



## MEMORANDUM

**DATE:** March 11, 2020

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

**FROM:** Director of External Financial Audit Division, David A. McNeil/s/

**SUBJECT:** Financial Audit of MCC Resources Managed by the Millennium Development Authority Ghana Under the Grant and Implementation Agreement and the Millennium Challenge Compact Between MCC and the Republic of Ghana, October 1, 2016 to March 31, 2018 (3-MCC-20-007-N)

This memorandum transmits the final audit report on the Millennium Challenge Corporation (MCC) resources managed by the Millennium Development Authority Ghana (MiDA Ghana) under the grant and implementation agreement and the Millennium Challenge Compact between MCC and the Republic of Ghana for the period October 1, 2016 to March 31, 2018. MiDA Ghana contracted with the independent certified public accounting firm of Ernst & Young Chartered Accountants to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States and the Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities. However, it 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 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 MiDA Ghana's internal controls; and (3) determine whether MiDA Ghana complied, in all

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<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.

material respects, with the agreement, compact, supplemental agreements and applicable laws and regulations related to MCC funded programs. An additional objective was to determine whether it was prepared in accordance with MCC's Guidelines for Country Contributions, under the Compact agreement between MCC and the Government of Ghana. To answer the audit objectives, the audit firm conducted an audit of MCC resources managed by MiDA Ghana for the period October 1, 2016 to March 31, 2018. Costs incurred for this period were \$16,317,967. Additionally, the audit firm performed a review of Cost-Sharing Schedule in accordance with standards established by the American Institute of Certified Public Accountants.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred and reimbursed under the award for the period audited except for four instances of material noncompliance. Although we are not making a recommendation for the three significant deficiencies noted in the report on internal control, we suggest that MCC's Audit, Risk, and Controls Division determine if MiDA Ghana addressed the issues noted. Nothing came to the audit firm's attention to cause them to believe the cost-sharing schedule was not presented fairly. There were no questioned costs.

To address the problems identified in the report, we recommend that MCC's Audit, Risk, and Controls Division:

**Recommendation I.** Verify that Millennium Development Authority Ghana corrects the four instances of material noncompliance detailed on pages 27 to 32 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").