

# OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

## Audit of MCC's Financial Statements for Fiscal Year 2025

Audit Report 0-MCC-26-001-C

December 18, 2025





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

### MEMORANDUM

**DATE:** December 18, 2025

**TO:** Abdel Maliky  
Deputy Vice President, Department of Administration and Finance  
Millennium Challenge Corporation

**FROM:** Khadija Walker /s/  
Deputy Assistant Inspector General for Audits, Inspections, & Evaluations

**SUBJECT:** Audit of MCC's Financial Statements for Fiscal Year 2025 (0-MCC-26-001-C)

Enclosed is the final audit report on the Millennium Challenge Corporation's (MCC's) financial statements for fiscal year 2025. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of RMA Associates LLC (RMA) to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and Office of Management and Budget Bulletin No. 24-02, Audit Requirements for Federal Financial Statements, as applicable to independent public accountants.

In carrying out its oversight responsibilities, OIG reviewed the audit firm's report and related audit documentation and inquired of its representatives. Our review, which was different from an audit performed in accordance with generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on MCC's financial statements. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. Based on our review, we found no instances in which RMA failed to comply, in all material respects, with applicable standards.

The audit objectives were to (1) express an opinion on whether MCC's financial statements as of September 30, 2025, were presented fairly, in all material respects; (2) evaluate MCC's internal controls over financial reporting; and (3) determine whether MCC complied with applicable laws, regulations, contracts, and grant agreements. To answer the audit objectives, the audit firm assessed risk, considered internal controls, and designed audit procedures relevant to MCC's fair presentation of its 2025 financial statements.

The audit firm concluded that MCC's financial statements for the fiscal year ending September 30, 2025, are presented fairly, in all material respects, and in accordance with accounting principles generally accepted in the United States of America. Further, the audit firm found no material weaknesses in internal control over financial reporting based on the procedures

performed, and no reportable noncompliance with applicable laws, regulations, contracts, and grant agreements.

In finalizing the report, the audit firm acknowledged MCC's response to the report.

We appreciate the assistance provided to our staff and the audit firm's employees during the engagement.

## Independent Auditor's Report

To

The Board of Directors  
Millennium Challenge Corporation

The Inspector General  
United States Agency for International Development

In our audit of the fiscal year 2025 financial statements of the Millennium Challenge Corporation (MCC), we found

- MCC's financial statements as of and for the fiscal years ended September 30, 2025, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed;<sup>1</sup> and
- no reportable noncompliance for fiscal year 2025 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes a section on required supplementary information (RSI)<sup>2</sup> and a section on other information included with the financial statements;<sup>3</sup> (2) our report on internal control over financial reporting; (3) our report on compliance with laws, regulations, contracts, and grant agreements; and (4) agency comments.

### Report on the Financial Statements

#### Opinion

In accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for the Federal Financial Statements*, we have audited MCC's financial statements. MCC's financial statements comprise the balance sheet as of September

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<sup>1</sup> A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

<sup>2</sup> The RSI consists of Management's Discussion and Analysis and Combining Statement of Budgetary Resources which are included with the financial statements.

<sup>3</sup> Other information consists of information included with the financial statements, other than the RSI and the auditor's report.

30, 2025; the related statement of net cost, changes in net position, and budgetary resources for the fiscal year then ended; and the related notes to the financial statements. In our opinion, MCC's financial statements present fairly, in all material respects, MCC's financial position as of September 30, 2025, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended in accordance with U.S. generally accepted accounting principles.

### Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MCC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for

- the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles;
- preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in MCC's Annual Management Report (AMR), and ensuring the consistency of that information with the audited financial statements and the RSI; and
- designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with U.S. generally accepted government auditing standards will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MCC's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the financial statement audit.

#### Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards. These procedures consisted of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

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## Other Information

MCC's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in MCC's AMR. The other information comprises the following sections: Summary of Financial Statement Audit and Management Assurances, Payment Integrity Information Act Reporting, and Grant Programs. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Report on Internal Control over Financial Reporting**

In connection with our audit of MCC's financial statements, we considered MCC internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

## Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies<sup>4</sup> or to express an opinion on the effectiveness of MCC's internal control over financial reporting. Given these limitations, during our 2025 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

During our 2025 audit, we identified deficiencies in MCC's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant MCC management's attention. We have communicated these matters to MCC management and, where appropriate, will report on them separately. The status of prior year findings can be found in [Appendix II](#).

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<sup>4</sup> A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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## Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to MCC's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget audit guidance.<sup>5</sup>

## Responsibilities of Management for Internal Control over Financial Reporting

MCC management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of MCC's financial statements as of and for the fiscal year ended September 30, 2025, in accordance with U.S. generally accepted government auditing standards, we considered MCC's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MCC's internal control over financial reporting. Accordingly, we do not express an opinion on MCC's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

## Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of internal control over financial reporting are to provide reasonable assurance that

- transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and
- transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

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<sup>5</sup> Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, issued on July 29, 2024. According to the guidance, for those controls that have been suitably designed and implemented, the auditor should perform sufficient tests of such controls to conclude on whether the controls are operating effectively (i.e., sufficient tests of controls to support a low level of assessed control risk). OMB audit guidance does not require the auditor to express an opinion on the effectiveness of internal control.



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## Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of MCC's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of MCC's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

## **Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements**

In connection with our audit of MCC's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

## Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2025 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to MCC. Accordingly, we do not express such an opinion.

## Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

## Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

MCC management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to MCC.

## Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to MCC that have a direct effect on the determination of material amounts and disclosures in MCC's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all provisions of laws, regulations, contracts, and grant agreements applicable to MCC. We caution that noncompliance may occur and not be detected by these tests.

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Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

**Agency Comments**

In commenting on a draft of this report, MCC concurs with the conclusions of the report and provides a management response. The complete text of MCC's response is reprinted in [Appendix I](#). MCC's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

*RMA Associates*

Arlington, VA  
December 12, 2025

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**Appendix I: Management's Response**



DATE: December 15, 2025

TO: Khadija Walker  
Deputy Assistant Inspector General for Office of Audits, Inspections, and Evaluations  
Office of Inspector General  
United States Agency for International Development

FROM: Abdel Maliky /s/ **Abdel G Maliky**  
Acting Vice President and Chief Financial Officer  
Department of Administration and Finance  
Millennium Challenge Corporation

SUBJECT: MCC's Management Response to the Draft Audit Report, "Audit of MCC's Financial Statements for Fiscal Year 2025," dated December 12, 2025

Digitally signed by Abdel G Maliky  
Date: 2025.12.15 09:52:23 -05'00'

The Millennium Challenge Corporation (MCC) appreciates the opportunity to respond to the draft report on the Office of Inspector General (OIG)'s audit, "Audit of MCC's Financial Statements for Fiscal Year 2025," dated December 12, 2025. MCC concurs with the conclusions of the report and is proud that it again identified no material weaknesses or significant deficiencies. This is recognition of the continued dedication to improvement that has been maintained to support this level of excellence. We look forward to sustaining and enhancing our internal control environment.

If you have any questions or require additional information, please contact Michael Wright at 202-521-3648 or by email at [wrightmj@mcc.gov](mailto:wrightmj@mcc.gov). Additionally, you can also contact Lori Giblin, Chief Risk Officer, by email at [giblinlm@mcc.gov](mailto:giblinlm@mcc.gov).

CC: Damian Wilson, Principal Director, OIG, USAID  
Davida Wilhelm, Assistant Audit Director, OIG, USAID  
Anna Elias, Assistant Audit Director, Financial Audits Division, OIG, USAID  
Abdel Maliky, Deputy Vice President, A&F, MCC  
Kelci Ibrahim, Acting Managing Director, FMD, A&F, MCC  
Lori Giblin, Chief Risk Officer, A&F, MCC  
Michael Wright, Controller, FMD, A&F, MCC

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**Appendix II: Status of Prior Year Findings**

<b>Fiscal Year</b>	<b>No.</b>	<b>Recommendation</b>	<b>Type</b>	<b>FY 2025 Status</b>
N/A	N/A	None – All prior year findings have been closed.	N/A	N/A