

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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

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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 September 1st, 2009 and to August 31, 2010, we inform the following:

I- BACKGROUND

a) **Audit Background**

On August 31, 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 September 1st, 2009 to August 31, 2010.

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; later by amendment dated June 8, 2010 was increased to US\$ 2,613,000 as a contribution from USAID and US\$ 650,679 as a contribution of 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 US\$</i>	<i>Transparency US\$</i>	<i>Total US\$</i>
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
<i>USAID Contribution</i>	2,084,848	2,084,848	4,169,696

e) **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. But in date of June 8, 2010 made an amendment to increase the contribution of USAID to US\$ 2,613,000 and Participación Ciudadana to US\$ 650,679 as a cost sharing contribution.

<u>Item</u>	<u>US\$</u>
Personnel	1,066,678
Equipment	17,038
Administrative expenses	171,203
Activities	1,358,081
Total USAID funds	<u><u>2,613,000</u></u>

f) **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.

g) **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 September 1st, 2009 to August 31, 2010, 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 September 1st, 2009 to August 31, 2010 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 September 1st, 2009 to August 31, 2010, 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 September 1st, 2009 to August 31, 2010 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- REVIEW OF COST SHARING RESULTS

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 OF 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- MANAGEMENT COMMENTS

This report was delivered to **PARTICIPACION CIUDADANA** and discussed in a meeting in March 4, 2011. **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.
December 21, 2010

Compañía de Asesores

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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

Independent Auditors’ Report on 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 September 1st, 2009 to August 31, 2010. 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 Fund Accountability 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 September 1st, 2009 to August 31, 2010, 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
December 21, 2010.

Confesor & Asociados
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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

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 TRANSPARENCY	2,084,848	965,328	-	-	Note 3
NUM 517-A-00-09-00103-00 JUSTICE	2,084,848	578,095	-	-	Note 3
	4,169,696	1,543,423			
NUM 517-A-00-09-00105-00	2,613,000	668,290	-	-	Note 3
	6,782,696	2,211,713			
LESS, EXPENSES:					
<u>Personnel to implement activities</u>					
NUM 517-A-00-09-00103-00 TRANSPARENCY	437,575	189,306	-	-	Note 4
NUM 517-A-00-09-00103-00 JUSTICE	583,679	196,639	-	-	Note 4
	1,021,254	385,945			
NUM 517-A-00-09-00105-00	1,066,678	255,107	-	-	Note 4
Sub-total	2,087,932	641,052			
<u>Equipment</u>					
NUM 517-A-00-09-00105-00	17,038	11,159	-	-	Notes 4 and 6
Sub-total	17,038	11,159			
<u>Administrative expenses</u>					
NUM 517-A-00-09-00103-00 TRANSPARENCY	160,627	59,573	-	-	Note 4
NUM 517-A-00-09-00103-00 JUSTICE	160,627	62,739	-	-	Note 4
	321,254	122,312			
NUM 517-A-00-09-00105-00	171,203	33,339	-	-	Note 4
Sub-total	492,457	155,651			
<u>Activities of the project</u>					
NUM 517-A-00-09-00103-00 TRANSPARENCY	1,471,646	770,064	-	-	Note 4
NUM 517-A-00-09-00103-00 JUSTICE	1,325,542	317,150	-	-	Note 4
	2,797,188	1,087,214			
NUM 517-A-00-09-00105-00	1,358,081	282,359	-	-	Note 4
Sub-total	4,155,269	1,369,573			
<u>Audit</u>					
NUM 517-A-00-09-00103-00 TRANSPARENCY	15,000	9,943	-	-	Note 4
NUM 517-A-00-09-00103-00 JUSTICE	15,000	9,943	-	-	Note 4
Sub-total	30,000	19,886			
Total disbursements	6,782,696	2,197,321	-	-	
Balance of the agreements	-	14,392	-	-	Note 5
Assistance provided by USAID					
Total questioned costs			-	-	

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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, but in date of June 8, 2010 made an amendment to increase the contribution of USAID to US\$ 2,613,000 and Participación Ciudadana to US\$ 650,679 as a cost-sharing contribution.

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	<u><u>2,084,848</u></u>	<u><u>2,084,848</u></u>	<u><u>4,169,696</u></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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

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\$2,613,000. *Participación Ciudadana* will provide US\$650,679, as costs sharing.

<u>Item</u>	<u>US\$</u>
Personnel	1,066,678
Equipment	17,038
Administrative expenses	171,203
Activities	1,358,081
Total USAID funds	<u><u>2,613,000</u></u>

e) Execution Periods

Project No. 517-A-00-09-00103-00 was initiated in October 22, 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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

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 September 1st, 2009 to August 31, 2010. 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 Fund Accountability Statement, 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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

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 from September 1st, 2009 to August 31, 2010 and confirmed by USAID (Dominican Republic) is as follows:

<u>Date</u>	<u>Value US\$</u>	<u>Exchange Rate</u>	<u>Value DR\$</u>
09/10/2009	82,756	35.92	2,972,582
10/15/2009	217,032	36.10	7,834,830
11/03/2009	131,339	36.10	4,741,323
12/30/2009	184,931	36.10	6,676,001
02/10/2010	187,100	36.10	6,754,293
03/03/2010	66,406	36.10	2,397,272
03/30/2010	57,366	36.28	2,081,241
05/18/2010	120,105	36.71	4,409,071
06/23/2010	173,187	36.71	6,357,687
07/29/2010	209,870	36.71	7,704,335
07/29/2010	113,331	36.71	4,160,388
	1,543,423	36.34066811	56,089,023

During the period Participación Ciudadana transferred to Fundación Institucionalidad y Justicia -FINJUS- the amount of RD\$19,923,916 (US\$548,254), for the execution of the activities of justice agreed in the 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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

NOTES TO THE FUND ACCOUNTABILITY STATEMENT--Continuation

NOTE 3 – INCOMES--Continuation

The detail of incomes received for project 517-A-00-09-00105-00, during the period from September 1st, 2009 to August 31, 2010 and confirmed by USAID (Dominican Republic), is as follows:

<i>Date</i>	<i>Value US\$</i>	<i>Exchange Rate</i>	<i>Value RD\$</i>
09/10/2009	47,396	35.92	1,702,458
10/07/2009	136,627	36.10	4,932,221
11/02/2009	34,589	36.10	1,248,671
12/01/2009	57,991	36.10	2,093,461
12/22/2009	35,845	36.10	1,294,004
01/28/2010	18,441	36.10	665,735
01/28/2010	41,577	36.10	1,500,939
03/04/2010	40,299	36.28	1,462,032
03/29/2010	51,895	36.28	1,882,752
05/03/2010	33,365	36.49	1,217,475
06/02/2010	40,051	36.71	1,470,276
06/25/2010	37,253	36.71	1,367,549
07/22/2010	92,961	36.71	3,412,606
	668,290	36.28690962	24,250,179

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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

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>Budget of the period</i>	<i>Executed USAID</i>	<i>Available 08/31/2010</i>
<u>Personnel to implement the activities</u>			
517-A-00-09-00103-00-TRANSPARENCY	332,229	189,306	142,923
517-A-00-09-00103-00-JUSTICE	161,544	196,639	(35,095)
	<u>493,773</u>	<u>385,945</u>	<u>107,828</u>
517-A-00-09-00105-00	273,093	255,107	17,986
Sub-total	<u>766,866</u>	<u>641,052</u>	<u>125,814</u>
<u>Equipment</u>			
517-A-00-09-00105-00	14,838	11,159	3,679
Sub-total	<u>14,838</u>	<u>11,159</u>	<u>3,679</u>
<u>Administrative expenses</u>			
517-A-00-09-00103-00-TRANSPARENCY	59,819	59,573	246
517-A-00-09-00103-00-JUSTICE	61,476	62,739	(1,263)
	<u>121,295</u>	<u>122,312</u>	<u>(1,017)</u>
517-A-00-09-00105-00	48,405	33,339	15,066
Sub-total	<u>169,700</u>	<u>155,651</u>	<u>14,049</u>
<u>Activities of the project</u>			
517-A-00-09-00103-00-TRANSPARENCY	919,601	770,064	149,537
517-A-00-09-00103-00-JUSTICE	708,431	317,150	391,281
	<u>1,628,032</u>	<u>1,087,214</u>	<u>540,818</u>
517-A-00-09-00105-00	480,924	282,359	198,565
Sub-total	<u>2,108,956</u>	<u>1,369,573</u>	<u>739,383</u>
<u>Audit</u>			
517-A-00-09-00103-00-TRANSPARENCY	10,000	9,943	57
517-A-00-09-00103-00-JUSTICE	10,000	9,943	57
Sub-total	<u>20,000</u>	<u>19,886</u>	<u>114</u>
TOTAL	<u>3,080,360</u>	<u>2,197,321</u>	<u>883,039</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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

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:

Agreement 517-A-00-09-00103-00	Transparency Activities		Justice Activities		Total	
	RD\$	US\$	RD\$	US\$	RD\$	US\$
<u>Personnel to implement activities</u>						
Cordinators and technicians	5,638,300	155,151	5,930,043	163,179	11,568,343	318,330
Social benefits	1,241,209	34,155	1,215,935	33,460	2,457,144	67,615
	<u>6,879,509</u>	<u>189,306</u>	<u>7,145,978</u>	<u>196,640</u>	<u>14,025,487</u>	<u>385,946</u>
<u>Administrative expenses</u>						
Travels	420,008	11,558	-	-	420,008	11,558
PC Computer	90,558	2,492	215,348	5,926	305,906	8,418
Office equipment	66,435	1,828	25,900	713	92,335	2,541
Local Rent	-	-	415,382	11,430	415,382	11,430
Power, water and waste	397,102	10,927	360,410	9,918	757,512	20,845
Telephone, fax and internet	409,402	11,266	692,525	19,056	1,101,927	30,322
Office maintenance	305,994	8,420	173,136	4,764	479,130	13,184
Equipment maintenance	125,064	3,441	87,500	2,408	212,564	5,849
Expendable office material	274,854	7,563	112,053	3,083	386,907	10,647
Software fee	72,280	1,989	47,708	1,313	119,988	3,302
Web Page	-	-	116,016	3,192	116,016	3,192
Insurance policy	3,210	89	-	-	3,210	89
Bank charges	-	-	33,997	936	33,997	936
	<u>2,164,907</u>	<u>59,573</u>	<u>2,279,975</u>	<u>62,739</u>	<u>4,444,882</u>	<u>122,313</u>
Exchange rate:	<u>36.34066811</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>						
Citizens Campaign	955,352	26,289	-	-	955,352	26,289
National Civic Education Day	2,905,104	79,941	-	-	2,905,104	79,941
Regional Courses "Citizenship and Transparency"	894,818	24,623	-	-	894,818	24,623
Mobilization of civil society action against corruption and impunity.	796,631	21,921	-	-	796,631	21,921
Roundtable on Transparency and Corporate Social Responsibility.	424,110	11,670	-	-	424,110	11,670
Table Transparency and Integrity in D: N.; Santiago, La Romana, Barahona and San Francisco de Macoris	2,276,000	62,630	-	-	2,276,000	62,630
Monthly Roundtable on Transparency and Governance in Santo Domingo	22,565	621	-	-	22,565	621
Impulse project and transparency media.	45,100	1,241	-	-	45,100	1,241
Investigative journalism training	385,375	10,605	-	-	385,375	10,605
Diploma Citizenship, Access to Information and social control.	696,525	19,167	-	-	696,525	19,167
Publications and forms	253,408	6,973	-	-	253,408	6,973
Technical Assistance	61,770	1,700	-	-	61,770	1,700
Meetings	375,138	10,323	-	-	375,138	10,323
Improving citizen access to information on the performance of public institutions to promote increased public demand.	139,661	3,842	-	-	139,661	3,842
	<u>10,231,557</u>	<u>281,545</u>	<u>-</u>	<u>-</u>	<u>10,231,557</u>	<u>281,545</u>
<u>Provide technical input on reforms that improve the performance of government institutions to ensure transparency and accountability.</u>						
Support the process of implementing the procurement law and procurement.	1,452,457	39,968	-	-	1,452,457	39,968
Promote transparency in the Constitutional Reform.	915,434	25,190	-	-	915,434	25,190

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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

NOTES TO THE FUND ACCOUNTABILITY STATEMENT--Continuation

NOTE 4--DISBURSEMENTS--Continuation

	<i>Transparency Activities</i>		<i>Justice Activities</i>		<i>Total</i>	
	<i>RD\$</i>	<i>US\$</i>	<i>RD\$</i>	<i>US\$</i>	<i>RD\$</i>	<i>US\$</i>
Technical contributions of citizens and civil society organizations to review constitutional arrangements, laws and institutions affecting the transparency and accountability of government.	6,960	192	-	-	6,960	192
	2,374,851	65,350	-	-	2,374,851	65,350
<u>Exercising oversight of the implementation of institutional reforms related to transparency and accountability.</u>						
Promote effective citizen monitoring the implementation of law.	950,105	26,144	-	-	950,105	26,144
Promote effective monitoring of the implementation of procurement and contract law.	1,838,450	50,589	-	-	1,838,450	50,589
Monitor the implementation of the Civil Service Act.	395,306	10,878	-	-	395,306	10,878
Promote follow-up to the transparency of state and strengthen the capacity of social control CSO.	1,906,355	52,458	-	-	1,906,355	52,458
Contribute to the strengthening of CSOs, s to follow up allegations of corruption.	5,285,523	145,444	-	-	5,285,523	145,444
	10,375,739	285,513	-	-	10,375,739	285,513
<u>Develop ability to build coalitions</u>						
Develop the ability to build coalitions	4,834,375	133,029	-	-	4,834,375	133,029
System design and monitoring indicators	168,132	4,626	-	-	168,132	4,626
<u>IMPLEMENTATION ACTIVITIES OF JUSTICE</u>						
Access to the information in the process of reform of the sector justice and progress.	-	-	1,988,397	54,715	1,988,397	54,715
Access to effective information and efficiency of the sector justice in the processing of cases.	-	-	1,079,380	29,702	1,079,380	29,702
Diagnosis of the main problems in material selection, promotion and disciplinary proceedings in the judiciary and Public Ministry and definition of proposals for improvement.	-	-	362,080	9,963	362,080	9,963
Promoting Access to information	-	-	11,780	324	11,780	324
Effective access to information	-	-	1,115,971	30,709	1,115,971	30,709
Technical Supports	-	-	3,098,450	85,263	3,098,450	85,263
Coalition promoting workers	-	-	1,770,785	48,727	1,770,785	48,727
There is a national network of civil society organizations to monitor the process and the reform of the sector performance justice.	-	-	536,040	14,750	536,040	14,750
Indicators Monitoring System	-	-	90,432	2,488	90,432	2,488
	-	-	10,053,315	276,643	10,053,315	276,643
<u>Promoting access to information</u>						
Roundtables	-	-	161,931	4,456	161,931	4,456
Discussions with senatorial candidates	-	-	678,844	18,680	678,844	18,680
Social encounters and dialogue	-	-	427,369	11,760	427,369	11,760
Technical contributions	-	-	203,990	5,613	203,990	5,613
	-	-	1,472,134	40,509	1,472,134	40,509
Audit	361,350	9,943	361,350	9,943	722,700	19,887
Total of Project	27,984,654	770,062	11,525,449	317,152	39,510,103	1,087,214
Total of Agreement	37,390,420	1,028,886	21,312,752	586,474	58,703,172	1,615,361

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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

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>	<i>Values in DR\$</i>	<i>Values in US\$</i>
<u>Personnel to implement activities</u>		
Salaries and wages	7,527,545	207,445
Social benefits	1,729,507	47,662
	<u>9,257,052</u>	<u>255,107</u>
<u>Equipment</u>		
Office equipment	226,052	6,230
Computers	178,864	4,929
	<u>404,916</u>	<u>11,159</u>
<u>Administrative expenses</u>		
Travels	99,751	2,749
Local rent	217,231	5,986
Power, water and waste	217,231	5,986
Telephone, fax and internet	304,468	8,391
Office maintenance	15,472	426
Equipment maintenance	5,870	163
Expendable office material	119,103	3,282
Insurances	5,430	150
Audit	225,200	6,206
	<u>1,209,756</u>	<u>33,340</u>
<u>Activities of the project</u>		
Graduation ceremony and Guidelines	340,829	9,393
Courses	3,400,471	93,711
Technical asistence staff	174,750	4,816
Technical asistence Facilitators	600,500	16,549
Technical asistence mentoring, internships, courses	312,900	8,623
Meetings and dialogues graduates	1,206,442	33,247
Promotion actions and publications, press	45,000	1,240
Website update and maintenance	34,126	940
Publications and forms	297,032	8,186
Coordination of activities	611,290	16,846
Monitoring and Evaluation System	1,698,184	46,799
Asstistence technical assistance to political parties	1,379,145	38,007
Meetings	145,269	4,002
	<u>10,245,938</u>	<u>282,358</u>
Total	<u>21,117,662</u>	<u>581,964</u>

Exchange rate: 36.28690987

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NOTES TO THE FUND ACCOUNTABILITY STATEMENT--Continuation

NOTE 5--BALANCE OF THE AGREEMENTS

The balance of the agreements as of August 31, 2010, is as follows:

Balance of the agreements as of August 31, 2010	518,441	14,392
Available as of August 31, 2010	<u>303,982</u>	<u>8,704</u>
Cash on hand and current accounts:		
Petty cash--Participación Ciudadana-Transparency	13,000	358
Pety Cash-Participación Ciudadana-Leaders Formation	15,000	413
Pety Cash - Finjus - Justice	5,000	138
Banco BHD-Participación Ciudadana-Transparency	724,161	19,927
Banco Popular - Finjus - Justice	1,862,599	51,254
Banco Popular - Finjus - Unibe - Justice	146,839	4,040
Banco BHD-Participación Ciudadana-Leaders Formation	2,331,025	64,239
Total of cash and current accounts	<u>5,097,624</u>	<u>140,369</u>
Accounts receivable-Transparency	297,200	8,178
Accounts payable-Transparency	(1,327,748)	(36,536)
Accounts payable-Justice	(1,272,667)	(35,020)
Accounts payable-Leaders Formation	(2,017,894)	(55,609)
Accruals payable-Transparency	(254,443)	(7,002)
Accounts payable-Justice	(36,522)	(1,005)
Accruals payable-Leaders Formation	(181,568)	(5,004)
Currency exchange adjustments	-	333
Total Accounts receivable and payable	<u>(4,793,642)</u>	<u>(131,665)</u>
Available as of August 31, 2010	<u>303,982</u>	<u>8,704</u>

The exchange rate applied for each agreement was determined as calculation in Note 3

At August 31, 2010 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\$1,005 (DR\$36,522) by FINJUS, and US\$1,358 (DR\$48,956) by Participación Ciudadana, while from the agreement 517-A-00-00105-00 by amount of US\$670 (RD\$24,330) 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.

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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

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:

Exchange rate: 36.28690962

<u>PARTICIPACION CIUDADANA</u>	<i>Values in</i>	
	<u>DR\$</u>	<u>US\$</u>
<u>EQUIPMENT</u>		
Sharp calculator 12/D EL2630III	2,600	72
Monitor flat Dell de 19" E190S black.	5,770	159
Laptop Dell Latitude E5400 C2D/2.0/4GB/250GB/DVO/VB-XP	38,675	1,066
Replicator Dell 130W for Latitude E-family mobile precision (E-port plus)	5,770	159
Software SPSS base (2 uds.) data entry station 1ud. Dara entry builder 1 ud.	168,946	4,656
UPS APC black-UPS AC 120 V-330 Watt-550 VA-Usb-8 output conectors (BE550G).	2,194	60
Dell computer Optiplex 780D, C2D/2.93GB/4Gb/250GB/DVO/XP-VB.	29,350	809
UPS Infosec 500XP SOHO x2-LT.	1,500	41
Samsung hard driver 320GB 2.5 externo USB-black (HXMU032DA/G22).	2,791	77
Projector Dell VN-ok98j8-S0081-02N-0049	30,325	836
Laptop Dell vostro 1220 c2D/2.2 GHZ/3GB/250GB/DVo/xp-VB s/n 48x4RK1, 1 bulto Dell ntlon Latitude (NG869)	36,755	1,013
2 CPU Dell 1397, optiplex 380D PDC/ 2.6 6GHZ/4GB/250GB/ DVO/w7p S/N: CRC8sLi / S/N D1F9sL1	56,200	1,549
4 monitors flat Dell 19" P10s professional, S/N: CN0RNMH67444504T96s, S/N:CN0RNMH67444504T887s, S/N:CN0RNMH67444-504UBHSS; S/N:CN0RNMH67444504UBHXS	24,040	662
	<u>404,916</u>	<u>11,159</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 U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID), FOR THE PERIOD FROM SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

NOTES TO FUND ACCOUNTABILITY STATEMENT--Continuation

NOTES 6 - COMMODITIES ACQUIRED WITH PROJECT FUNDS-- Continuation

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

Exchange rate: 36.28690962

PARTICIPACION CIUDADANA

	<i>Values in</i>	
	<u>DR\$</u>	<u>US\$</u>
<u>EQUIPMENT</u>		
Laptop NB DELL 1320 3KNPPK1	29,142	802
Fax phone Canon jx200 p/ bond,	6,400	176
2 computers Dell Vostro Dual core E5300/2.6GHz 2M 800fsb2GB, Non-Esc 880MHz DDR2, 2x1GB serial ATA hard Drive 7200RPM, 16MB, Windows XP PRO SP3, Monitor Dell " (18.5) IN1910 flat panel 1366 x 768 at 60 Hz , USB 2.0 hispeed, UPS Omega 600VA.	47,716	1,313
Printer HP Laser Jet 1505 24 PPM	7,300	201
Air conditioning 12K BTU 220/1/60 TGM.	16,325	449
Air conditioning 12K BTU 220/1/60 TGM.	16,325	449
Metal 4 drawers file gray color.	9,367	258
3 File 4-drawer letter gray Mercury to folders.	24,418	672
	<u>156,993</u>	<u>4,320</u>

ACQUIRED EQUIPMENT INCLUDED IN THE CATEGORY OF TRANSPARENCY ACTIVITIES OF AGREEMENT 517-A-00-09-00103-00

	<i>Values in</i>	
	<u>DR\$</u>	<u>US\$</u>
Paper shredder 10/15 shcets	7,000	193
Canon Copier IR1023 S / N: THY19517, TNR Canon GPR-22 IR1023 and IR1023 canon table V1.	40,000	1,101
5 fans five blade W / remote LED 40. "	14,000	385
UPS APC back- RS 1500 LCD-Ac 120 V-865 watt-1500 VA- 8 output-connector (BR 1500LCD).	7,958	219

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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

NOTES TO FUND ACCOUNTABILITY STATEMENT--Continuation

NOTES 6 - COMMODITIES ACQUIRED WITH PROJECT FUNDS-- Continuation

ACQUIRED EQUIPMENT INCLUDED IN THE CATEGORY OF TRANSPARENCY ACTIVITIES OF AGREEMENT 517-A-00-09-00103-00-- Continuation

	<i>Values in</i>	
	<u>DR\$</u>	<u>US\$</u>
Metal file import Mercury-gray 4-drawer w / legal folders 8.5 "x 13" t, and 1 file and imported modular cabinets with silver wheels 22 "x 17" x 26 ".	12,709	350
3 computers dell vostro 220, copper-colored dual 5300/2.6GHz MT 800 FSB Non-ECC 2x1GB DDR2 800 M Hz Serial ATA Hard Drive 7200RPM 16 MB Cache, Windows 7 professional media, with monitores Dell 17 "1709WFP Widescreen E and APC UPS black UPS ES 550 UPS AC 120 V.1 HP Laser Jet p 2035 printer BW laser Legal 600 dpi x 600 dpi Up to 30 PP M 300 sheets capacity, USB (CE461A)	98,290	2,705
2 Desktop mod. ZK-100 in metal w / aluminum melamine 20 "x 50 ".	8,035	221
3 visitor chairs mod.c / aluminum, imported c / No. 26	4,039	111
10 modern secretarial chairs. SS-UG588 No.26 cloth reclining with fixed studs.	51,930	1,429
1 Armchair t3ctico mod. ST-UG588, cloth, gray plastic base and reclining.	5,576	153
1 Armchair mod.SG-UG591 management, cloth, plastic and Suspension module mod. 2000, melamine c / Beech, 2	7,758	213
	2,219	61
4 Stop circular melamine, 100 x 2.5 CMS	7,772	214
Base support for 3-conf table, metal aluminum	2,197	60
3 aluminum partition panels of 1.20 x 105H, imported.	12,645	348
2 Panels divisive fabric 0.70 m, H: 1.05 mt. imported.	6,408	176
8 union set for panels	4,824	133
12 Aluminum tubular Table leg	7,776	214
	<u>301,136</u>	<u>8,286</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 U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID), FOR THE PERIOD FROM SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

NOTES TO FUND ACCOUNTABILITY STATEMENT--Continuation

NOTES 6 - COMMODITIES ACQUIRED WITH PROJECT FUNDS-- Continuation

FINJUS

EQUIPMENT

	<i>Values in</i>	
	<u>DR\$</u>	<u>US\$</u>
2 Laptop Dell Vostro 1520, 2 Duo No.C9B4MK1/4LB4MK1; 2 backcage laptop 15".	52,500	1,445
2 Laptops NB HP Compaq 610-C2D T5870/2GHz-2 GB HDD 320 GB-DVD GMA x 3100-wlan_802.11 a/b/g/n- windows 7 starter spanish 15.6 widesceen TFT 1366 x 768, 2 backcage notebook 15".	58,098	1,599
Projector EPSON-S6/2200 lumens No. LFTF896825L	25,900	713
CPU Intel PDC E5300/2.6 GHz (800MHz); 1 motherborad C2Q Intel G31/DDR2-800 / A&V&L/ MATX; kit Omega spanish motherborad teclado, mouse potim, horns; 3 mouse genius portico Xscroll, PS2, G5, black.	11,938	329
Laptop Sony	34,000	936
Desktop VPC	40,000	1,100
DVRW Samsung 22x SATA Dual layer internal drive bulkW/o software DVD rewritable black-OEM (S223C/BEBE, monitor AOC 19" LCD 1366 x 768 TFT active matrix, DD 320GB western digital caviar blue SATA 3GB/S 7200 RPM 8mb, CPU intel PCD E54000/2.7VhZ.	18,812	518
	<u>241,248</u>	<u>6,638</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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

Independent Auditors Report on the Cost Sharing Shedule

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 from September 1st, 2009 to August 31, 2010. 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.

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

Santo Domingo, Dominican Republic
December 21, 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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

SCHEDULE OF COST SHARING CONTRIBUTIONS

(Expressed in U.S. Dollars)

	<i>Budget</i>		<u>Questioned Costs</u>		<i>Notes</i>
	<u>of the project</u>	<u>Executed</u>	<u>Ineligible</u>	<u>Not supported</u>	
<u>Personnel to implement Activities</u>					
NUM 517-A-00-09-00103-00	437,889	200,131	-	-	
NUM 517-A-00-09-00105-00	168,552	108,739	-	-	
	<u>606,441</u>	<u>308,870</u>	-	-	
<u>Equipment</u>					
NUM 517-A-00-09-00105-00	32,000	4,178	-	-	
	<u>32,000</u>	<u>4,178</u>	-	-	
<u>Administrative expenses</u>					
NUM 517-A-00-09-00103-00	204,600	51,818	-	-	
NUM 517-A-00-09-00105-00	79,200	33,892	-	-	
	<u>283,800</u>	<u>85,710</u>	-	-	
<u>Activities of the project</u>					
NUM 517-A-00-09-00103-00	486,101	462,797	-	-	
NUM 517-A-00-09-00105-00	370,259	463,792	-	-	
	<u>856,360</u>	<u>926,589</u>			
Total disbursements	<u>1,778,601</u>	<u>1,325,347</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-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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

SCHEDULE OF CAST SHARING CONTRBUTIONS--Continuation

(Expressed in U.S. Dollars)

	<u>Budget of the period</u>	<u>Executed</u>	<u>Available 08/31/2010</u>	<u>%</u>
Personnel to implement activities				
517-A-00-09-00103-00-PC -TRANSPARENCY	141,528	151,224	(9,696)	106.85
517-A-00-09-00103-00-JUSTICE	296,361	180,648	115,713	60.96
	<u>437,889</u>	<u>331,872</u>	<u>106,017</u>	<u>75.79</u>
517-A-00-09-00105-00 PC --FORMATION OF LEADERS	168,552	210,865	(42,313)	125.10
Sub-total	<u>606,441</u>	<u>542,737</u>	<u>63,704</u>	<u>89.50</u>
Equipment				
517-A-00-09-00105-00 PC --FORMATION OF LEADERS	32,000	13,924	18,076	43.51
Sub-total	<u>32,000</u>	<u>13,924</u>	<u>18,076</u>	<u>43.51</u>
Administrative expenses				
517-A-00-09-00103-00-PC -TRANSPARENCY	48,000	3,506	44,494	7.30
517-A-00-09-00103-00-JUSTICE	156,600	94,000	62,600	60.03
	<u>204,600</u>	<u>97,506</u>	<u>107,094</u>	<u>47.66</u>
517-A-00-09-00105-00 PC --FORMATION OF LEADERS	79,868	61,952	17,916	77.57
Sub-total	<u>284,468</u>	<u>159,458</u>	<u>125,010</u>	<u>56.05</u>
Activities of the project				
517-A-00-09-00103-00-PC -TRANSPARENCY	299,101	609,467	(310,366)	203.77
517-A-00-09-00103-00-JUSTICE	187,000	169,916	17,084	90.86
	<u>486,101</u>	<u>779,383</u>	<u>(293,282)</u>	<u>160.33</u>
517-A-00-09-00105-00 PC --FORMATION OF LEADERS	370,259	687,801	(317,542)	185.76
Sub-total	<u>856,360</u>	<u>1,467,184</u>	<u>(610,824)</u>	<u>171.33</u>
	<u>1,779,269</u>	<u>2,183,303</u>	<u>(404,034)</u>	<u>122.71</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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

NOTES TO THE COST SHARING SCHEDULE

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 September 1st, 2009 to August 31, 2010.

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\$764,197 of an approved budget of US\$488,639, ***FINJUS*** with US\$410,814 of a budget of US\$530,321 and ***UNIBE*** with US\$33,750 of a budget of US\$56,000.

While in the Agreement 517-A-00-09-00105-00 ***PARTICIPACION CIUDADANA*** has provided US\$974,542 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.



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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

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 September 1st, 2009 to August 31, 2010, 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 Fund Accountability Statement, 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 opportunely. 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 Fund Accountability Statement 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.

Santo Domingo, Dominican Republic
December 21, 2010

Campana L. Amador
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 SEPTEMBER 1ST, 2009 TO AUGUST 31, 2010.

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 September 1st, 2009 to August 31, 2010, and issued our report dated December 21, 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, 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 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 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.

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



Santo Domingo, Dominican Republic
December 21, 2010