

OFFICE OF INSPECTOR GENERAL
U.S. Agency for International Development

Audit of MCC's Financial Statements for Fiscal Years 2021 and 2020

Audit Report 0-MCC-22-006-C
November 12, 2021





OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: November 12, 2021

TO: Millennium Challenge Corporation, Vice President, Department of Administration and Finance and Chief Financial Officer, Fouad Saad

FROM: Deputy Assistant Inspector General for Audit, Alvin Brown /s/

SUBJECT: Audit of MCC's Financial Statements for Fiscal Years 2021 and 2020 (0-MCC-22-006-C)

Enclosed is the final audit report on the Millennium Challenge Corporation's (MCC's) financial statements for fiscal years 2021 and 2020. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of RMA Associates LLC (RMA) to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and Office of Management and Budget Bulletin No. 21-04, "Audit Requirements for Federal Financial Statements".

In carrying out its oversight responsibilities, OIG reviewed the audit firm's report and related audit documentation and inquired of its representatives. Our review, which was different from an audit performed in accordance with generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on MCC's financial statements. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We found no instances in which RMA did not comply, in all material respects, with applicable standards.

The audit objectives were to: (1) express an opinion on whether the financial statements as of September 30, 2021, were presented fairly, in all material respects; (2) evaluate MCC's internal controls over financial reporting; and (3) determine whether MCC complied with applicable laws, regulations, contracts and agreements. To answer the audit objectives, the audit firm assessed risk, considered internal controls, and designed audit procedures relevant to MCC's fair presentation of its 2021 financial statements.

RMA concluded that MCC's financial statements for the fiscal year ending September 30, 2021, are presented fairly, in all material respects, and in accordance with accounting principles generally accepted in the United States of America. Additionally, the audit firm found no reportable noncompliance for fiscal year 2021 with provisions of applicable laws, regulations, contracts, and grant agreements. The audit firm found no material weaknesses but reported one significant deficiency related to MCC oversight and internal control over the Millennium Challenge Accounts' financial reporting (modified repeat finding).

The financial statements of MCC as of September 30, 2020, were audited by CliftonLarsonAllen LLP, whose report dated November 13, 2020, expressed an unmodified opinion on those financial statements.¹

To address the deficiency RMA identified in the report, we recommend that MCC's Chief Financial Officer:

Recommendation 1. Ensure that Millennium Challenge Account project directors receive additional training on the documentation requirements they are responsible for to ensure timely processing of payments in accordance with the Fiscal Accountability Plan.

Recommendation 2. Institute controls, such as automated system reminders (i.e., Outlook Calendar Reminders), with the appropriate personnel within MCC to help mitigate the risk of Millennium Challenge Accounts not meeting the Monthly Commitment and Disbursement Reports reporting time requirement.

Recommendation 3. Provide additional training to the Millennium Challenge Accounts regarding revisions to be made to MCC's Grant Accrual Guidance. Specifically, emphasize the responsibility of the Millennium Challenge Accounts to identify all open contracts and require the project director/engineer over those contracts to provide an accrual estimate or a written explanation for why one is not needed to obtain full coverage.

Recommendation 4. Revise MCC's Grant Accrual Guidance to incorporate current data call requirements for the Millennium Challenge Accounts to identify open contracts.

Recommendation 5. Provide additional training to the Millennium Challenge Accounts to ensure the Millennium Challenge Accounts have a clear understanding of the grant accrual validation requirements.

Recommendation 6. Include the instructions provided to the accountable entities regarding the validation process within the Grant Accrual Guidance.

In finalizing the report, the audit firm evaluated MCC's responses to the recommendations. After reviewing that evaluation, we consider recommendations 1 through 6 resolved but open pending completion of planned activities. For recommendations 1 through 6, please provide evidence of final action to OIGAuditTracking@usaid.gov.

We appreciate the assistance provided to our staff and the audit firm's employees during the engagement.

¹ USAID OIG, "[Audit of USAID MCC's Fiscal Years 2020 and 2019 Financial Statements](#)" (0-MCC-21-002-C), November 14, 2020.

MILLENNIUM CHALLENGE CORPORATION

Independent Auditors' Report
of Millennium Challenge Corporation's Financial Statements
for the Period Ending September 30, 2021

To the Inspector General
United States Agency for International Development

To the Board of Directors
Millennium Challenge Corporation

Independent Auditors' Report

In our audit of fiscal year 2021 financial statements of the Millennium Challenge Corporation (MCC), we found:

- MCC's financial statements as of and for the fiscal year ended September 30, 2021, are presented fairly, in all material respects, in accordance with the U.S. generally accepted accounting principles;
- no material weaknesses, but one significant deficiency in internal control over financial reporting for fiscal year 2021 based on the limited procedures we performed; and
- no reportable noncompliance for fiscal year 2021 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI)¹ such as Management's Discussion and Analysis (MD&A) and other information² included with the financial statements; (2) our report on internal control over financial reporting; (3) our report on compliance with laws, regulations, contracts, and grant agreements; and (4) MCC's response to our findings and recommendations.

¹ The RSI consists of Management's Discussion and Analysis, which are included with the financial statement.

² Other information consists of Management Challenges, Summary of Financial Statement Audit and Management Assurances and information included with the financial statements, other than the RSI and the auditors' report.

Report on the Financial Statements

We have audited the accompanying financial statements of MCC which comprise the balance sheet as of September 30, 2021, and the related statement of net cost, changes in net position, and budgetary resources (hereinafter referred to as “financial statements” or “basic financial statements”), for the year then ended; and the related notes to the financial statements. The financial statements of MCC as of September 30, 2020 were audited by other auditors whose report dated November 13, 2020, expressed an unmodified opinion on those financial statements.

We conducted our audit in accordance with United States (U.S.) generally accepted government auditing standards and Office of Management and Budget (OMB) Bulletin No. 21-04, “Audit Requirements for Federal Financial Statements.” We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management’s Responsibility for the Financial Statements

MCC management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with the U.S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditors’ report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. U.S. generally accepted government auditing standards and OMB Bulletin No. 21-04, “Audit Requirements for Federal Financial Statements” require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

An audit of financial statements involves performing procedures to obtain audit evidence about account balances and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the auditors’ assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to MCC’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MCC’s internal control. Accordingly, we express no such opinion. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the

financial statements. Our audit also included performing such other procedures as we considered necessary in the circumstances.

Opinion on the Financial Statements

In our opinion, MCC's financial statements present fairly, in all material respects, MCC's financial position as of September 30, 2021, and its net cost, changes in net position, and budgetary resources for the fiscal year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Predecessor Auditor

The financial statements of MCC for the year ended September 30, 2020, were audited by another auditor, who expressed an unmodified opinion on those statements on November 13, 2020.

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

MCC's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. In addition, management has included references to information on websites or other data outside of the Agency Financial Report. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on MCC's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

Report on Internal Control over Financial Reporting

In connection with our audit of MCC's financial statements, we considered MCC's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to MCC's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

MCC management is responsible for maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

In planning and performing our audit of MCC's financial statements as of and for the year ended September 30, 2021, in accordance with U.S. generally accepted government auditing standards, we considered the MCC's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MCC's internal control over financial reporting. Accordingly, we do not express an opinion on MCC's internal control over financial reporting or on management's assurance statement on the overall effectiveness on internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of the MCC's internal control over financial reporting and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified one deficiency in internal control, summarized below and described in Exhibit 1, that we consider to be a significant deficiency:

- MCC oversight and internal control over the Millennium Challenge Accounts' (MCA) financial reporting (modified repeat finding)

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 a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of MCC's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of MCC's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of MCC's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audit of MCC's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

MCC's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to MCC.

Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to MCC that have a direct effect on the determination of material amounts and disclosures in MCC's financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to MCC.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2021 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to MCC. Accordingly, we do not express such an opinion.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

MCC's Response to Audit Findings and Recommendations

MCC's response to the findings and recommendations identified in our report is described in Exhibit 2. MCC's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Status of Prior Year Recommendations

We have reviewed the status of MCC's corrective actions with respect to the findings and recommendations included in the prior year's Independent Auditors' Report, dated November 13, 2020. The status of prior year recommendations is presented in Exhibit 3.

RMA Associates

Arlington, Virginia
November 10, 2021

Exhibit 1 - Significant Deficiency in Internal Control

MCC's oversight and internal controls over MCAs' financial reporting needs to be strengthened (Modified Repeat Finding)

The Department of Compact Operations, through collaboration with the Department of Administration and Finance, establishes operational oversight and financial reporting controls and procedures to govern the conduct and administration of MCC's Compact/Threshold portfolio by the MCA entities. The MCAs' financial operations, including their compliance with applicable laws, regulations, contracts, and grant agreements are crucial to MCC's financial statements as their financial activities are material and significant. During our virtual site visits to three selected MCAs, we evaluated the MCAs' design and effectiveness of internal controls. As a result of procedures performed, we identified the following control deficiencies that collectively we considered a significant deficiency in controls over financial reporting. Some of the control deficiencies we identified this year were repeat deficiencies reported in prior years.

Oversight over MCA's Financial Reporting — Every quarter, MCC obtained financial data through the data calls from MCAs for its financial statement reporting. As in the past years, our audit disclosed that MCC continues to have challenges in ensuring that MCAs accurately, completely, and properly report financial activities and balances that are significant and relevant to MCC's financial statements. For example:

MCA invoices paid late and late Monthly Commitment and Disbursement Reports (MCDR) submission — MCA Department of Administration and Finance and its relevant Program Directors did not timely provide the required invoice support documentation to the MCA Fiscal Agent to process the Payment Request Form. An MCA submitted the MCDR for November 2021 to MCC on December 23, 2020, which was nine days after the submission deadline. The delay was due to:

- Lack of training to ensure that MCA project management provides complete and timely invoice support documentation addressing issues concerning late deliverables and payment penalties, so the Fiscal Agent can approve the invoice for payment.
- Lack of management oversight to ensure that the MCDR was submitted on time.

Grant accrual liability and validation reporting errors — One MCA did not report a grant accrual estimate in accordance with MCC guidance resulting in an understatement of \$648,218 in quarter one and \$581,710 in quarter two. For another MCA, one out of nine grant accrual validation (GAV) transactions tested was incorrect due to the project engineer not providing the accurate percentage of completion resulting in an overstatement of \$60,497 in quarter one; three out of nine GAV transactions tested were not reported, resulting in an understatement of \$627,161 in quarter one and \$509,695 in quarter two; and two out of nine GAV transactions tested resulted in an overstatement of \$684,781 in quarter one and \$3,401,521 in quarter two. We also noted an MCA could not provide evidence that it reported an accrual estimate of \$100,000 for two out of eight GAV transactions. The reporting errors were due to incomplete MCC guidance and MCA procedures which do not establish a responsibility for the MCA to identify all open contracts and

require the project director/engineer over those contracts to provide an accrual estimate or written explanation for why one is not needed to obtain full coverage.

We recommend that MCC's Department of Administration and Finance and the Chief Financial Officer:

Recommendation 1 – Ensure that MCA project directors receive additional training on the documentation requirements they are responsible for to ensure timely processing of payments in accordance with the FAP.

Recommendation 2 – Institute controls such as automated system reminders (i.e., Outlook Calendar Reminders) with the appropriate personnel within MCC to help mitigate the risk of MCAs not meeting the MCDR reporting time requirement.

Recommendation 3 – Provide additional training to the MCAs regarding revisions to be made to MCC's Grant Accrual Guidance. Specifically, emphasize the responsibility of the MCA to identify all open contracts and require the project director/engineer over those contracts to provide an accrual estimate or a written explanation for why one is not needed to obtain full coverage.

Recommendation 4 – Revise MCC's Grant Accrual Guidance to incorporate current data call requirements for the MCAs to identify open contracts.

Recommendation 5 – Provide additional training to the MCAs to ensure the MCAs have a clear understanding of the grant accrual validation requirements.

Recommendation 6 – Include the instructions provided to the accountable entities regarding the validation process within the Grant Accrual Guidance.

Exhibit 2 – Management’s Response to the Audit Findings



DATE: November 9, 2021

TO: Alvin Brown
Deputy Assistant Inspector General for Audit
Office of Inspector General
United States Agency for International Development
Millennium Challenge Corporation

FROM: Fouad P. Saad
Vice President and Chief Financial Officer
Department of Administration and Finance
Millennium Challenge Corporation

SUBJECT: MCC’s Management Response to the Draft Audit Report, “Audit of MCC’s Financial Statements for Fiscal Years 2021 and 2020,” dated November 4, 2021

FOUAD P SAAD
(affiliate)
Digitally signed by FOUAD P SAAD (affiliate)
Date: 2021.11.09 23:30:13 -05'00'

The Millennium Challenge Corporation (MCC) appreciates the opportunity to respond to the draft report on the Office of Inspector General (OIG)’s audit, “Audit of MCC’s Financial Statements for Fiscal Years 2021 and 2020,” dated November 4, 2021. MCC concurs with the conclusions of the report and provides a management response, which includes the management decision, to each recommendation below.

OIG Recommendation 1 – Ensure that MCA project directors receive additional training on the documentation requirements they are responsible for to ensure timely processing of payments in accordance with the Fiscal Accountability Plan.

MCC Response – MCC concurs with the recommendation. MCC will ensure that the management of each MCA is providing additional training to relevant MCA staff on the responsibilities and requirements inherent in the timely processing of payments in accordance with each Fiscal Accountability Plan, as applicable. MCC will complete the final action no later than April 29, 2022.

OIG Recommendation 2 – Institute controls, such as automated system reminders (i.e., Outlook Calendar Reminders), with the appropriate personnel within MCC to help mitigate the risk of MCAs not meeting the Monthly Commitment and Disbursement Reports reporting time requirement.

MCC Response – MCC concurs with the recommendation. Recognizing that MCC’s controls are those which we institute over MCC’s systems and personnel rather than those of each MCA, MCC will institute a step as part to the quarterly disbursement process whereby the agency will send a regular, periodic reminder to the appropriate MCA personnel to remind them of monthly financial reporting responsibilities in order to mitigate the risk of late Monthly Commitment and Disbursement Reports. MCC will complete the final action no later than March 18, 2022.

OIG Recommendation 3 – Provide additional training to the MCAs regarding revisions to be made to MCC’s Grant Accrual Guidance. Specifically, emphasize the responsibility of the MCA to identify all open contracts and require the project director/engineer over those contracts to provide an accrual estimate or a written explanation for why one is not needed to obtain full coverage.

MCC Response – MCC concurs with the recommendation. MCC will provide additional training to the MCAs related to future Grant Accrual Guidance, including MCA responsibility to identify open contracts and the effects on the grant accrual estimate. MCC will complete the final action no later than March 18, 2022.

OIG Recommendation 4 – Revise MCC’s Grant Accrual Guidance to incorporate current data call requirements for the MCAs to identify open contracts.

MCC Response – MCC concurs with the recommendation. MCC will revise the Grant Accrual Guidance to incorporate current MCA data call requirements related to open contract identification. MCC will complete the final action no later than March 18, 2022.

OIG Recommendation 5 – Provide additional training to the MCAs to ensure the MCAs have a clear understanding of the grant accrual validation requirements.

MCC Response – MCC concurs with the recommendation. MCC will provide additional training to the MCAs to improve their understanding of the grant validation requirements no later than March 18, 2022.

OIG Recommendation 6 – Include the instructions provided to the accountable entities regarding the validation process within the Grant Accrual Guidance.

MCC Response – MCC concurs with the recommendation. MCC will provide instructions related to the validation process within the Grant Accrual Guidance to the accountable entities no later than March 18, 2022.

If you have any questions or require additional information, please contact me via phone, 202-521-3885; or by email at saadfp@mcc.gov. Additionally, you can also contact Jude Koval, Senior Director of Internal Controls and Audit Compliance (ICAC) via phone, 202-521-7280; or by email at kovaljg@mcc.gov.

CC: Damian Wilson, Principal Director, OIG, USAID
Anna Elias, Assistant Audit Director, Financial Audits Division, OIG, USAID
Adam Bethon, Deputy Chief Financial Officer, FMD, A&F, MCC
Lori Giblin, Chief Risk Officer, A&F, MCC
Michael Wright, Controller, FMD, A&F, MCC
Jude Koval, Senior Director, ICAC, A&F, MCC

Exhibit 3 – Status of Prior Year Recommendations

FY 2020 Recommendations	Type	FY 2021 Status
1. Revise MCC’s Grant Accrual Estimation: Millennium Challenge Account Guidance to state when an MCA identifies an advance, the MCA will exclude the advance amount from the grant accrual amount to ensure that the advance is not included in the grant accrual estimate reported to MCC.	Significant Deficiency	Closed
2. Request the MCAs to establish a documented control mechanism to verify that the grant accrual estimates reported to MCC agrees with the support document used by the MCAs to complete grant accrual estimates data call template.	Significant Deficiency	Open
3. Provide additional training to the MCAs to ensure the MCAs have a clear understanding of the grant accrual estimation and validation requirements.	Significant Deficiency	Closed
4. Require the MCAs to document improved budgeting process to ensure future payment needs are properly considered at the detail compact program/activity level as part of its quarterly budgeting process.	Significant Deficiency	Closed
5. Require the MCA Director of Administration and Finance and relevant Program Directors to (1) determine the root cause for delayed payments and report that information to MCC, and (2) timely provide all relevant and applicable payment support and approval documentation (including but not limited to purchase order, contract, acceptance note, delivery note, delivery confirmation receipt, etc.) to the MCA Fiscal Agent for required payment verification procedures and timely process the invoice for payment.	Significant Deficiency	Open

FY 2020 Recommendations	Type	FY 2021 Status
6. Provide an additional reminder to the MCAs regarding the payment requirements in the Fiscal Accountability Plan and instruct them to monitor their compliance.	Significant Deficiency	Closed
7. Revise the “Accountable Entities Guidelines for Contracted Financial Audits” to address the timing of the audit review process to ensure that independent public accountant firms are able to meet the 90-day delivery deadline for issuing the audit report.	Significant Deficiency	Open
8. Revise the “Accountable Entities Guidelines for Contracted Financial Audits” to establish a requirement after the initial compact or threshold audit to determine if the 90-day audit report deadline is still appropriate for the next audit given the circumstances (i.e., prior audit delays). If not, then issue an Implementation Letter to establish the new audit report deadline.	Significant Deficiency	Open
9. Revise the “Audit, Risk, and Control (ARC) Branch Process for Screening Potential Independent Public Accountant Firms” to clarify when ARC will begin and complete the screening process for a new compact or threshold program.	Significant Deficiency	Closed