



MEMORANDUM

DATE: January 29, 2021

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 MiDA Under the Compact Agreement Between MCC and the Republic of Ghana, April 1, 2018, to March 31, 2019 (3-MCC-21-004-N)

This memorandum transmits the final audit report on Millennium Challenge Corporation (MCC) resources managed by Millennium Development Authority (MiDA), for the period from April 1, 2018, to March 31, 2019. MiDA contracted with the independent certified public accounting firm 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 and 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's fund accountability statement; the effectiveness of its internal control; or its compliance with the agreement, laws, and regulations.¹

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's internal controls; (3) determine whether MiDA complied with agreement terms and applicable laws and regulations; (4) review the cost-sharing schedule; and (5) determine if MiDA has taken adequate corrective actions on prior audit recommendations. To answer the audit objectives, the audit firm conducted an audit of MCC resources managed by MiDA for the

¹ 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.

period from April 1, 2018 to March 31, 2019. Costs incurred for this period were \$24,145,898.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues, costs incurred and reimbursed under the agreement for the period audited except for six significant deficiencies in internal control and four instances of material noncompliance. The audit firm did not question any costs. Additionally, nothing came to the audit firm's attention that caused it to believe that MiDA did not fairly present the cost-sharing schedule, in all material respects, in accordance with the basis of accounting used to prepare the cost-sharing schedule. Further, the audit firm reported that four prior audit recommendations on internal control have been implemented and five remained open. The audit firm also reported that three prior audit recommendations on compliance have been implemented and four remained open. Those findings that have yet to be implemented were reiterated in the current year's reports on internal control and compliance. Although we are not making a recommendation for significant deficiencies noted in the report, we suggest that MCC determine if the recipient addressed the issues noted.

During our desk review, we noted two minor issues which the audit firm will need to address in future audit reports. We presented these issues in a letter to Lori Giblin, dated January 29, 2021.

To address the problems identified in the report, we recommend that MCC:

Recommendation I. Verify that Millennium Development Authority corrects the four instances of material noncompliance detailed on pages 43 through 47 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach 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").