

MEMORANDUM

DATE: September 22, 2025

TO: Millennium Challenge Corporation

Chief Risk Officer

Lori Giblin

FROM: David A. McNeil /s/

Director

External Financial Audits Division

SUBJECT: Audit of the MCC resources managed by the Millennium Challenge Account

(MCA) - Malawi II - Under the Compact Agreement, May 22, 2020 to March 31,

2024 (3-MCC-25-007-N)

This memorandum transmits the final audit of the Millennium Challenge Corporation (MCC) resources managed by the Millennium Challenge Account (MCA) – Malawi II - Under the Compact Agreement, May 22, 2020 to March 31, 2024. MCA – Malawi II contracted with audit firm Graham Carr to conduct the audit. Graham Carr stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, Graham Carr did not have a continuing education program and an external quality control review by an unaffiliated audit organization, since no such program is offered by professional organizations in Malawi. Graham Carr is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MCA – Malawi II's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations. I

The audit objectives were to obtain reasonable assurance about whether the Consolidated Fund Accountability Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the auditor's opinion. To answer the audit objective, the auditor: (I) exercised professional judgment and maintained professional skepticism throughout the audit, (2) identified and assessed the risks of material misstatement of the Consolidated Fund Accountability Statement, whether due to fraud or error; (3) obtained an understanding of internal control relevant to the audit procedures that

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.

are appropriate in the circumstances, but not for the purpose of the expressing an opinion on the effectiveness of MCA-Malawi II's internal control; (4) evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. Graham Carr examined costs of \$7,774,063 for the period audited.

Graham Carr concluded that the Consolidated Fund Accountability Statement presents fairly, in all material respects, program revenues, costs incurred and reimbursed, assets and MCC's procurements technical assistance for the period then ended in accordance with the terms of the agreements and in conformity with its basis of the accounting. The audit revealed no questioned costs, and no instance of non-compliance or other matters that are required to be reported under Government Auditing Standards. Graham Carr did send a management letter dated July 22, 2025.

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.