



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

MEMORANDUM

DATE: March 29, 2022

TO: Millennium Challenge Corporation, Chief Risk Officer, Lori Giblin

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

SUBJECT: Financial Audit of MCC Resources Managed by the Millennium Foundation of Kosovo Under the Threshold Agreement, April 1, 2020 to March 31, 2021 (3-MCC-22-011-N)

This memorandum transmits the final audit report on Millennium Challenge Corporation (MCC) Resources Managed by the Millennium Foundation of Kosovo (MFK) under the Threshold Agreement, April 1, 2020, to March 31, 2021. MFK contracted with the independent certified public accounting firm Audit & Consulting Associates (ACA) to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and the Millennium Challenge Corporation's Accountable Entities Guidelines for Contracted Financial Audits. However, it did not fully satisfy the continuing professional education requirement set forth in generally accepted government auditing standards or have an external quality control review because no such program is offered by professional organizations in the Republic of Kosovo. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MFK'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 (1) express an opinion on whether the fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate the MFK's internal controls; and (3) determine whether MFK complied with the Threshold Program Agreement, supplemental agreements, and applicable laws and regulations. To answer the audit objectives, the audit firm conducted an audit of MCC resources managed by MFK, under the threshold agreement between MCC and the Government of Kosovo, from April 1, 2020, through March 31, 2021. Costs incurred for this period were \$4,840,335.

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 firm concluded that the fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and assets and technical assistance directly procured by MFK for the period then ended in accordance with the terms of the agreement. The audit firm did not identify any material weaknesses 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 did not question any costs. The audit firm issued a management letter.

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").