)
Less, accruals payable	(375,323)	(10,532)
	(214,459)	(5,688)

The exchange rate applied for each agreement was determined by counting in note 3.

At August 31, 2009 are included in the accounts of collections to pay, interest earned outstanding to reimburse to USAID by agreement 514-A-00-00103-00 for US\$561 (DR\$19,964) by FINJUS, and US\$513 (DR\$18,236) by Participación Ciudadana, while from the agreement 517-A-00-00105-00 by amount of US\$197 (RD\$7,006) by Participación Ciudadana Of these values, Participación Ciudadana will refund all to USAID, less US\$250 that they could use at its administrative costs for each project.

After August 31, 2009, Participación Ciudadana received transfers from USAID/Mission to Dominican Republic in the amount of US\$82,756 (DR\$2,972,582) for agreement 517-A-00-09-00103-00 and US\$47,396 (DR\$1,702,458), both of them received on September 31, 2009. Additionally, during the month of September 2009 were performed payments to the majority of service providers and accumulated retentions up to August 31, 2009.

PARTICIPACION CIUDADANA

FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS "CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE" NO. 517-A-00-09-00103-00, AND "FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC - PHASE II", NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS FROM U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID), FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1, 2008 TO AUGUST 31, 2009, RESPECTIVELY.

NOTES TO FUND ACCOUNTABILITY STATEMENT--Continuation

NOTES 6 - COMMODITIES ACQUIRED WITH PROJECT FUNDS

The detail of acquired commodities in Agreement 517-A-00-09-00105-00 during the period, is as follows:

<u>PARTICIPACION CIUDADANA</u>	<u>Values in DR\$</u>	<u>Exchange Rate</u>	<u>Values in US\$</u>
<u>EQUIPMENT</u>			
Monitor Princenton Graphics LCD 17"	6,500	35.70845379	182
UPS Brand APC of 550	2,726	35.70845379	76
Flat DELL E1609FPW 16"	3,800	35.70845379	106
NE DELL Optiplex	28,305	35.70845379	793
HP P1006 SVND3M13924	4,495	35.70845379	126
	<u>45,826</u>		<u>1,283</u>

ACQUIRED EQUIPMENT INCLUDED IN THE CATEGORY OF ADMINISTRATIVE EXPENSES OF AGREEMENT 517-A-00-09-00103-00

PARTICIPACION CIUDADANA

<u>EQUIPMENT</u>			
Lenox Air conditioning 18000 BTU	22,000	35.56387805	619
Sharp Calculator EL-2630	2,700	35.56387805	76
Metal 4 drawers File 8.5" by 13"	9,280	35.56387805	261
Canon Photocopier IR 1023	43,000	35.56387805	1,209
HP Printer C4280	3,692	35.56387805	104
Metal 4 drawers File 8.5" by 13"	8,816	35.56387805	248
Modular 3 drawers File	4,929	35.56387805	139
	<u>94,417</u>		<u>2,655</u>

FINJUS

<u>EQUIPMENT</u>			
Color Printer HP CP1515N Laser Jet Color	10,718	35.56387805	302
PC part for reparation	17,156	35.56387805	482
	<u>27,874</u>		<u>784</u>



FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS “CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE” NO. 517-A-00-09-00103-00, AND “FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC – PHASE II” NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS FROM THE U.S. AGENCY FOR THE INTERNATIONAL DEVELOPMENT (USAID) FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1ST., 2008 TO AUGUST 31, 2009, RESPECTIVELY.

Independent Auditors Report on the Schedule of Cost Sharing

Sir:

Lic Javier de Jesús Cabreja Polanco
Executive Director
Participación Ciudadana
Wenceslao Alvarez Street No. 8,
Zona Universitaria
Santo Domingo, Dominican Republic

Sir:

We have examined the Schedule of cost sharing of Participación Ciudadana, of funds provided from the U.S. Agency for International Development, Mission Dominican Republic (USAID/Dominican Republic) for the Programs ***“Civil Society Action for Improved Public Sector Performance” and “Formation of Young Leaders of Political Parties in the Dominican republic – Phase II – Nos. 517-A-00-09-00103-00 and 517-A-00-09-00105-00***, for the period October 22, 2008 and December 1, 2008 and August 31, 2009, respectively. Our examination was performed in accordance with the standards established by the American Institute of Certified public Accountants (AICPA). The purpose of our examination was to determine if the schedule of cost sharing is presented in accordance with the accounting basis described in Note A, We also considered the internal controls related to the provision and accounting of the contributions of costs sharing.

A review mainly consists of interviews to beneficiary’s personnel and the application of analytical procedures to the financial information. A review has a more limited scope than a test, which objective is to express an opinion on the Schedule of cost sharing. Therefore, we did not express an opinion.

Based in our examination, there was no evidence that make us believe that PARTICIPACION CIUDADANA, is not reasonably presenting the schedule of cost sharing, in all material respects, accordingly to the accounting basis used to prepare the schedule of cost sharing.

This report is intended to inform PARTICIPACION CIUDADANA and the *U.S Agency for the International Development (USAID)*. However, once released by USAID, this report is a matter of public record and its distribution is not limited.

Campesano & Asociados

Authorized Public Accountants
Register I.C.P.A.R.D. No. 71

Santo Domingo, Dominican Republic
March 5, 2010



PARTICIPACION CIUDADANA

FINANCIAL AUDIT OF THE FUND ACCOUTABILITY STATEMENT FOR THE PROGRAMS "CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE" NO. 517-A-00-00103-00, AND "FORMATION OF YOUG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC--PHASE II" NO. 517-00-09-00105-00, FINANCED WITH FUNDS OF THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID), FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1, 2008 TO AUGUST 31, 2009, RESPECTIVELY.

SCHEDULE OF COST SHARING CONTRIBUTIONS PARTICIPACION CIUDADANA, FINJUS AND UNIBE

(Expressed in U.S. Dollars)

	<i>Budget of the project</i>		<i>Questioned Costs</i>		<i>Notes</i>
			<i>Ineligible</i>	<i>Not supported</i>	
	<i>Executed</i>				
<u>Personnel to implement Activities</u>					
NUM 517-A-00-09-00103-00	437,889	131,741	-	-	
NUM 517-A-00-09-00105-00	168,552	102,126	-	-	
	<u>606,441</u>	<u>233,867</u>			
<u>Equipment</u>					
NUM 517-A-00-09-00105-00	32,000	9,746	-	-	
	<u>32,000</u>	<u>9,746</u>			
<u>Administrative expenses</u>					
NUM 517-A-00-09-00103-00	204,600	45,688	-	-	
NUM 517-A-00-09-00105-00	79,200	28,060	-	-	
	<u>283,800</u>	<u>73,748</u>			
<u>Activities of the project</u>					
NUM 517-A-00-09-00103-00	486,101	316,585	-	-	
NUM 517-A-00-09-00105-00	370,259	224,010	-	-	
	<u>856,360</u>	<u>540,595</u>			
			-	-	
Total disbursements	<u>1,778,601</u>	<u>857,956</u>	<u>-</u>	<u>-</u>	

The approved budget for cost sharing does not include budget lines for its application.

The budget presented for budget lines has been calculated on the basis of applying the percentage of the disbursement item between the amount disbursed.

PARTICIPACION CIUDADANA

FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS " CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE" NO. 517-1-00-09-00103-00, AND "FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC - PHASE II" NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS OF THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID), FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1, 2008 AND AUGUST 31, 2009, RESPECTIVELY.

**SCHEDULE OF COST SHARING CONTRIBUTIONS PARTICIPACION CIUDADANA,
FINJUS AND UNIBE--Continuation**

(Expressed in U.S. Dollars)

	<u>Budget of the period</u>	<u>Executed</u>	<u>Available 08/31/2009</u>
<u><i>Personnel to implement activities</i></u>			
517-A-00-09-00103-00-PC -TRANSPARENCY	141,528	46,654	94,874
517-A-00-09-00103-00-FINJUS-JUSTICE	257,121	74,587	182,534
517-A-00-09-00103-00-UNIBE-JUSTICE	36,000	10,500	25,500
517-A-00-09-00103-00-INTEC-JUSTICE	3,240	-	3,240
	<u>437,889</u>	<u>131,741</u>	<u>306,148</u>
517-A-00-09-00105-00 PC --FORMATION OF LEADERS	168,552	102,126	66,426
sub-total	<u>606,441</u>	<u>233,867</u>	<u>372,574</u>
<u><i>Equipment</i></u>			
517-A-00-09-00105-00 PC --FORMATION OF LEADERS	32,000	9,746	22,254
sub-total	<u>32,000</u>	<u>9,746</u>	<u>22,254</u>
<u><i>Administrative expenses</i></u>			
517-A-00-09-00103-00-PC -TRANSPARENCY	48,000	1,688	46,312
517-A-00-09-00103-00-FINJUS-JUSTICE	133,200	38,750	94,450
517-A-00-09-00103-00-UNIBE-JUSTICE	18,000	5,250	12,750
517-A-00-09-00103-00-INTEC-JUSTICE	5,400	-	5,400
	<u>204,600</u>	<u>45,688</u>	<u>158,912</u>
517-A-00-09-00105-00 PC --FORMATION OF LEADERS	79,200	28,060	51,140
sub-total	<u>283,800</u>	<u>73,748</u>	<u>210,052</u>
<u><i>Activities of the project</i></u>			
517-A-00-09-00103-00-PC -TRANSPARENCY	299,101	164,445	134,656
517-A-00-09-00103-00-FINJUS-JUSTICE	140,000	151,140	(11,140)
517-A-00-09-00103-00-UNIBE-JUSTICE	2,000	1,000	1,000
517-A-00-09-00103-00-INTEC-JUSTICE	45,000	-	45,000
	<u>486,101</u>	<u>316,585</u>	<u>169,516</u>
517-A-00-09-00105-00 PC --FORMATION OF LEADERS	370,259	224,010	146,249
sub-total	<u>856,360</u>	<u>540,595</u>	<u>315,765</u>
	<u>1,778,601</u>	<u>857,956</u>	<u>920,645</u>

PARTICIPACION CIUDADANA

FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS “CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE” NO. 517-A-00-09-00103-00, AND “FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC – PHASE II” NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS FROM THE U.S. AGENCY FOR THE INTERNATIONAL DEVELOPMENT (USAID) FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1ST., 2008 TO AUGUST 31, 2009, RESPECTIVELY.

NOTES TO THE SCHEDULE OF COSTS SHARING

NOTE A--CURRENCY

The amounts presented in the Schedule of costs sharing are in U.S. dollars (US\$). The transactions in Dominican pesos (DR\$) were exchanged into U.S. dollars at the average exchange rate used by USAID for the disbursements during the period from October 22 and December 01 2008 to August 31, 2009.

The Schedule of Cost sharing was prepared based on records maintained at the project's offices, located at PARTICIPACION CIUDADANA and FINJUS.

NOTE B--BUDGET OF THE PROGRAM

When performing the audit of the Project Cost Sharing to be provided by the beneficiary, we identified that in the execution of Agreement 517-A-00-09-00103-00, PARTICIPACION CIUDADANA has provided US\$212,787 of an approved budget of US\$488,639, FINJUS with US\$264,477 of a budget of US\$530,321 and UNIBE with US\$16,750 of a budget of US\$56,000.

While in the Agreement 517-A-00-09-00105-00 PARTICIPACION CIUDADANA has provided US\$363,942 of a budget of US\$650,011

NOTE C--PHYSICAL VERIFICATION OF THE PROJECT

As part of our program of physical review of the audit, we examined publications, watched taped television programs, and examined reports on shop works and round tables meetings, Web visuals, stipulated in both projects. As a result of this verification we crossed references the information acquired in the field with the books, determining the magnitude of the objectives of the projects and the impact of its execution in the community.

PARTICIPACION CIUDADANA

FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS “CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE” NO. 517-A-00-09-00103-00, AND “FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC – PHASE II” NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS FROM THE U.S. AGENCY FOR THE INTERNATIONAL DEVELOPMENT (USAID) FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1ST., 2008 TO AUGUST 31, 2009, RESPECTIVELY.

NOTES TO THE SCHEDULE OF COSTS SHARING--Continuation

NOTE D--BUDGET EXECUTION OF COSTS SHARING

The detail of the budget execution of costs sharing during the period is as follows:

<u>EXECUTORS</u>	<u>Budget Life of Project</u>	<u>Accumulated Execution</u>	<u>Available Budget</u>	<u>%</u>
517-A-00-09-00103-00-Civil Society Action for Improved Public Sector Performance				
Participación Ciudadana	488,629	576,729	(88,100)	118.03
FINJUS	530,321	264,477	265,844	49.87
UNIBE	56,000	16,750	39,250	29.91
INTEC	53,640	-	53,640	-
	<u>1,128,590</u>	<u>857,956</u>	<u>270,634</u>	<u>76</u>
 517-A-00-09-00105-00 PC Formation of Leaders - Participación Ciudadana				
	<u>650,011</u>	<u>363,942</u>	<u>286,069</u>	55.99
	<u>1,778,601</u>	<u>1,221,898</u>	<u>556,703</u>	<u>68.7</u>



FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS “CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE” NO. 517-A-00-09-00103-00, AND “FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC – PHASE II” NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS FROM THE U.S. AGENCY FOR THE INTERNATIONAL DEVELOPMENT (USAID) FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1ST., 2008 TO AUGUST 31, 2009, RESPECTIVELY.

Independent Auditors’ Report on Internal Control

Sir:

Lic Javier de Jesús Cabreja Polanco
Executive Director
Participación Ciudadana
Wenceslao Alvarez Street No. 8,
Zona Universitaria
Santo Domingo, Dominican Republic

Sir:

We have examined the fund accountability statement of Participación Ciudadana, of funds provided by U.S. Agency for International Development, Mission to Dominican Republic (USAID/Dominican Republic) for the Programs *“Civil Society Action for Improved Public Sector Performance”* and *“Formation of young Leaders of Political Parties in the Dominican Republic – Phase II”* – Nos. *517-A-00-09-00103-00* and *517-A-00-09-00105-00*, for the period from October 22, 2008 and December 1, 2008 to August 31, 2009, respectively, and we have issued our report dated March 5, 2010. We have also examined the schedule of costs sharing, separately.

Except for not having an external review on quality control performed by an unaffiliated audit organization, as it is described in the third paragraph of the report on the fund accountability statement, our audit was performed in accordance to U.S. Government Audit Standards, issued by the Comptroller General of the United States of America. When planning and performing our audit we considerate the organization internal control on the financial information (internal control) as the basis to design our audit procedures and to express an opinion on the Financial Statements, but not with the purpose of expressing an opinion on the effectiveness of the organization internal control. However, we did not express an opinion on the effectiveness of the internal control of the organization.

A deficiency of internal control exists when the design and operation of a control does not permit management or employees, in the normal course of their assigned functions, to prevent or detect mistakes opportuno. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected on a timely basis.

Our consideration of the internal control was limited to the purpose described in the first paragraph and was not designed to identify every internal control deficiencies that could be deficiencies, significant deficiencies or significant weaknesses. We did not identify any deficiency in the internal control as significant weakness, in conformity with the precedent paragraph.

This report is prepared to inform PARTICIPACION CIUDADANA and U.S. Agency for International Development (USAID/Dominican Republic). However, upon released by USAID, this report is a matter of public record and its distribution is not limited.

Campuzano & Asociados

*Authorized Public Accountants
Register I.C.P.A.R.D. No. 71*

Santo Domingo, Dominican Republic
March 5, 2010





FINANCIAL AUDIT OF THE FUND ACCOUNTABILITY STATEMENT FOR THE PROGRAMS “CIVIL SOCIETY ACTION FOR IMPROVED PUBLIC SECTOR PERFORMANCE” NO. 517-A-00-09-00103-00, AND “FORMATION OF YOUNG LEADERS OF POLITICAL PARTIES IN THE DOMINICAN REPUBLIC – PHASE II” NO. 517-A-00-09-00105-00, FINANCED WITH FUNDS FROM THE U.S. AGENCY FOR THE INTERNATIONAL DEVELOPMENT (USAID) FOR THE PERIOD FROM OCTOBER 22, 2008 AND DECEMBER 1ST., 2008 TO AUGUST 31, 2009, RESPECTIVELY.

Independent Auditors' Report on Compliance

Sir:

Lic Javier de Jesús Cabreja Polanco
Executive Director
Participación Ciudadana
Wenceslao Alvarez Street No. 8,
Zona Universitaria
Santo Domingo, Dominican Republic

Sir:

We examined the fund accountability statement of Participación Ciudadana, of funds provided by the U.S. Agency for International Development, Mission to Dominican Republic (USAID/Dominican Republic) for the Programs “*Civil Society Action for Improved public Sector Performance*” and “*Formation of Young Leaders of Political Parties in the Dominican Republic – Phase II –*”, Nos. 517-A-00-09-00103-00 y 517-A-00-09-00105-00, for the period from October 22, 2008 and December 1, 2008 to August 31, 2009, respectively, and issued our report dated March 05, 2010. We also examined the schedule of cost sharing separately.

Except for not conducting an external quality control review by an unaffiliated audit organization, as described in our opinion on the fund accountability statement, our audit was performed in accordance to U.S. Government Audit Standards, issued by the Comptroller General of the United States of America. These standards require to plan and perform the audit to obtain a reasonable assurance that the fund accountability statement is free of significant distortions resulting from violations to the terms of the agreement and laws and regulations that have a direct and material effect on the determination of the amounts in the fund accountability statement.

The compliance with the terms of the agreements and with laws and applicable regulations to grant agreements of Participación Ciudadana, is the responsibility of the Executive Direction of PARTICIPACION CIUDADANA. To obtain a reasonable assurance that the fund accountability statement is free of material distortions, we performed PARTICIPACION CIUDADANA'S compliance tests with certain terms of the agreement, laws and regulations. However, our objective was not to express an opinion on the general compliance with those clauses. Therefore, we did not express such opinion. We also performed PARTICIPACION CIUDADANA's compliance with certain terms of the agreements and applicable laws and regulations to contributions of costs sharing.

The results of our tests did not reveal instances of noncompliance that require to be informed under the U.S. Government Audit Standards.

This report is intended to inform PARTICIPACION CIUDADANA and U.S. Agency of International Development (USAID). However, upon released by USAID, this report is a matter of public record and its distribution is not limited.

Campesano & Asociados
Authorized Public Accountants
Register I.C.P.A.R.D. No. 71



Santo Domingo, Dominican Republic
March 5, 2010