

Financial Statement Audit of the resources
from the U.S. Agency for the International Development (USAID)
for the Program "Sustainability and Expansion of Community Justice Houses"

Cooperative Agreement NO. 517-A-12-00007

Managed by Participación Ciudadana

For the period from August 9, 2012 to September 30, 2013

CONTENTS

	PAGE
I. TRANSMITTAL LETTER.....	1
II. BACKGROUND.....	1
III. AUDIT OBJECTIVE.....	3
A. AUDIT OF USAID FUND.....	3
B. REVIEW OF COST SHARING SCHEDULE.....	3
IV. AUDIT SCOPE.....	4
A. PRE-AUDIT STEPS.....	4
B. fund accountability statement.....	4
C. COST SHARING SCHEDULE.....	5
D. INTERNAL CONTROL.....	5
E. COMPLIANCE WITH THE TERMS OF THE AGREEMENT, APPLICABLE LAWS AND REGULATIONS.....	6
F. FOLLOW UP TO PREVIOUS RECOMMENDATIONS.....	7
G. OTHER RESPONSIBILITIES OF THE AUDIT.....	7
V. AUDIT RESULTS.....	8
A. FUND ACCOUNTABILITY STATEMENT.....	8
B. COST SHARING SCHEDULE.....	8
C. INTERNAL CONTROL STRUCTURE.....	8
D. COMPLIANCE WITH THE TERMS OF THE AGREEMENT, APPLICABLE LAWS AND REGULATIONS.....	8
E. FOLLOW UP TO PREVIOUS RECOMMENDATIONS.....	8
INDEPENDENT AUDITORS REPORT.....	9
fund accountability statement.....	10
fund accountability statement NOTES.....	11
1. ACCOUNTING POLICIES.....	11
2. CONDITIONS AND RESTRICTIONS OF THE AGREEMENT.....	12
3. RECEIVED INCOME.....	13
4. INCURRED COSTS.....	13
5. AVAILABLE CASH.....	18
6. ACCOUNTS RECEIVABLE.....	18
7. ACCOUNTS PAYABLE.....	18
8. ACCRUALS PAYABLES.....	18
9. RECONCILIATION BETWEEN ACCOUNTING BOOKS AND DISBURSEMENTS SALES.....	19
10. GOODS ACQUIRED.....	20
INDEPENDENT AUDITORS REPORT.....	21
COST SHARING SCHEDULE.....	22
COST SHARING SCHEDULE NOTES.....	23
1. ACCOUNTING POLICIES.....	23
2. COST SHARING.....	23
INDEPENDENT AUDITORS REPORT.....	24
COMPLIANCE WITH THE TERMS OF THE AGREEMENT, APPLICABLE LAWS AND REGULATIONS.....	24
INDEPENDENT AUDITORS REPORT.....	25
INTERNAL CONTROL STRUCTURE.....	25
MANAGEMENT LETTER.....	26

Financial Statement Audit of the resources from the U.S. Agency for the International Development
(USAID)
for the Program "Sustainability and Expansion of Community Justice Houses"

Cooperative Agreement No. 517-A-12-00007

managed by Participación Ciudadana

For the period from August 9, 2012 to September 30, 2013

April 25, 2014

To the Board of Directors of
Participación Ciudadana:

I. TRANSMITTAL LETTER

This report presents the results of our financial audit of resources provided by the U.S. Agency for International Development (USAID), under Cooperative Agreement No. 517-A-12-00007, managed by Participación Ciudadana for "Sustainability and Expansion of Community Justice Houses" program, for the period from August 09, 2012 to September 30, 2013.

II. BACKGROUND

Entity

Participación Ciudadana was established on October 31, 1993 and obtained its legal status in January 1996. Is a nonpartisan civic movement, pressure, coordination and linkage of social engagement with government and political parties. It was established in order to promote participation within civil society and to encourage the participation of citizens in order to achieve political, institutional and democratic reforms required by the Dominican Republic and a fair and balanced, social development, making a rational and efficient use of public resources.

Cooperative Agreement No. 517-A-12-00007

As of September 14, 2012, the U.S. Agency for the International Development (USAID), mission in Dominican Republic, approved Cooperative Agreement No. 517-A-12-00007 which provided US\$1,350,000 in grant funds to Participación Ciudadana for "Sustainability and Expansion of Community Justice Houses" Program, to facilitate access to justice, respect for human rights and citizen security, through Sustainability and Expansion of Community Justice Houses in the North, East, South and Santo Domingo regions.

The estimated amount of this Cooperative Agreement is US\$1,350,000 and the recipient agrees to expend an amount not less than 25% of the total activity costs, for a total partner's contribution (Cost Share) to US\$450,000. Budget includes pre-award expenses in the amount of RD\$1,311,443 equivalent to US\$33,558 as approved by Agreement Officer's letter dated August 10, 2012.

The main objective is to contribute to the development of a culture of peace, through the implementation of alternate methods for conflict resolution, the access to justice and citizen security. The project objective is to Facilitate the access to justice, the respect for human rights and citizen security through the sustainability and expansion of the program Community Houses of Justice in the Northern, Eastern and Southern regions and in Santo Domingo.

The effective date of this Cooperative Agreement is September 14, 2012. The estimated completion date of this Cooperative Agreement is August 09, 2015.

At the date of this report have been made the following amendments:

As of October 29, 2012, Amendment No. 1 was approved. The purpose of this modification was to increment in fund of the Cooperative Agreement by US\$338,000. With this modification the total obligated amount is increased from US\$112,000 to US\$450,000.

Program Budget:

The budget approved for the Program of US\$1,800,000, is as follows:

	Expressed in US\$			Total
	August, 2012 July 2013	August, 2013 July 2014	August, 2014 July 2015	
Labor	204,276	209,460	209,460	623,196
Fringes	48,689	49,481	95,021	193,191
Equipment	8,590	-	-	8,590
Other direct costs	48,216	48,216	48,216	144,648
Activities	136,229	134,659	97,487	368,375
Audit	4,000	4,000	4,000	12,000
TOTAL USAID Contribution	450,000	445,816	454,184	1,350,000
TOTAL Partner's Contribution (Cost Share)	150,000	148,605	151,395	450,000
TOTAL Activity Program	600,000	594,421	605,579	1,800,000

The detailed budget for each item is as follows:

	Expressed in US\$			Total
	August, 2012 July 2013	August, 2013 July 2014	August, 2014 July 2015	
Labor	204,276	209,460	209,460	623,196
Fringes	48,689	49,481	95,021	193,191
Equipment	8,590	-	-	8,590
Other direct costs	48,216	48,216	48,216	144,648
Activities				
Institutional strengthening	29,952	22,736	27,826	80,514
Training	48,107	48,833	26,561	123,501
Incidence	5,000	14,000	2,500	21,500
Financial sustainability	38,450	33,150	1,000	72,600
Publications and printing	14,720	15,940	39,600	70,260
	136,229	134,659	97,487	368,375
Sub-total	446,000	441,816	450,184	1,338,000
Audit	4,000	4,000	4,000	12,000
TOTAL USAID Contribution	450,000	445,816	454,184	1,350,000
TOTAL Partner's Contribution (Cost Share)	150,000	148,605	151,395	450,000
TOTAL Activity Program	600,000	594,421	605,579	1,800,000

The budget includes expenses incurred prior to the beginning of the program for an amount of RD\$1,311,443, equivalent to US\$33,558, for the period beginning on August 10, 2012 and ended on October 9, 2012, according to authorization letter dated on August 10, 2012.

III. AUDIT OBJECTIVES

We were engaged to conduct a financial statement audit of the resources of USAID Program managed by Participación Ciudadana under Cooperative Agreement No. AID-517-A-12-00007, "Sustainability and Expansion of Community Justice Houses" Program, for the period August 9, 2012 to September 30, 2013.

The fund accountability statement is the basic financial statements to be audited, which presents the revenues, costs incurred, cash balance of the funds provided by USAID to the beneficiary, and goods directly acquired by USAID for the recipient's use. The fund accountability statement must be reconciled with USAID funds included in general purpose financial statements in a note to the financial statements or the fund accountability statement. The amounts in the fund accountability statement, cost-sharing schedule and findings of the report, if any, should be expressed in US dollars.

Our audit was performed in accordance with U.S. Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States and USAID Guidelines for Financial Audits Contracted by Foreign Recipients, and accordingly included such tests of documentation, accounting records and internal control and other auditing procedures as deemed necessary under the circumstances to allow us to:

A. Audit of USAID fund

- (a) Express an opinion on whether the fund accountability statement for the "Sustainability and Expansion of Community Justice Houses" Program funded by USAID presents fairly, in all material respects, revenues received, costs incurred, and commodities and technical assistance directly procured by USAID/DR for the period August 9, 2012 to September 30, 2013, in conformity with the terms of the agreement and generally accepted accounting principles or other comprehensive basis of accounting described in Note 1 to the fund accountability statement (including the cash receipts and disbursements basis and modifications of the cash basis)
- b) Evaluate and obtain a sufficient understanding of the internal control of Participación Ciudadana related to the Program, assess control risk, and identify deficiencies that are considered to be reportable conditions, including material internal control weaknesses. This evaluation includes the internal control related to required cost-sharing contributions.
- c) Perform tests to determine whether the Participación Ciudadana complied, in all material respects, with agreement terms (including cost sharing/counterpart contributions, if applicable) and applicable laws and regulations related to USAID-funded programs. All material instances of noncompliance and all illegal acts that have occurred or are likely to have occurred should be identified. Such tests should include compliance requirements related to required cost-sharing contributions, if applicable.
- (d) Determine if Participación Ciudadana has taken adequate corrective action on prior audit report recommendations if applicable.

We designed audit steps and procedures in accordance with U.S. Government Auditing Standards (GAGAS), Chapter 4, to provide reasonable assurance of detecting situations or transactions in which fraud, abuse, or illegal acts or expenses have occurred or are likely to have occurred. If such evidence exists, we will immediately contact the implementing entity and USAID.

B. Review of Cost-Sharing Schedule

Determine whether cost-sharing contributions were provided and accounted for by Participación Ciudadana in accordance with the terms of the agreement.

IV. AUDIT SCOPE

We used the following steps as the basis for preparing our audit programs and our review. They were not considered all-inclusive or restrictive in nature and do not constitute a substitute from exercising due professional care and judgment.

A. Pre-audit steps

- a) To obtain and review Cooperative Agreement No. 517-A-12-00007, "Sustainability and Expansion of Community Justice Houses" Program, between USAID and Participación Ciudadana.
- b) Contracts and subcontracts with third parties, if any.
- c) The budgets, implementation letters, and written procedures approved by USAID.
- d) USAID Automated Directives System Chapter 636—"Program Funded Advances."
- e) OMB Circular A-122—"Cost Principles for Nonprofit Organizations".
- f) Mandatory Standard Provisions for Non-U.S. Nongovernmental Grantees (USAID Automated Directives System, Chapter 303 Internal Mandatory References).
- g) Standard Provisions Annex for Agreements with Foreign Governments (USAID Automated Directives System, Chapter 350).
- h) All program financial and progress reports; charts of accounts; organizational charts; accounting systems descriptions; procurement policies and procedures; and receipt, warehousing and distribution procedures for materials, as necessary, to successfully complete the required work.

B. Fund accountability statement

We examined the fund accountability statement for resources provided by the U.S. Agency for International Development (USAID) for "Sustainability and Expansion of Community Justice Houses" Program, under Cooperative Agreement No. 517-A-12-00007, including the budgeted amounts by category and major items; the revenues received from USAID for the period covered by the audit; the costs reported by Participación Ciudadana as incurred during that period; and the commodities and technical assistance directly procured by USAID for the recipient's use.

Our audit tests of the fund accountability statement included, among others, the following procedures:

1. Review direct and indirect costs billed to and reimbursed by USAID and costs incurred but pending reimbursement by USAID, identifying and quantifying any questioned costs. All costs that are not supported with adequate documentation or are not in accordance with the agreement terms must be reported as questioned. Questioned costs that are pending of reimbursement by USAID must be identified in the notes to the fund accountability statement as not reimbursed by USAID.
2. Review the general and program ledgers to determine whether costs incurred were properly recorded. Reconcile direct costs billed to, and reimbursed by, USAID to the program and general ledgers.
3. Review the procedures used to control funds, including their channeling to financial institutions or other implementing entities contracted. Review bank accounts and the controls on those bank accounts. Perform positive confirmation of balances, as necessary.
4. To determine whether the advances of funds were justified with documentation, including reconciliations of funds advanced, disbursed, and available. We must ensure that all funds received by the recipient from USAID were appropriately recorded in the recipient's accounting records and that those records were periodically reconciled with the information provided by USAID.

IV.

5. To determine whether the program income were added to the funds used to maximize eligible program objectives, or deducted from program costs, in accordance with USAID regulations, other implementing guidance, or the terms and conditions of the agreement.
6. Review the procurement procedures to determine whether sound commercial practices including competition were used, reasonable prices were obtained, and adequate controls were in place over the qualities and quantities received.
7. Review the travel and transportation charges to determine whether they were adequately supported and approved. Travel charges that are not supported with adequate documentation or not in accordance with agreements and regulations must be questioned in the fund accountability statement.
8. Review the commodities (such as supplies, materials, vehicles, equipment, etc.), acquired by Participación Ciudadana or directly procured by USAID for the recipient's use. To determine whether commodities exist or were used for their intended purposes in accordance with the terms of the agreement, and whether the control procedures exist and have been placed in operation to adequately safeguard the commodities.
9. Review the technical assistance and services, acquired by Participación Ciudadana or directly procured by USAID for Participación Ciudadana use. To determine whether the technical assistance and services were used for their intended purposes in accordance with the terms of the agreement.

C. Cost-Sharing Schedule

Review the cost-sharing schedule to determine whether cost-sharing contributions were provided and accounted in accordance with program needs and the terms of the agreement.

Our audit tests of the cost-sharing schedule included, among others:

- a) To determine whether cost-sharing contributions were provided and accounted for in accordance with the terms of the agreement.
- b) Review the cost-sharing schedule to determine if the schedule is presented fairly in accordance with the basis of accounting used by the recipient to prepare the schedule.

D. Internal control

Review and evaluate the internal control structure of Participación Ciudadana to obtain a sufficient understanding of the entity and its environment, including its internal control, to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We must understand the design of the internal control related to USAID programs and determine whether they have been placed in operation.

The major internal control components to be evaluated include, but are not limited to, the controls related to each revenue and expense account on the fund accountability statement. We must:

- a) Obtain an understanding of the design of the internal control related to USAID programs and determine whether they have been placed in operation.
- b) Assess inherent risk and control risk, and determine the combined risk.
- c) Summarize the risk assessments for each assertion in a single document included in the audit documentation.

IV.

- d) To evaluate the control environment, the adequacy of the accounting systems, and control procedures. Emphasize 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. This should include, but not be limited to, the control systems for:
 - 1. To ensure that charges to the program are proper and supported.
 - 2. Cash on hand and in bank accounts managing.
 - 3. Procuring goods and services.
 - 4. Inventory and receiving functions managing.
 - 5. Personnel functions such as timekeeping, salaries and benefits managing.
 - 6. Managing and disposing of commodities (such as supplies, materials, vehicles, equipment, food products, tools, etc.) purchased either by the recipient or directly by USAID.
 - 7. To ensure compliance with agreement terms and applicable laws and regulations that collectively have a material impact on the fund accountability statement.
- e. To evaluate internal control established to ensure compliance with cost sharing/counterpart contribution requirements, if applicable, including both provision and management of the contributions.
- f. To include in the study and evaluation other policies and procedures that may be relevant if they pertain to data the auditors use in applying auditing procedures. This may include, for example, policies and procedures that pertain to non-financial data that the auditors use in analytical procedures.

Finally, to prepare the report required, identifying any significant deficiencies or material weaknesses in the design or operation of internal control. A material weakness is a deficiency, or 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 and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness that is important enough to deserve attention by those charged with governance.

E. Compliance with Agreement Terms and Applicable Laws and Regulations

The purpose of our procedures was to determine the compliance with agreement terms and applicable laws and regulations and we determined which could have a direct and material effect on the fund accountability statement related to the USAID-funded program.

In planning and conducting the tests of compliance the review included the following:

- a) To identify the agreement terms and pertinent laws and regulations and determine which of those, if not observed, could have a direct and material effect on the fund accountability statement. Will do also:
 - a.1 List all standard and program-specific provisions contained in the agreements that cumulatively, if not observed, could have a direct and material effect on the fund accountability statement.
 - a.2 Assess the inherent and control risk that material noncompliance could occur for each of the compliance requirements listed in paragraph a.1 above.
 - a.3 Determine 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 should be based on the risk assessment described in paragraph a.2 above.

IV.

a.4 Prepared a summary working paper that identifies each of the specific compliance requirements included in the review, and the results of the inherent, control and combined (detection) risk assessments for each compliance requirement.

- b) Determine if payments have been made in accordance with agreement terms and applicable laws and regulations.
- c) Determine if funds have been expended for purposes not authorized or not in accordance with applicable agreement terms.
- d) Identify any costs not considered appropriate, classifying and explaining why these costs are questioned.
- e) Determine whether commodities, whether procured by the recipient or directly procured by USAID for the recipient's use, exist or were used for their intended purposes in accordance with the terms of the agreements. If not, the cost of such commodities must be questioned.
- f) Determine whether any technical assistance and services procured by the recipient were used for their intended purposes in accordance with the agreements. If not, the cost of such technical assistance and services should be questioned.
- g) Determine if the amount of cost sharing/counterpart contribution funds was calculated and accounted for as required by the agreements or applicable cost principles.
- h) Determine if the cost sharing contribution funds were provided according to the terms of the agreements and quantify any shortfalls.
- i) Determine whether those who received services and benefits were eligible to receive them.
- j) Determine whether the recipient's financial reports (including those on the status of cost sharing/counterpart contributions) and claims for advances and reimbursement contain information that is supported by the books and records.
- k) Determine whether the recipient held advances of USAID funds in interest-bearing accounts, and whether the recipient remitted to USAID any interest earned on those advances, with the exception of up to \$250 a year that the recipient may retain for administrative expenses. If the recipient was required to place USAID funds in an interest-bearing bank account but did not, then the auditor should determine the amount of interest that was foregone by the recipient, and this amount should be classified as ineligible costs.

F. Follow-Up on Prior Audit Recommendations

Review the status of actions taken on findings and recommendations reported in prior audits of USAID-funded programs.

G. Other Audit Responsibilities

To perform the following steps:

- a. To hold entrance and exit conferences with the recipient. The cognizant USAID mission should be notified of these conferences in order that USAID representatives may attend, if deemed necessary.
- b. During the planning stages of the audit, communicate information to the auditee regarding the nature and extent of planned test and report on compliance with laws and regulations and internal control over financial reporting.
- c. Institute quality control procedures to ensure that sufficient appropriate evidence is obtained through inspection, observation, inquiries, and confirmations to afford a reasonable basis for an opinion regarding the financial statements under audit.

V. AUDIT RESULTS

A. Fund Accountability Statement

As illustrated in the fund accountability statement, a total of US\$5,624 were identified as questionable ineligible costs, corresponding to taxes that are not permissible for the purposes of the Agreement, and which must be entirely repaid by Participación Ciudadana for the 2014 period.

In our opinion, except for the effect of adjustments arising from what we mentioned in the previous paragraph, the fund accountability statement for the "Sustainability and Expansion of Community Justice Houses" Program, under Cooperative Agreement No. 517-A-12-00007 managed by Participación Ciudadana for the period from August 9, 2012 to September 30, 2013, presents fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the period then ended in accordance with the terms of the agreement and in conformity with the basis of accounting described in Note 2.

B. Cost-Sharing Schedule

Based on our review, the "Sustainability and Expansion of Community Justice Houses" Program, Cooperative Agreement No. 517-A-12-00007, managed by Participación Ciudadana, presented the cost-sharing contributions in accordance with the terms of the agreement.

C. Internal control structure

In planning our audit, we considered the internal control of Participación Ciudadana in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statement and not to provide assurance on internal control. Our review and assessment of internal control did not disclose any material departures that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants (AICPA). Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the recipient's ability to record, process, summarize, and report financial data consistent with the assertions of management in the fund accountability statement and cost-sharing schedule. However, we noted certain matters relating to internal control and its operation that we have reported to management and attached to the report.

D. Compliance with Agreement Terms and Applicable Laws and Regulations

As part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of Participación Ciudadana's compliance with certain provisions of agreement terms and laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions.

Material instances of noncompliance are failures to follow requirements or violations of agreement terms and laws and regulations that cause us to conclude that the aggregation of misstatements resulting from those failures or violations is material to the fund accountability statement and the cost-sharing schedule.

The results of our tests disclosed no material instances of noncompliance by Participación Ciudadana that are required to be reported here under U.S. Government Auditing Standards, for the period August 9, 2012 to September 30, 2013.

E. Follow-Up on Prior Audit Recommendations

This is the first audit of the program.

Management Commentary

This report was discussed with the management of Participación Ciudadana, dated on April 25, 2014 who expressed agreement with its contents.

April 25, 2014
Santo Domingo, Dominican Republic



***Fund Accountability Statement
Independent Auditor's Report***

**To the Board of Directors of
Participación Ciudadana**

We have audited the fund accountability statement for the resources provided by the U.S. Agency for International Development (USAID), managed by Participación Ciudadana, under the Cooperative Agreement No. 517-A-12-00007, "Sustainability and Expansion of Community Justice Houses" Program, period from August 9, 2012 to September 30, 2013. The fund accountability statement is the responsibility of Participación Ciudadana management. Our responsibility is to express an opinion on the fund accountability statement based on our audit.

We conducted our audit of the fund accountability statement in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund accountability statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As illustrated in the fund accountability statement, a total of US\$5,624 were identified as questionable ineligible costs, corresponding to taxes that are not permissible for the purposes of the Agreement, and which must be entirely repaid by Participación Ciudadana for the 2014 period.

In our opinion, except for the effect of adjustments arising from what we mentioned in the previous paragraph, the fund accountability statement for the "Sustainability and Expansion of Community Justice Houses" Program, under Cooperative Agreement No. 517-A-12-00007 managed by Participación Ciudadana for period from August 9, 2012 to September 30, 2013, presents fairly, in all material respects, program revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by USAID for the period then ended in accordance with the terms of the agreement and in conformity with the basis of accounting described in Note 2 to the fund accountability statement.

We did not have an external quality control review by an unaffiliated audit organization as required by Chapter 3, paragraphs 3.50 and 3.55 of U.S. Government Auditing Standards, since no such program is offered by professional organizations in Dominican Republic. We believe that the effects of this departure from U.S. Government Auditing Standards is not material because we participate every two years, to an extensive quality control review by partners and managers from other BDO International member Firm.

We did not have a continuing education program that fully satisfies the requirement set forth in Chapter 3, paragraph 3.46 of U.S. Government Auditing Standards. However, our current program provides for at least 44 hours of continuing education and training every years. We are taking appropriate steps to implement a continuing education program that fully satisfies the requirement.

This report is intended for the information of Participación Ciudadana and the U.S. Agency for International Development (USAID). However, upon release by USAID, this report is a matter of public record and its distribution is not limited.

April 25, 2014
Santo Domingo, Dominican Republic

Financial Statement Audit of the resources from the U.S. Agency for the International Development
(USAID)
for the Program "Sustainability and Expansion of Community Justice Houses"

Cooperative Agreement No. 517-A-12-00007

Managed by Participacion Ciudadana

Fund Accountability Statement

For the period from August 09, 2012 to September 30, 2013

	Budget		Actual		Questioned costs		Notes
	US\$	RD\$	US\$	RD\$	Ineligible US\$	Unsupported RD\$	
REVENUE:							
USAID contribution	1,350,000	52,758,000	421,534	17,109,290	-	-	3
	<u>1,350,000</u>	<u>52,758,000</u>	<u>421,534</u>	<u>7,109,290</u>	<u>-</u>	<u>-</u>	
COSTS INCURRED:							
Labor	623,196	24,354,500	230,412	9,352,416	-	-	4
Fringes	193,191	7,549,904	40,999	1,664,205	-	-	4
Other direct costs	144,648	5,652,844	32,652	1,325,298	1,385	-	4
Equipment	8,590	335,697	8,634	350,437	-	-	4
Activities:							
Institutional strengthening	85,442	3,339,073	23,258	944,040	716	-	4
Training	118,573	4,633,833	43,772	1,776,692	2,052	-	4
Incidence	21,500	840,220	5,343	216,874	370	-	4
Financial sustainability	72,600	2,837,208	18,051	732,669	621	-	4
Advertising and printing	70,260	2,745,761	9,336	378,940	480	-	4
Audit	12,000	468,960	-	-	-	-	4
Total USAID Procurement	<u>1,350,000</u>	<u>52,758,000</u>	<u>412,457</u>	<u>6,741,571</u>	<u>5,624</u>	<u>-</u>	
Excess of revenues over costs incurred	-	-	9,077	367,719	(5,624)	-	
Accounts receivable	-	-	(43)	(1,741)	-	-	6
Accounts payable	-	-	5,919	240,268	-	-	7
Accruals payable	-	-	4,029	164,233	-	-	8
Available funds	<u>-</u>	<u>-</u>	<u>18,982</u>	<u>770,479</u>	<u>-</u>	<u>-</u>	5

Financial Statement Audit of the resources from the U.S. Agency for the International Development
(USAID)
for the Program "Sustainability and Expansion of Community Justice Houses"

Cooperative Agreement No. 517-A-12-00007

Managed by Participación Ciudadana

Notes to the Fund Accountability Statement

For the period from August 09, 2012 to September 30, 2013

1. Accounting policies

A summary of significant accounting policies used in the preparation of the Fund of Accountability Statement, is as follows:

(a) Basis of control, accounting record and presentation of fund accountability statement.

The fund accountability statement is prepared using the cash receipts and disbursements basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. On this basis, revenue is recognized when received rather than earned, and disbursements are recognized when paid rather than when incurred.

The accounting basis differs of the Participación Ciudadana, which is the accrual method, whereby transactions and other events are recognized when they occur (and not when are collected or paid in cash or equivalent). Thereby, the transactions and other events are booked in the accounting records and recognized in the financial statements of the periods to which they relate.

(b) Currency

The amounts that appear in the Fund Accountability Statement are expressed in Dominican pesos and American dollars. The transactions in US\$ dollars, are presented in Dominican pesos at the average exchange rate. As of September 30, 2013, the average rates of dollars received were US\$1 = RD\$40.59.

(c) Revenues

Program revenues come from funds of the USAID Cooperative Agreement No. 517-A-12-00007.

(d) Cash

Participación Ciudadana maintains a separated bank account to manage funds received from USAID that earn interests. Bank interest are periodically returned by PC to USAID, after deducting the amount of the US\$250 allowed for the administrative expenses for the bank accounts management in one year. These accounts are recorded in the accounting system of Participación Ciudadana.

From August 09 2012 to September 30, 2013, the total interest earned was RD\$8,579, equivalent to US\$211, so it does not exceed US\$250 per year applicable for reimbursement as is established.

(e) Commodities (supplies, materials, vehicles, equipment, food products, tools)

The disbursements done for the acquisition of commodities are considered to be expenses of the program and are maintained at historical cost without reducing its value due to depreciation based on their estimated useful lives.

(f) Cost sharing

Cost-sharing contributions amount to 25% of total program costs during the life of the agreement. The Cost Sharing/Counterpart Contribution were provided and registered in accordance with the terms of the agreement.

2. Conditions and restrictions of the Cooperative Agreement

The Cooperative Agreement contains certain conditions and restrictions that should be complied by Participación Ciudadana, as executor entity, among which are the following:

1. Participación Ciudadana accepts total responsibility for the Program financial administration.
2. All administrative activity made by Participación Ciudadana will be carried out according to instructions by USAID for program administration.
3. The administrative activities performed by Participación Ciudadana, will be financed by USAID in connection with the effective execution of the program. For such activities development it will collaborate closer with the officer for the program administration.
4. In the case of Participación Ciudadana, does not fulfill the obligations and responsibilities set, USAID will have the right to postpone subsequent payments or terminate the agreement under unilateral decision. Within these obligations are: physical spaces facilities, IT and secretarial supports, logistic support, communications, among other. Financial administration of provided resources. This includes opening a bank account in a local commercial bank for the exclusive management of the program funds.
5. The payments will be monitored by Participación Ciudadana, institution responsible for implementing and monitoring activities in accordance with the Cooperative Agreement.
 - a. The executing agency shall prepare a monthly report on the financial status on the specified forms and dates indicated.
6. The funds may be used only for the purposes described in the program budget.
7. The executing agency, will reimburse USAID the funds received and no used in program operations.
8. The funds received will be deposited into an individual account to the executive institution and managed only for program operations.

Questioned Costs

According to the requirements of USAID the costs charged on the Programs to be permissible must meet the following criteria:

- a) Reasonable: refers to those costs that do not exceed the budget, which would be incurred by an ordinary person and prudently in the normal course of work.
- b) Assignable Costs: refers to those costs that are necessary for the donation.
- c) Permissible costs: have to be those costs that are of conformity with any limit imposed by the donation.

There are two categories of questionable costs:

- a) Questioned costs: are those not distributable or permissible in accordance with the agreement terms and applicable laws and regulations, or are considered not reasonable in the circumstances.
- b) Undocumented Costs: are those not adequately supported by the implementing agency, and that exceed the budgeted items.

3. Revenues

A detail of the revenues from USAID, is as follows:

<u>Date</u>	<u>Value in RD\$</u>	<u>Rate</u>	<u>Value in US\$</u>
October 17, 2012	1,311,443	39.08	33,558
October 17, 2012	1,630,605	39.08	41,725
October 25, 2012	1,128,207	39.35	28,671
November 30, 2012	1,229,248	40.10	30,654
December 31, 2013	2,050,017	40.10	51,123
February 07, 2013	217,869	40.65	5,360
February 28, 2013	896,620	40.65	22,057
March 25, 2013	1,270,604	40.86	31,097
May 09, 2013	1,342,821	41.08	32,688
May 27, 2013	1,488,722	41.08	36,240
July 10, 2013	1,601,908	41.58	38,526
July 29, 2013	1,282,185	41.87	30,623
September 02, 2013	1,659,041	42.31	39,212
	<u>17,109,290</u>		<u>421,534</u>

4. Costs Incurred

A breakdown of the costs incurred by components is as follows:

Labor

The breakdown of the monthly statements are as follows:

<u>Months</u>	<u>Value in RD\$</u>	<u>Rate</u>	<u>Value in US\$</u>
August 2012	552,050	40.59	13,601
September 2012	561,800	40.59	13,841
October 2012	663,095	40.59	16,336
November 2012	663,095	40.59	16,336
December 2012	663,095	40.59	16,336
January 2013	637,695	40.59	15,711
February 2013	637,695	40.59	15,711
March 2013	682,475	40.59	16,814
April 2013	740,695	40.59	18,248
May 2013	735,095	40.59	18,110
June 2013	734,341	40.59	18,092
July 2013	698,095	40.59	17,199
August 2013	685,095	40.59	16,878
September 2013	698,095	40.59	17,199
	<u>9,352,416</u>		<u>230,412</u>

4.

Fringes

The breakdown of the monthly statements are as follows:

<u>Months</u>	<u>Value in RD\$</u>	<u>Rate</u>	<u>Value in US\$</u>
August 2012	78,267	40.59	1,928
September 2012	79,758	40.59	1,965
October 2012	113,815	40.59	2,804
November 2012	113,815	40.59	2,804
December 2012	113,815	40.59	2,804
January 2013	112,313	40.59	2,767
February 2013	140,055	40.59	3,450
March 2013	140,286	40.59	3,456
April 2013	137,232	40.59	3,381
May 2013	128,374	40.59	3,163
June 2013	140,095	40.59	3,451
July 2013	115,880	40.59	2,855
August 2013	120,317	40.59	2,964
September 2013	130,183	40.59	3,207
	<hr/>		<hr/>
	1,664,205		40,999
	<hr/>		<hr/>

Direct costs

This line is composed of charges for electricity, phones, rental costs and waste materials. A details of the monthly statements, is as follows:

<u>Months</u>	<u>Value in RD\$</u>	<u>Rate</u>	<u>Value in US\$</u>
August 2012	26,335	40.59	649
September 2012	34,424	40.59	848
October 2012	89,647	40.59	2,209
November 2012	62,836	40.59	1,548
December 2012	120,756	40.59	2,975
January 2013	57,298	40.59	1,412
February 2013	80,232	40.59	1,977
March 2013	101,590	40.59	2,503
April 2013	58,969	40.59	1,453
May 2013	176,689	40.59	4,353
June 2013	194,798	40.59	4,799
July 2013	95,758	40.59	2,359
August 2013	42,105	40.59	1,037
September 2013	183,861	40.59	4,530
	<hr/>		<hr/>
	1,325,298		32,652
	<hr/>		<hr/>

- a) The month of September 2013, include the payment of 12 months' amounting to RD\$126,000. Starting on September 30, 2013 and concluding on August 30, 2014.

4.

Equipment

A detail of purchases is as follows:

<u>Months</u>	<u>Value in RD\$</u>	<u>Rate</u>	<u>Value in US\$</u>
December 2012	105,023	40.59	2,587
January 2013	12,752	40.59	314
February 2013	22,095	40.59	544
April 2013	18,936	40.59	467
June 2013	166,686	40.59	4,107
July 2013	24,945	40.59	615
	<hr/>		<hr/>
	350,437		8,634
	<hr/>		<hr/>

A detailed list of equipment, can be viewed in Note 10.

Activities

This item includes the following components:

Institutional Strengthening

This item includes transportation services, refreshments and lunch on the socialization, monitoring, technical performance, and evaluation workshops of the program that are develop in Community Houses: La Vega, Cienfuegos, San Francisco de Macoris and La Joya. Details of the monthly statements is as follows:

<u>Months</u>	<u>Value in RD\$</u>	<u>Rate</u>	<u>Value in US\$</u>
October 2012	17,822	40.59	439
November 2012	28,310	40.59	697
December 2012	22,760	40.59	561
January 2013	29,624	40.59	730
February 2013	74,074	40.59	1,825
March 2013	20,546	40.59	506
April 2013	98,289	40.59	2,422
May 2013	370,142	40.59	9,119
June 2013	61,709	40.59	1,520
July 2013	26,610	40.59	656
August 2013	67,340	40.59	1,659
September 2013	126,814	40.59	3,124
	<hr/>		<hr/>
	944,040		23,258
	<hr/>		<hr/>

4.

Training

This item includes primarily payments for consulting services in the context of the implementation of the strategy to promote the project implemented in community homes. As well as monitoring the agreements that emerged from the summit to the gender violence, citizens insecurity for access to justice in the province of Santo Domingo. A details of the monthly statements is as follows:

<u>Months</u>	<u>Value in RD\$</u>	<u>Rate</u>	<u>Value in US\$</u>
October 2012	76,081	40.59	1,874
November 2012	169,058	40.59	4,165
December 2012	125,188	40.59	3,084
January 2013	46,560	40.59	1,147
February 2013	169,987	40.59	4,188
March 2013	64,910	40.59	1,599
April 2013	198,538	40.59	4,891
May 2013	95,132	40.59	2,344
June 2013	106,727	40.59	2,629
July 2013	413,779	40.59	10,194
August 2013	187,262	40.59	4,614
September 2013	123,470	40.59	3,043
	<hr/>		<hr/>
	1,776,692		43,772
	<hr/>		<hr/>

Incidence

This line includes salon services and refreshments in celebration summit to gender violence and access to justice in the province of Santo Domingo.

Details of the monthly statements is as follows:

<u>Months</u>	<u>Value in RD\$</u>	<u>Rate</u>	<u>Value in US\$</u>
November 2012	169,107	40.59	4,166
December 2012	3,480	40.59	86
April 2013	44,287	40.59	1,091
	<hr/>		<hr/>
	216,874		5,343
	<hr/>		<hr/>

4.

Financial sustainability

This line is composed of professional fees, meetings, events and workshops to develop on the project.

A monthly breakdown is as follows:

<u>Months</u>	<u>Value in RD\$</u>	<u>Rate</u>	<u>Value in US\$</u>
October 2012	8,472	40.59	209
November 2012	54,413	40.59	1,341
December 2012	2,346	40.59	58
January 2013	45,916	40.59	1,131
February 2013	3,658	40.59	90
March 2013	48,441	40.59	1,193
April 2013	71,597	40.59	1,764
May 2013	107,433	40.59	2,647
June 2013	59,375	40.59	1,463
July 2013	214,858	40.59	5,293
August 2013	102,410	40.59	2,523
September 2013	13,750	40.59	339
	<hr/>		<hr/>
	732,669		18,051
	<hr/>		<hr/>

Advertising and printing

This line item includes informational brochures, printing banners, flyers, posters to be used in different community justice houses. The implementation of this component is as follows:

<u>Months</u>	<u>2013</u>		
	<u>Value in RD\$</u>	<u>Rate</u>	<u>Value in US\$</u>
November 2012	57,153	40.59	1,408
December 2012	109,234	40.59	2,691
March 2013	20,000	40.59	493
May 2013	157,367	40.59	3,877
June 2013	20,060	40.59	494
July 2013	11,161	40.59	275
September 2013	3,965	40.59	98
	<hr/>		<hr/>
	378,940		9,336
	<hr/>		<hr/>

5. Available funds

The reconciliation between the excess of revenues over costs incurred with available cash in bank accounts as of September 30, 2013, is detailed as follows:

	RD\$	US\$
Banco Hipotecario Dominicano S. A.		
Cta. No. 0294343-019-8	767,479	18,908
Petty Cash	3,000	74
	<hr/>	<hr/>
	770,479	18,982
	<hr/>	<hr/>

6. Accounts receivable

Accounts receivable correspond to unpaid refund to Participación Ciudadana for the health insurance of the personnel, working for the project.

7. Accounts payable

A detail of the payment obligations are as follows:

	RD\$	US\$
Participación Ciudadana (a)	104,834	2,583
Santiago Sosa	49,000	1,207
Fondos CCJ	38,265	943
Félix Antonio Hernández	22,500	554
Muebles Omar, S. A.	14,632	360
Hero Transporte Ejecutivo, S. R. L.	6,850	169
Banco Hipotecario Dominicano, S. A.	834	21
Other accounts payable	3,353	82
	<hr/>	<hr/>
	240,268	5,919
	<hr/>	<hr/>

a) This amount corresponds to the payment of AFP, TSS and occupational risk.

8. Accruals payable

A detail of the accumulations payable is as follows:

	RD\$	US\$
Income tax	77,752	1,916
Family health insurance	42,939	1,058
ITBIS	34,963	861
Bank interest	8,579	194
	<hr/>	<hr/>
	164,233	4,029
	<hr/>	<hr/>

9. Reconciliation of the accounting records and expenditure liquidations

A reconciliation of the accounting records and data from liquidations made to USAID are as follows:

	US\$
Disbursement liquidations	412,457
Accounting records	421,534
	<hr/>
Difference (a)	(9,077)
	<hr/>

- (a) This difference corresponds to registered accounting items which were paid at a later date to operational closure and differences in exchange rates.

10. Commodities (supplies, materials, vehicles, equipment, food products, tools)

A details of commodities for the project is as follows:

ID Class	Account	Description	Location	Date acquired	US\$	RD\$
COMPUTERS						
1233	61021001	CPU DEL VOSTRO 260 MTDCU	ALAC	20/12/2012	464	18,837
1234	61021001	CPU DEL VOSTRO 260 MTDCU	ALAC	20/12/2012	464	18,837
1235	61021001	CPU DEL VOSTRO 260 MTDCU	ALAC	20/12/2012	464	18,837
1236	61021001	CPU DEL VOSTRO 260 MTDCU H1DRKS1	Cienfuegos	20/12/2012	464	18,837
1237	61021001	Monitor DELL 21.5 CN7N012641802670KJM	Cienfuegos	20/12/2012	183	7,419
1238	61021001	Monitor CN7N012641802670KEM	ALAC	20/12/2012	183	7,419
1239	61021001	Monitor CN07N012641802670JWM	ALAC	20/12/2012	183	7,419
1240	61021001	Monitor CN07N012641802670JWM	ALAC	20/12/2012	183	7,419
Sub-Total					2,588	105,024
Furniture and office equipment						
1241	61021001	Abanico orbital daiwa 16	Herrera	15/01/2013	52	2,125
1242	61021001	Abanico orbital daiwa 16	Herrera	15/01/2013	52	2,125
1243	61021001	Abanico orbital daiwa 16	Herrera	15/01/2013	52	2,125
1244	61021001	Abanico orbital daiwa 16	Herrera	15/01/2013	52	2,125
1245	61021001	Abanico orbital daiwa 16	Herrera	15/01/2013	52	2,125
1246	61021001	Abanico orbital daiwa 16	Herrera	15/01/2013	52	2,125
1247	61021001	Mesa de conferencia redonda 48 base y tope haya	Cienfuegos	04/02/2013	125	5,055
1248	61021001	Silla visita ISO, sin brazo de tela negra (4 unids)	Cienfuegos	04/02/2013	126	5,098
1249	61021001	Silla visita prisma, sin brazo plastica color gris (5 unids)	Herrera	04/02/2013	132	5,363
1250	61021001	Sillón gerencial infiniti con brazos en tela azul	La Joya	04/02/2013	162	6,579
1251	61021001	Abanico orbital KDK	Cienfuegos	15/04/2013	129	5,250
1252	61021001	Abanico orbital KDK	Cienfuegos	15/04/2013	129	5,250
1253	61021001	Abanico orbital KDK	Cienfuegos	15/04/2013	129	5,250
1254	61021001	Calculadora sharp	Administración	23/04/2013	78	3,186
1255	61021001	Silla visita sin brazo de tela negra (4 unids)	Cienfuegos	05/06/2013	141	5,735
1256	61021001	Silla visita prisma sin brazo plastica color negra (12 unids)	Herrera	05/06/2013	340	13,806
1257	61021001	Archivo 8 1/2 x11 color gris	Cienfuegos	05/06/2013	174	7,080
1258	61021001	Archivo 8 1/2 x11 color gris	ALAC	05/06/2013	174	7,080
1259	61021001	Credenza 2 puertas corredizas	ALAC	05/06/2013	163	6,608
1260	61021001	Credenza 2 puertas corredizas	ALAC	05/06/2013	163	6,608
1264	61021001	Copiadora Canon Ir1025N DQX25437	ALAC	12/06/2013	1,355	55,000
1265	61021001	Copiadora Canon Ir1025N DQX25437	Cienfuegos	12/06/2013	1,355	55,000
1267	61021001	Cámara digital canon power shot SX500 IS	Administración	30/06/2013	240	9,758
1269	61021001	Escritorio línea EDZA de form.28 x 28 color cerezo	Administración	08/8/2013	102	4,142
1270	61021001	Cereza 29	Administración	08/8/2013		
1271	61021001	Sillón negro	Administración	08/8/2013		
1272	61021001	Archivo 25 3/4	Administración	08/8/2013		
Sub-Total					6,045	245,413
Total					8,633	350,437



Tel: 809-472-1565
Fax: 809-472-1925
www.bdo.com.do

Av. José Ortega y Gasset No. 46
Esq. Tetelo Vargas, Ensanche Naco
Edificio Profesional Ortega
Santo Domingo, D.N.
República Dominicana

**Cost-Sharing Schedule
Independent Auditor's Review Report**

**To the Board of Directors of
Participación Ciudadana:**

We have reviewed the cost-sharing schedule of "Sustainability and Expansion of Community Justice Houses" Program, Cooperative Agreement No. 517-A-12-000007, managed by Participación Ciudadana for the period August 09, 2012 to September 30, 2013. Our review was conducted in accordance with standards established by the American Institute of Certified Public Accountants (AICPA). The purpose of our review was to determine if the cost-sharing schedule is fairly presented in accordance with the basis of accounting described in Note 2 to the cost-sharing schedule. We also considered internal control related to the provision of and accounting for cost-sharing contributions.

A review consists principally of inquiries of recipient personnel and analytical procedures applied to financial data. It is substantially more limited in scope than an examination, the objective of which is to express an opinion on the cost sharing/counterpart contributions schedule. Accordingly, we do not express such an opinion.

Under the procedures performed in cost sharing, we note that it corresponds to donations of government institutions and other entities and volunteers who are working with Participación Ciudadana in the implementation of project activities. These items are detailed in the cost-sharing schedule attached.

Based on our review, the "Sustainability and Expansion of Community Justice Houses" Program, Cooperative Agreement No. 517-A-12-000007, managed by Participación Ciudadana, presented the cost-sharing contributions in accordance with the terms of the agreement.

This report is intended to inform Participación Ciudadana and USAID. However, upon release, this report is a matter of public record and its distribution is not limited.

April 25, 2014
Santo Domingo, Dominican Republic

Financial Statement Audit of the resources from the U.S. Agency for the International Development
(USAID)
for the Program "Sustainability and Expansion of Community Justice Houses"

Cooperative Agreement No. 517-A-12-00007

Managed by Participacion Ciudadana

Cost-sharing Schedule

For the period from August 09, 2012 to September 30, 2013

Expressed in US\$

	<u>Budget</u>	<u>Actual</u> <u>US\$</u>	<u>Actual</u> <u>RD\$</u>	<u>Questioned costs</u>		<u>Notes</u>
				<u>Ineligible</u>	<u>Unsoported</u>	
<u>Cash:</u>						
Contribution	103,114	172,992	7,021,718	-	-	
<u>Provided by:</u>						
Attorney General's Office of the Republic	-	1,971	80,000	-	-	
Judicial Power	-	70,926	2,878,869	-	-	1
Town hall of Santo Domingo Oeste	-	28,936	1,174,508	-	-	1
Tax Attorney of la Vega	-	15,965	648,000	-	-	1
Municipal Town Hall of la Vega	-	14,782	600,000	-	-	-
Municipal Town Hall of Santiago	-	5,765	234,000	-	-	-
Participación Ciudadana	-	11,831	480,237	-	-	-
High Commissioner for Human Rights	-	5,389	218,736	-	-	-
Canadian Embassy	-	12,934	525,000	-	-	-
Voluntary personnel	-	4,493	182,368	-	-	-
	<u>103,114</u>	<u>172,992</u>	<u>7,021,718</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial Audit of the resources from the U.S. Agency for the International Development
(USAID)
for the Program "Sustainability and Expansion of Community Justice Houses"
No. 517-A-12-00007
Managed by Participación Ciudadana

Notes to the cost-sharing schedule

For the period from August 09, 2012 to September 30, 2013

1. *Accounting policies*

The notes accompanying the cost sharing schedule were prepared in order to comply with the No. 517-A-12-00007 Project Cooperative Agreement "Sustainability and community Expansion for the House of Justice" between USAID and Participación Ciudadana.

2. *Cost-sharing*

Participación Ciudadana is committed to contribute, for the duration of the project, an amount not less than 25% of the total cost of the activity.

According to the procedures in cost sharing, it corresponds to donations from government institutions, which are related to the entity and project participants.

A description of cost sharing is as follows:

Attorney General's Office

Corresponds to the donation made from June to September 2013, for the sum of RD\$80,000.00, with a monthly allowance of RD\$20,000 as a contribution to the Community Justice Program House.

Judicial Power

This item includes those certifications issued by the City Council of Santo Domingo Oeste and the Judicial Power, for the period January-September 2013, which notes the contributions in cash, personnel, equipment, offices and waste materials, expressed in financial terms to the CCJ program totaling RD\$2,878,869. Distributed as follows: January to September 2013 by RD\$2,022,478, October to December 2012, RD\$244,964 and January to March 2013, RD\$611,427.

City Council Santo Domingo Oeste

Corresponds to the contributions of RD\$480,000, disposable material RD\$6,583 and personnel RD\$142,500.

Tax Attorney of La Vega

Contribution for payroll were made, amounting to RD\$162,000, for 4 months.

Municipal Hall of La Vega and Municipal of Santiago

Corresponds to the cash contributions, personal, office equipment and expendable materials.

Participación Ciudadana

Corresponds to the contributions made to Participación Ciudadana by the City Council of La Vega, Santiago, Municipality of Santo Domingo Oeste, Attorney General's Office and Prosecutorial of La Vega, as cash contributions, personal equipment, office equipment and expendable material.



Tel: 809-472-1565
Fax: 809-472-1925
www.bdo.com.do

Av. José Ortega y Gasset No. 46
Esq. Tetelo Vargas, Ensanche Naco
Edificio Profesional Ortega
Santo Domingo, D.N.
República Dominicana

**Compliance with the terms of the agreement, laws and regulations applicable
Independent Auditors' report**

**To the Board of Directors:
Participación Ciudadana**

We have audited the fund accountability statement for resources provided by the U.S. Agency for International Development (USAID), managed by Participación Ciudadana, under Cooperative Agreement No. 517-A-12-00007, "Sustainability and Expansion of Community Justice Houses" Program, period from August 9, 2012 to September 30, 2013, and have issued our report on it dated April 25, 2014. We also reviewed the separate cost-sharing schedule.

We conducted our audit in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement resulting from violations of agreement terms and laws and regulations that have a direct and material effect on the determination of the fund accountability statement amounts

Compliance with agreement terms and laws and regulations applicable to Participación Ciudadana is the responsibility of Participación Ciudadana's management. As part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of Participación Ciudadana's compliance with certain provisions of agreement terms and laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. We also performed tests of Participación Ciudadana's compliance with certain provisions of agreement terms and laws and regulations applicable to the provision of cost sharing.

The results of our tests disclosed no instances of noncompliance that are required to be reported here under U.S. Government Auditing Standards.

This report is intended for the information of Participación Ciudadana and the U.S. Agency for International Development (USAID). However, upon release USAID, this report is a matter of public record and its distribution is not limited.

April 25, 2014
Santo Domingo, Dominican Republic



Tel: 809-472-1565
Fax: 809-472-1925
www.bdo.com.do

Av. José Ortega y Gasset No. 46
Esq. Tetelo Vargas, Ensanche Naco
Edificio Profesional Ortega
Santo Domingo, D.N.
República Dominicana

**Independent auditor's report
Internal control structure**

**To the board of directors of:
Participación Ciudadana.**

We have audited the fund accountability statement for resources provided by the U.S. Agency for International Development (USAID), managed by Participación Ciudadana, under Cooperative Agreement No. 517-A-12-00007, "Sustainability and Expansion of Community Justice Houses" Program, period from August 9, 2012 to September 30, 2013, and have issued our report on it dated April 25, 2014. We also reviewed the separate cost-sharing schedule. .

We conducted our audit in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States. In planning and performing our audit, we considered the entity's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we noted certain matters involving internal control and its operation that we have reported to the management of Participación Ciudadana in a separate letter dated April 25, 2014.

This report is intended for the information of Participación Ciudadana and the U.S. Agency for International Development (USAID). However, upon release USAID, this report is a matter of public record and its distribution is not limited.

April 25, 2014
Santo Domingo, Dominican Republic

Financial Statement Audit of the resources from the U.S. Agency for the International Development
(USAID)
for the Program "Sustainability and Expansion of Community Justice Houses"

Cooperative Agreement No. 517-A-12-00007

Managed by Participacion Ciudadana

For the period from August 09, 2012 to September 30, 2013

Management letter

Control basis and accounting records

As specified in accounting policies, project records are made on the basis of accounting for cash receipts and disbursements, as required. According to this basis, the only asset that is recognized is cash and liabilities are not recorded. In this sense we note that at the presentation of the closing of accounts, there were of accounts and documents items pending of payment and collection that they may have settled in order to maintain a consistency of both, the accounting basis as the availability of the project.

We understand that ordinary accounting situations in the Entity, may occur, so it is advisable to take place internal administrative measures to ensure that at least for the balance sheet presentation, they have been settled in full the commitments or pending balances reimbursement or collection so that the fund balance corresponds to the available cash.

Comment by management

This point is not a finding because the accounts payable record is legitimate; in some cases it corresponds to outstanding balance of which an advance has been made and we have not received the product, and the remaining difference is presented as an account payable until the product is received and payment is made.

Anticipated disbursements

As part of the review of project disbursements in the audited period, we noted that these are included as part of operating expenses for the period, advances by RD\$126,000 as rent in advance of one year after the corresponding disbursement date. We verified that in the lease agreement was not stipulated this advance and through internal investigations we were informed that this was due to a verbal agreement reached in order to make the negotiation of the lease.

Given the above and considering the end of the accounting and budgetary year, expenses must be included in the year that it corresponds, with the aim to promote the control of both operational management and the resources available and needed.

Comment by management

This situation has arisen due to the year payment in advance, the monthly cost for the rent would receive a significant discount. This amount includes payment of twelve (12) rent months (effective date of September 1, 2013 to August 31, 2014) and the next payment will be September 1, 2014.

Ineligible costs

As presented in the statement of accountability, the Entity included as part of the expenditure, the the Goods and Services Tax (ITBIS) base. This consideration had been made by an erroneous interpretation that was acceptable, however late in the period were reported that did not belong, this is why they should make a refund and henceforth discontinue the practice of deducting the tax that under agreement, is not permissible to be financed by USAID.

Commentary by management

Refunds will be made during the month of August 2014.