



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

### MEMORANDUM

**DATE:** March 23, 2023

**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 MCC Resources Managed by Millennium Challenge Account Niger, Under the Compact Agreement Between MCC and the Government of Niger, October 1, 2020 to March 31, 2021 (3-MCC-23-003-N)

This memorandum transmits the final audit report on Millennium Challenge Corporation (MCC) resources managed by Millennium Challenge Account-Niger (MCA-Niger), under the compact agreement between MCC and the Government of Niger for the period of October 1, 2020 to March 31, 2021. MCA-Niger contracted with the independent certified public accounting firm KMC Audit & Conseil Expertise Comptable Juridique & Fiscal Executive Training (KMCSA) to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and the Guidelines for Financial Audits Contracted by MCC's Accountable Entities. However, the audit firm did not have a continuing professional education program or an external quality control review, in accordance with generally accepted government auditing standards. The audit firm reported it did not believe that the effect of the departure was material because the audit firm belongs to the HLB International Network since June, 2013 and undergoes every three years a quality review by the headquarters of the network based in London. Furthermore, the audit firm developed a review guide named "KMC Engagement monitoring" that allows the partner in charge of the quality control review to have a uniform review guide. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MCA-Niger'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

---

<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.

MCA-Niger's internal controls related to the MCC funded programs, assess control risk, and identify reportable conditions, including material internal control weaknesses; (3) determine whether MCA-Niger complied with in all material respects, agreement terms and applicable laws and regulations; and (4) determine whether MCA-Niger has taken adequate corrective action on prior audit report recommendations, if applicable. To answer the audit objectives, the audit firm conducted an audit of MCA-Niger's Fund Accountability Statement and review of internal controls for the period from October 1, 2020 to March 31, 2021. Cost incurred for this period were \$ 28,668,699.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred and reimbursed, for the period October 1, 2020 to March 31, 2021 in accordance with terms of the agreements. The audit firm did not identify any deficiencies in internal control considered to be material weaknesses. The audit firm noted no instances of noncompliance or other matters required to be reported under Government Auditing Standards. There were no questioned costs identified during the audit. The audit firm issued a separate management letter to the management of MCA-Niger involving non major deficiencies in MCA-Niger's internal control system.

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").