



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

MEMORANDUM

DATE: October 31, 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 MCC resources managed by the OMCA-Togo under the Threshold Program Grant Agreement between the Government of Togo and the United States of America for the period of April 1, 2022 to March 31, 2023 (3-MCC-24-002-N)

This memorandum transmits the final audit of the Millennium Challenge Corporation (MCC) resources managed by the Organisme de Mise en Oeuvre du Millennium Challenge Account - Togo (OMCA-Togo) under the Threshold Program Grant Agreement between the Government of Togo and the United States of America for the period of April 1, 2022 to March 31, 2023. OMCA-Togo contracted with the audit firm Crowe TG Icaaf Sarl (Crowe) to conduct the audit. Crowe 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, Crowe did not have external quality control review and a continuing education program that fully satisfied the GAGAS requirements. Crowe is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on OMCA-Togo'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 accounting statement (FAS) of OMCA-Togo presents fairly and in all material respects, program revenues, costs incurred and reimbursed, and assets and technical assistance directly procured by Millennium Challenge Corporation (MCC) for the period audited, in accordance with the terms of the agreements and in conformity with the basis of accounting provided for in the Financial Accountability Plan; (2) assess and have a sufficient understanding of internal controls as they relate to MCC-funded programs; (3) check compliance to the agreement, laws and regulation by OMCA-Togo; and (4) determine whether OMCA-Togo has taken adequate corrective

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.

action on prior audit recommendations. To answer the audit objectives, Crowe: (a) examined the Consolidated Fund Accountability Statement for MCC-funded programs, including the budgeted amounts by category and major items; the revenues received from MCC and the costs reported by OMCA-Togo; (b) reviewed and evaluated the Accountable Entity's internal control related to MCC programs to obtain a sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures were in operation; and (c) determined compliance with agreement terms and applicable laws and regulations related to MCC programs. Crowe examined costs of \$2,630,424 for the period audited.

Crowe concluded that the fund accountability statement presents fairly, in all material respects, program revenues and costs incurred and reimbursed, and assets and technical assistance directly procured by MCC for the period then ended in accordance with the terms of the agreements and in conformity with the modified cash basis of accounting. The audit revealed ineligible questioned costs in the amount of \$5,056. Crowe identified one finding that it considered to be significant deficiencies in internal control. Also, the results of Crowe's tests disclosed an instance of material noncompliance that is 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 \$5,056 in 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 OMCA-Togo addressed the significant deficiency on page 33 of the audit report. Crowe reported that three recommendations were implemented and two have been partially implemented. Crowe noted one non-material deficiency relating to internal controls and three non-material compliance that have been communicated directly to OMCA-Togo through a management letter.

To address the material noncompliance finding identified in the report, we recommend that MCC's Chief Risk Officer:

Recommendation 1: Verify that the OMCA-Togo corrects the instance of material noncompliance detailed on page 35 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach a management decision.

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.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.