



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** January 4, 2024

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

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

**SUBJECT:** Financial Audit of Millennium Challenge Corporation Resources Managed by Millennium Challenge Account-Côte d'Ivoire, Under the Compact Agreement Between MCC and the Government of Côte d'Ivoire, for the period from April 1, 2022 to March 31, 2023 (3-MCC-24-003-N)

This memorandum transmits the final audit report on the Millennium Challenge Corporation (MCC) resources managed by Millennium Challenge Account-Côte d'Ivoire (MCA-Côte d'Ivoire), under the compact agreement between MCC and the Government of Côte d'Ivoire, for the period April 1, 2022 to March 31, 2023. MCA-Côte d'Ivoire contracted with the independent certified public accounting firm BDO Côte d'Ivoire SA (BDO) to conduct the audit. BDO stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and The Accountable Entities Guidelines for Contracted Financial Audits issued by MCC. However, BDO did not have external quality control review and a continuing education program that fully satisfied the GAGAS requirements. BDO is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the MCA-Côte d'Ivoire's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, 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 MCA-Côte d'Ivoire's internal controls; (3) determine whether MCA-Côte d'Ivoire complied with the awards' terms and applicable laws and regulations; (4) determine if MCA-Côte d'Ivoire has taken adequate corrective action on prior audit report recommendations; and (5) assess whether cost-sharing contributions were provided and accounted for by the recipient in accordance with the terms of the agreement. To answer the audit objectives, BDO: (a)

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<sup>1</sup> We reviewed the audit 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 audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

reviewed direct and indirect costs billed to and reimbursed by the recipient, and costs incurred but pending reimbursement by the recipient; (b) determined whether program income was added to funds used to further eligible project or program objectives, to finance the non-federal share of the project or program, or deducted from program costs, in accordance with MCC regulations, other implementing guidance or the terms and conditions of the award; and (c) reviewed technical assistance and services, consultant services, and grant activity, whether procured by the recipient or directly procured by MCC for the recipient's use, and determined whether technical assistance, services, and grants were used for their intended purposes in accordance with the terms of the agreements. BDO examined MCC costs of \$50,706,447 for the audited period.

BDO concluded that MCA-Côte d'Ivoire's assistance directly procured by MCC presented fairly, in all material respects, program revenues, costs incurred and reimbursed, and assets and technical assistance directly procured by the MCC for the period audited in accordance with the terms of the agreement and in conformity with the modified cash basis method of accounting. The audit revealed ineligible questioned costs in the amount of \$12,569. BDO identified five significant deficiencies in internal controls. Also, the results of BDO's tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. Since the questioned costs did not meet OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that the MCC's Chief Risk Officer determine the allowability of the \$12,569 in ineligible questioned costs and recover any amount determined to be unallowable. Although we are not making a recommendation for the significant deficiencies noted in the report, we suggest that MCC's Chief Risk Officer, determine if MCA-Côte d'Ivoire addressed the significant deficiencies on pages 36 to 45 of the audit report. BDO is not aware of any material modifications that should be made to the cost-sharing schedule, in order for it to be in conformity with the basis of accounting used to prepare the schedule. BDO determined that MCA-Côte d'Ivoire has implemented one prior recommendation, and the other recommendation was withdrawn.

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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.<sup>2</sup>

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<sup>2</sup> The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to [oinotice\\_ndaa5274@usaid.gov](mailto:oinotice_ndaa5274@usaid.gov).