



MEMORANDUM

DATE: July 11, 2019

TO: Millennium Challenge Corporation, Chief Risk Officer, Alice McNutt Miller

FROM: Acting Director of External Financial Audits Division, Steve Shea /s/

SUBJECT: Financial Audit of MCC Resources Managed by the Millennium Development Authority of the Republic of Ghana Under the Grant and Implementation Agreement Between MCC and the Republic of Ghana, August 14, 2013 to September 30, 2016 (3-MCC-19-007-N)

This memorandum transmits the final audit report on the Millennium Challenge Corporation (MCC) resources managed by the Millennium Development Authority of the Republic Ghana (MiDA Ghana) under the grant and implementation agreement for the period from August 14, 2013 to September 30, 2016. MiDA Ghana contracted with the independent certified public accounting firm of Ernst & Young Chartered Accountants to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and the Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities.

The audit firm states that it performed its audit in accordance with generally accepted government auditing standards except that the audit firm 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 MiDA Ghana's fund accountability statement; the effectiveness of its internal control; or its compliance with the agreement, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether the fund accountability statement, presents fairly, in all material respects, revenues received, costs incurred and reimbursed, and commodities, assets, and technical assistance for the period audited; (2) evaluate and obtain an understanding of MiDA Ghana's internal controls related to MiDA's development and implementation of the compact using MCC and government funds and assess control risk and identify reportable conditions including material internal control weaknesses; and (3) determine

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.

whether MiDA Ghana complied, in all material respects, with the agreement, compact, supplemental agreements and applicable laws and regulations related to MCC funded programs. To answer the audit objectives, the audit firm conducted an audit of MCC resources managed by MiDA Ghana for the period from August 14, 2013, to September 30, 2016. Costs incurred for this period were \$17,645,631.

The audit firm concluded the fund accountability statement presents fairly, in all material respects, program revenues, costs incurred and reimbursed, for the period August 14, 2013 to September 30, 2016 in accordance with the terms of the agreements, except for, 10 significant deficiencies in internal control and 12 instances of material noncompliance. Although we are not making a recommendation for significant deficiencies noted in the report, we suggest that MCC's Audit, Risk, and Controls Division determine if MiDA Ghana addressed the significant deficiencies on pages 24 to 37 of the audit report..

To address issues identified in the report, we recommend that Millennium Challenge Corporation's Audit, Risk, and Controls Division:

Recommendation I. Verify that the Millennium Development Authority of the Republic of Ghana corrects the 12 instances of material noncompliance detailed on pages 40 through 55 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision. We appreciate the assistance extended during the engagement.

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").