



MEMORANDUM

DATE: April 16, 2020

TO: Millennium Challenge Corporation, Chief Risk Officer, Alice McNutt Miller Director

FROM: of External Financial Audits Division (IG/A\EFA), David A. McNeil /s/

SUBJECT: Financial Audit of MCC Resources Managed by Millennium Challenge Account Niger, Under the Compact Agreement with the Government of Niger for the Period From, February 4, 2015 to September 30, 2018 (3-MCC-20-009-N)

This memorandum transmits the final audit report on Millennium Challenge Corporation (MCC) resources managed by Millennium Challenge Account-Niger (MCA-Niger), under the compact agreement with the Government of Niger for the period of February 4, 2015 to September 30, 2018. MCA-Niger contracted with the independent certified public accounting firm Compagnie Fiduciaire De Management ET D'Audit (COFIMA) to conduct the audit. The audit firm states that it performed its audit in accordance with generally accepted government auditing standards and the Guidelines for Financial Audits Contracted by MCC's Accountable Entities. However, the audit firm did not have a continuing professional education program or an external peer review, in accordance with generally accepted government auditing standards. The audit firm reported it did not believe that the effect of the departure was material because the whole audit process and all audit and other reports are reviewed by a partner of the firm on a regular basis. Furthermore, the audit firm stated it has agreements with some chartered accountants of OECCA-Benin (the Institute of Chartered Accountants for Benin)) for the external quality review. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MCA-Niger's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

The audit objectives were to: (1) express an opinion on whether the fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate MCA-Niger's internal controls related to the MCC funded programs, assess control risk, and identify reportable conditions, including material internal control weaknesses; and (3) determine whether MCA-Niger complied with in all material respects, agreement terms and applicable laws and regulations. To answer the audit objectives: the audit firm conducted an audit of MCA-Niger's Fund Accountability Statement and review of internal controls for the period from February 4, 2015 to September 30, 2018. Cost incurred for this period were \$12,241,508.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred and reimbursed, for the period February 4, 2015 to September 30, 2018 in accordance with the terms of the agreements. The audit firm did not identify any material weaknesses or significant deficiencies in internal control. The audit firm found no material instances of noncompliance that are required to be reported under generally accepted government auditing standards. The audit firm issued a separate letter to the management of MCA-Niger involving other matters related to internal control and its operations.

We appreciate the assistance extended during the engagement.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) ("commercial or financial information obtained from a person that is privileged or confidential").