



MEMORANDUM

DATE: November 16, 2020

TO: Millennium Challenge Corporation, Chief Risk Officer, Administration and Finance, 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 Foundation of Kosovo Under the Threshold Program Grant Agreement, September 12, 2017, to September 30, 2019 (3-MCC-21-001-N)

This memorandum transmits the final audit report on Millennium Challenge Corporation (MCC) Resources Managed by Millennium Foundation of Kosovo (MFK) for the period from September 12, 2017 to September 30, 2019. MFK contracted with the independent certified public accounting firm Audit & Consulting Associates (ACA) to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities. However, it did not fully satisfy the continuing professional education requirement set forth in generally accepted government auditing standards. In addition, the audit firm reported that it did not have an external quality control review because no such program is offered by professional organizations in the Republic of Kosovo. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MFK'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 (I) express an opinion on whether the fund accountability

¹We 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.

statement for the period audited, was presented fairly, in all material respects; (2) evaluate the MFK's internal controls; and (3) determine whether MFK complied with award terms and applicable laws and regulations. To answer the audit objectives, the audit firm conducted an audit of MCC resources managed by MFK for the period from September 12, 2017 to September 30, 2019. Costs incurred for this period were \$2,469,430.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues, costs incurred under the award for the period audited. The audit firm did not identify any material weaknesses or significant deficiencies in internal control. The audit firm found no material instances of noncompliance that are required to be reported under generally accepted government auditing standards. The audit firm did not question any costs. The audit firm issued a management letter.

During our desk review, we noted a minor issue which the audit firm will need to address in future audit reports. We presented this issue in a memo to the Chief Risk Officer, Administration and Finance, dated November 16, 2020.

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").