



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

MEMORANDUM

DATE: February 23, 2022

TO: Millennium Challenge Corporation, Chief Risk Officer, Administration and Finance, Lori Giblin

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

SUBJECT: Financial Audit of MCC Resources Managed by MCA-Cote d'Ivoire Under the Compact Agreement, April 1, 2020 to September 30, 2020 (3-MCC-22-008-N)

This memorandum transmits the final audit report on the Millennium Challenge Corporation (MCC) Resources Managed by Millennium Challenge Account – Cote d'Ivoire (MCA-Cote d'Ivoire) for the period from April 1, 2020 to September 30, 2020. MCA-Cote d'Ivoire contracted with the independent certified public accounting firm BDO Cote d'Ivoire (BDO) to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and The Accountable Entities Guidelines for Contracted Financial Audits. However, it did not have an external peer review as required by Chapter 5, paragraph 5.60 of *U.S. Government Auditing Standards*, because no such program is offered by professional organizations in Cote d'Ivoire. The audit firm believes that the effect of this departure is not material because they participate in BDO's worldwide internal quality control review program by partners and managers from other affiliate offices every year. The audit firm also acknowledged it did not have a continuing professional education program that fully satisfies the requirement set forth in Chapter 4, paragraph 4.16 of *U.S. Government Auditing Standards*. The audit firm stated that it complies with the Continuing Professional Development requirements of the Institute of Chartered Accountants in Ivory Coast, of which they are members, which ensure that professionals receive necessary training, including technical updates and subject-specific training, carried out at least annually. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MCA-Cote d'Ivoire's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objectives were to (I) express an opinion on whether the fund accountability

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.

statement for the period audited, was presented fairly, in all material respects; (2) evaluate the MCA-Cote d'Ivoire's internal controls; and (3) determine whether MCA-Cote d'Ivoire complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm conducted detailed audit tests in accordance with US generally accepted government auditing standards and in accordance with The Accountable Entities Guidelines for Contracted Financial Audits covering the period from April 1, 2020 to September 30, 2020. Costs incurred for this period were \$10,664,226.

The audit firm concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred and reimbursed, and assets and technical assistance directly procured by the MCC for the period then ended in accordance with the terms of the agreements and in conformity with the cash basis of accounting. The audit firm identified nine deficiencies in internal control that were significant deficiencies. The results of the auditor's tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. Although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that Millennium Challenge Corporation determine if MCA-Cote d'Ivoire addressed the significant deficiencies on pages 30-42 of the audit report. The audit firm issued a separate management letter identifying findings not listed in the report.

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").