



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: June 1, 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: Audit of the Government of Ghana resources managed by Millennium Development Authority under the Grant and the Millennium Challenge Compact between the Republic of Ghana and the United States for the period April 1, 2021 to June 6, 2022 (3-MCC-23-016-N)

This memorandum transmits the final audit of the Government of Ghana (GoG) resources managed by Millennium Development Authority (MiDA) under the Grant and Implementation Agreement and the Millennium Challenge Compact between the Republic of Ghana and the United States of America for the period April 1, 2021 to June 6, 2022. MiDA contracted with the independent certified public accounting firm Ernst & Young Chartered Accountants (EY) to conduct the audit. EY 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 the Millennium Challenge Corporation (MCC). However, EY did not have external quality control review by an unaffiliated audit organization that fully satisfied the GAGAS requirements because no such program is offered by professional organizations in Ghana. EY is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the MiDA'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 resources managed by MiDA using GoG funds was presented fairly, in all material respects, revenues received, costs incurred and reimbursed, and commodities, assets,

¹ 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.

and technical assistance directly procured by the GoG (including by MiDA) for the period audited; (2) evaluate and obtain a sufficient understanding of MiDA's internal controls related to MiDA's development and implementation of the compact using GoG funds, assess control risk and identify reportable conditions, including material internal control weaknesses; (3) determine whether MiDA complied, in all material respects, with the 609(g) Agreement, Compact (including those MCC rules and regulations regarding GoG Contributions), supplemental agreements and applicable laws and regulations related to MCC-funded programs; and (4) ensure corrective actions have been taken in accordance with MCC guidelines. To answer the audit objectives, EY: (a) examined the Fund Accountability Statement for activities funded with GoG resources, the revenues received for the period covered by the audit in the form of payments into permitted accounts, direct payments, the costs reported by MiDA as incurred during that period; and technical assistance directly procured by the GoG for the recipient's use; (b) reviewed and evaluated MiDA's internal control structure related to program activities to obtain a sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been placed in operation and in compliance with the Fiscal Accountability Plan.; and (c) followed guidance contained in the American Institute of Certified Public Accountants Statements on Auditing Standards entitled "Compliance Audits" to determine compliance with agreement terms and applicable laws and regulations related to donor activities. EY examined costs of \$10,322,326 for the period audited.

EY concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred and reimbursed, and assets and technical assistance directly procured by the MCC for the period then ended in accordance with the terms of the agreements and in conformity with the modified cash basis of accounting. EY did not identify any questioned costs. EY identified one significant deficiency in internal control. Also, the results of EY's tests did not disclose instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. 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 MiDA addressed the significant deficiency on page 19 of the audit report. EY determined that for the prior period audit recommendations, MiDA has implemented two of the recommendations, while one was not practical to implement.

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").