



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

### MEMORANDUM

**DATE:** February 1, 2023

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

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

**SUBJECT:** Financial Audit of MCC Resources Managed by MCA-Benin II Under the Compact Agreement, April 1, 2019, to March 31, 2021 (3-MCC-23-001-N)

This memorandum transmits the final audit report on Millennium Challenge Corporation (MCC) resources managed by Millennium Challenge Account-Benin II (MCA-Benin II), for the period from April 1, 2019, to March 31, 2021. MCA-Benin II contracted with the independent certified public accounting firm Ernst & Young Chartered Accountants to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities. However, it did not have an external peer review because no such program is offered by professional organizations in Ghana. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MCA-Benin II's fund accountability statement; the effectiveness of its internal control; or its compliance with the agreement, laws, and regulations.<sup>1</sup>

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 MCA-Benin II's internal controls; (3) determine whether MCA-Benin II complied with agreement terms and applicable laws and regulations; (4) determine if MCA-Benin II has taken adequate corrective actions on prior audit recommendations; and (5) review the cost-sharing schedule. To answer the audit objectives, the audit firm conducted an audit of MCC resources managed by MCA-Benin II for the period from April 1, 2019, to March 31, 2021. Costs incurred for this period were \$95,715,765.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed under the agreement for the period audited except for four significant deficiencies in internal control and one instance of

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<sup>1</sup> 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.

noncompliance that is required to be reported under generally accepted government auditing standards. The audit firm did not question any costs. Additionally, the audit firm is not aware of any material modifications that should be made to the cost-sharing schedule for it to be in conformity with the basis of accounting used to prepare the cost-sharing schedule. Further, the audit firm reported that all prior audit recommendations on internal control and compliance have been implemented. Although we are not making a recommendation for significant deficiencies or the instance of noncompliance noted in the report, we suggest that MCC determine if the recipient addressed the issues noted.

During our desk review, we noted a minor issue which the audit firm will need to address in future audit reports. We presented this issue in a letter to Lori Giblin, dated February 1, 2023.

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").