

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

**MCC Use of Funds:
Requirements for Anniversary
Events and Promotional Items
Were Generally Met, but
Gaps Exist in Internal Policy**

Report 9-MCC-26-001-M
January 28, 2026

Evaluation





OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

DATE: January 28, 2026

TO: Abdel Maliky
Acting Vice President for Department of Administration and Finance
Acting Chief Financial Officer
Millennium Challenge Corporation

FROM: Gabriele Tonsil /s/
Acting Assistant Inspector General for Audits, Inspections, and Evaluations

SUBJECT: MCC Use of Funds: Requirements for Anniversary Events and Promotional Items Were Generally Met, but Gaps Exist in Internal Policy

This memorandum transmits the final report on our evaluation of the Millennium Challenge Corporation's (MCC) use of government funds for promotional items and anniversary activities. Our objective was to determine whether MCC adhered to applicable Federal requirements and internal policies and procedures when holding events to celebrate MCC's 20th anniversary and buying promotional items for employees. In finalizing the report, we considered your comments on the draft and included them in their entirety in Appendix A.

The report contains two recommendations to improve MCC's management process for purchases made using administrative funds and to determine the allowability of approximately \$26,900 in questioned costs. After reviewing information you provided in response to the draft report, we consider the recommendations resolved but open pending the completion of planned activities.

For both recommendations, please provide evidence of final action to OIGAudittracking@oig.usaid.gov.

We appreciate the assistance you and your staff provided to us during this engagement.

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Pursuant to Pub. L. No. 117-263 § 5274, USAID OIG provides nongovernmental organizations and businesses specifically identified in this report 30 days from the date of report publication to submit a written response to USAID OIG. Comments received will be posted on <https://oig.usaid.gov/>. Please direct inquiries to oignotice_ndaa5274@oig.usaid.gov.



Report in Brief

Why We Did This Evaluation

The Millennium Challenge Corporation (MCC) was established in 2004 to help countries promote economic growth, open markets, and increase living standards. In 2024, MCC commemorated its 20th anniversary through a series of events, including keynote speakers from MCC leaders and members of Congress, a reception cohosted with the United Nations Foundation, and executive-level dinners. Event attendees included MCC's country partners, staff, board members, and other stakeholders.

To further mark the occasion, MCC produced and distributed commemorative promotional items. The Agency used a combination of representation and entertainment (R&E) funds and administrative funds to pay expenses.

In May 2024, we received an allegation from an anonymous complainant that MCC used taxpayer money on a “lavish” event to celebrate its 20th anniversary. The allegation also indicated that MCC used over \$750,000 in taxpayer money to buy promotional items for employees, such as T-shirts, water bottles, and bags, that represented a misuse of funds and wasteful spending.

In response to the allegation, we initiated this evaluation to determine whether MCC adhered to applicable Federal requirements and internal policies and procedures when holding events to celebrate MCC's 20th anniversary and buying promotional items for employees.

What We Recommend

We made two recommendations to MCC to improve its management process for purchases made using administrative funds and to determine the allowability of approximately \$26,900 in questioned costs. MCC agreed with the recommendations.

What We Found

MCC followed requirements for most anniversary-related purchases but did not always document approvals due to internal policy gaps. MCC's expenditures for anniversary events and promotional items were consistent with its annual appropriations for R&E funds. Additionally, based on our analysis of the Agency's planned R&E allocations and actual expenditures, MCC did not exceed the total R&E funds available under its appropriations and internal policy.

We also concluded that MCC's use of administrative funds for support of anniversary-related activities aligned with its statutory authority. However, MCC did not have documented approvals for selected promotional items purchased under a contract amounting to approximately \$26,900 in administrative funds because there was no internal policy to govern the approval of those funds at the time.

In September 2024, about 4 months after the completion of its 20th anniversary activities, MCC issued interim guidance on the review and pre-approval process to purchase items using administrative funds. As of September 2025, the policy was still in draft form. The lack of an approved policy on the use and approval of administrative funds increases the risk of inconsistent use of funding authorities for similar expenditures in the future.

Introduction

The Millennium Challenge Corporation (MCC) was established in 2004 to help countries promote economic growth, open markets, and increase living standards. Between September 2023 and May 2024, MCC commemorated its 20th anniversary through a series of events. MCC's Department of Congressional and Public Affairs led the planning of the anniversary events.¹ The events included keynote speakers from MCC leaders and members of Congress, a reception cohosted with the United Nations Foundation, and executive-level dinners at the Planet Word Museum in Washington, DC, and the George W. Bush Presidential Center in Dallas, Texas. Event attendees included MCC's country partners, staff, board members, and stakeholders from the United States and international development communities. To further mark the occasion, MCC produced and distributed commemorative promotional items. The Agency used a combination of representation and entertainment (R&E) funds and administrative funds to pay expenses.

In May 2024, we received an allegation from an anonymous complainant through the OIG hotline that MCC used taxpayer money on a "lavish" event to celebrate its 20th anniversary that included food and alcohol.² The allegation also indicated that MCC used over \$750,000 in taxpayer money to buy promotional items for employees, such as T-shirts, water bottles, and bags. According to the complainant, this was a misuse of funds that resulted in wasteful spending.

In response to the allegation, we initiated this evaluation to determine whether MCC adhered to applicable Federal requirements and internal policies and procedures when holding events to celebrate MCC's 20th anniversary and buying promotional items for employees.

To answer the objective, we evaluated purchases MCC made between January 2023 and December 2024 for 20th anniversary event activities and all promotional items.³ We reviewed Federal requirements, such as appropriations law; criteria related to the allowability of costs, including whether they were adequately documented; and internal control standards. We also reviewed MCC policies and procedures to understand R&E and administrative fund use, approval processes, and decision documentation. We analyzed available Agency contract records, invoice statements, and justification and approval documentation to assess if purchases were made in accordance with Federal requirements and Agency policies and procedures based on the type of funds that were used.⁴ We also interviewed MCC officials in the Agency's Office of General Counsel and Financial Management Division to understand responsibilities for using appropriated funds.

¹ The Department of Congressional and Public Affairs set up a planning and implementation task force and used a contractor, Montage Marketing Group, LLC, for event planning and coordination support.

² OIG's Office of Investigations received the allegation in May 2024 and, after an investigative review, referred it to the Office of Audits, Inspections, and Evaluations in December 2024.

³ The allegation did not directly specify that the promotional items were just for the 20th anniversary events. Therefore, we included all promotional items MCC purchased between 2023 and 2024 in our analysis.

⁴ To examine the complainant's allegation that an anniversary event was "lavish," we reviewed whether MCC collected and evaluated catering proposals when selecting providers to use at its anniversary events in Washington, DC, and Dallas, Texas.

On January 20, 2025, the President directed a pause on all U.S. foreign assistance for review.⁵ MCC subsequently underwent workforce reductions following a government-wide effort to reduce the size of the Federal workforce.⁶ As a result, we were unable to obtain access to staff to determine the extent to which MCC distributed promotional items at anniversary events, how decisions were made regarding use of funds to purchase certain items, or why certain promotional items were procured through its contractor.⁷

We conducted this evaluation from March to September 2025 in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

MCC Followed Requirements for Most Anniversary-Related Purchases but Did Not Always Document Approvals Due to Internal Policy Gaps

MCC used R&E funds in accordance with Federal appropriations law and internal policy on 20th anniversary events and promotional item expenses but lacked approval documentation for using administrative funds for selected promotional items purchased under a contract.

Federal regulations restrict agencies to use appropriated funds only for their intended purposes.⁸ MCC is authorized to use R&E funds for expenses that further Agency business and align with U.S. foreign policy interests.⁹ MCC's policy governing the use of R&E funds requires multiple approvals, including its general counsel and financial management staff.¹⁰ Administrative funds are used to support the Agency's

What Are R&E Funds?

Congress appropriates R&E funds to support official reception and representation activities. These funds:

1. Are intended primarily to foster relationships outside of the executive branch;
2. Are used principally for meals and events of a protocol nature;
3. May not be used for events attended exclusively by agency employees; and
4. May not be used for activities that are substantially of a recreational character.

What Are Administrative Funds?

Administrative funds are used for various operating expenses, including contractual services in direct support of MCC headquarters and overseas offices, staff salaries, travel, and R&E expenses.

⁵ President's Executive Order, "Reevaluating and Realigning United States Foreign Aid," signed January 20, 2025.

⁶ President's Executive Order, "Implementing the President's 'Department of Government Efficiency' Workforce Optimization Initiative," signed February 11, 2025.

⁷ According to MCC staff, about 42 percent of staff involved in planning and implementing its 20th anniversary events separated from the Agency between March 2025 and June 2025.

⁸ Title 31 of the U.S. Code, Section 1301(a).

⁹ Consolidated Appropriations Act, 2023, Pub. L. No. 117-328, 136 Stat. 4990 (December 29, 2022); Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, 136 Stat. 580 (March 15, 2022). MCC's 2023 appropriation, consistent with previous annual appropriations, remains available until expended.

¹⁰ MCC, *Representation and Entertainment Funds Policy and Procedures*, August 2010.

operating expenses, as outlined in MCC's policy.¹¹ Moreover, Federal internal control standards state that management should ensure all decisions are documented to help verify that controls are in place and functioning as intended. This is to ensure that relevant information is recorded and communicated to the right people and to support transparency and accountability.¹² Under Federal law, a cost may be questioned if it is not supported by adequate documentation demonstrating that it is allowable.¹³

Based on our analysis of MCC's R&E expenditures and supporting documentation, we concluded that MCC's expenditures for anniversary events and promotional items were consistent with its annual appropriations for R&E funds. We also determined that MCC adhered to its internal policy for such purchases because MCC had documented pre-approvals from its general counsel and financial management staff to spend R&E funds on the purchases. Additionally, MCC did not exceed the total R&E funds available under its appropriations and internal policy, based on our analysis of the Agency's planned R&E allocations and actual expenditures. MCC spent approximately \$52,700 of its R&E funds on anniversary events and promotional item expenses, according to our review of available documentation. Of this, MCC spent about \$49,900 (95 percent) on food and beverages for its 20th anniversary events held between September 2023 and May 2024. These expenses included meals, refreshments, and alcohol¹⁴ provided by contracted catering services at the events. MCC also spent about \$2,700 (5 percent) on promotional items between April 2023 and September 2024. These items included journals, coffee mugs, water bottles, tote bags, and keychains for participants from partner countries attending MCC-hosted forums and gatherings to strengthen relationships and collaboration.

In addition to the R&E expenditures, we concluded that MCC's use of administrative funds for the contractor's support of anniversary-related activities aligned with its statutory authority, based on our review of the contract and confirmation with staff in the Office of General Counsel and Financial Management Division.¹⁵ MCC spent approximately \$473,000 of its administrative funds on anniversary events and promotional item expenses, including about \$427,600 (90 percent) on anniversary-related activities and \$45,300 (10 percent) on promotional items, based on our review of available documentation. MCC contracted with Montage Marketing Group, LLC in September 2023 to obtain public relations and communication services including event planning and coordination for its anniversary activities. Specifically, Montage Marketing Group, LLC assisted with audiovisual services, rental equipment

¹¹ MCC, *Budget Execution and Funds Control Policy Manual*, July 2018. The policy defined that administrative funds can be used for R&E expenses. R&E funds are also a subset of the administrative funds and, in accordance with the Agency's appropriations language, MCC may use up to \$100,000 of appropriated funds for R&E expenses and carry over unused amounts annually.

¹² U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014, Principles 10, 14, 15.

¹³ Title 5 of the U.S. Code, Section 405(a)(4).

¹⁴ While Section 7010(f) of the Consolidated Appropriations Act, 2023, prohibits appropriated funds from being used for alcohol, this restriction does not apply to MCC's appropriation. Therefore, MCC's R&E funds may be used to purchase food and beverages, including alcohol.

¹⁵ Title 22 of the U.S. Code Section 7713, Powers of the Corporation. This statutory authority allows MCC to make contracts, grants, and agreements as needed to support its functions. It also allows MCC to determine how obligations are incurred and expenses, including expenses for representation, are allowed.

arrangements, researching and reserving venues, and on-site staffing for event execution.¹⁶ As part of our review of event-related costs, we examined catering selections. Supporting records showed that for the event in Washington, DC, MCC considered multiple catering options and selected a provider whose cost estimate was in the lower range of quotes that were received. For the event in Dallas, Texas, MCC had to use the vendor required by the venue at the George W. Bush Institute.

Table I summarizes MCC's expenses for 20th anniversary events and promotional items.

Table I. Summary of MCC Expenses Using Appropriated Funds for Anniversary Events and Promotional Items Between 2023 and 2024

Category	R&E Fund Expenses	Administrative Fund Expenses	Total by Category
Anniversary event planning and logistics	\$0	\$392,401	\$392,401
Anniversary event food and beverages, including alcohol	\$49,916	\$0	\$49,916
Anniversary event venue rental	\$0	\$23,699	\$23,699
Other anniversary event support and supplies	\$0	\$11,532	\$11,532
Promotional items (e.g., coins, T-shirts, bags)	\$2,748*	\$45,295**	\$48,043
Total Spending	\$52,664	\$472,927	\$525,590

* Reflects spending on promotional items not associated with MCC's 20th anniversary events.

** Includes promotional items purchased for MCC's 20th anniversary events as well as items not associated with the anniversary.

Source: OIG analysis based on information received from MCC.

However, we found that MCC did not have documented approvals to purchase selected promotional items using administrative funds. Specifically, based on available records and discussions with MCC staff, we were not able to obtain documentation to verify how MCC justified and approved approximately \$26,900 out of \$45,300 (59 percent) for promotional items that were purchased by Montage Marketing Group, LLC.¹⁷ These promotional items included about \$16,200 in customized commemorative coins, \$7,500 in T-shirts, \$2,300 in pens, and \$900 in plaques that were purchased between October 2023 and March 2024.

MCC's general counsel staff said that they did not review or approve all MCC 20th anniversary-related purchases and were unaware that promotional items were purchased through the contract with Montage Marketing Group, LLC until the anniversary events took place.

Additionally, MCC contracting staff responsible for overseeing the contract informed us that they were not involved in planning or purchasing promotional items and did not provide any guidance to the Agency's Department of Congressional and Public Affairs on using the contract for such expenses.

¹⁶ MCC also used Montage Marketing Group, LLC for other services that included developing its branding strategies and creating website and social media content as part of the full scope of the contract.

¹⁷ The remaining \$18,400 out of \$45,300 (41 percent) for promotional items using administrative funds was spent with a government purchase card instead of through the contractor. We verified that MCC had documented pre-approvals for these promotional items by the designated approving official in each division. For purchase card transactions, the pre-approval form did not require review or approval by the Office of General Counsel.

MCC did not have documented approvals for the selected promotional item purchases using administrative funds because there was no internal policy to govern the approval of those funds at the time.¹⁸ In August 2010, MCC's Department of Administration and Finance issued a policy specifically on the use of R&E funds. The policy outlined responsibilities and procedures for approving the use of R&E funds for purchases.¹⁹ However, this policy did not apply to the use of administrative funds. In September 2024, about 4 months after the completion of its 20th anniversary activities, MCC issued guidance on the review and pre-approval process to purchase items using administrative funds. For example, the guidance indicated that the requesting office must provide justification and obtain advance approval from MCC's Office of General Counsel and the Financial Management Division to use administrative funds to purchase promotional items. According to an MCC staff member, the 2024 guidance was considered interim, but MCC was in the process of incorporating the guidance into the Agency's budget execution policy. As of September 2025, the policy was still in draft form, and MCC did not have an estimated time frame for finalization.

As a result, MCC, through Montage Marketing Group, LLC, spent approximately \$26,900 in MCC administrative funds on promotional items without documented justification and approval. Without such documentation, MCC cannot demonstrate that the purchases were allowable and reflected responsible stewardship of public funds in accordance with Federal requirements, limiting transparency and accountability in funding decisions. Therefore, we consider the approximately \$26,900 in expenditures to be questioned costs. Moreover, the lack of an approved policy on the use and approval of administrative funds increases the risk of inconsistent use of funding authorities for similar expenditures in the future.

Conclusion

MCC complied with Federal requirements and internal policy for using R&E funds for anniversary events and promotional items, but we found gaps in how MCC justified and approved purchases for promotional items made with administrative funds. Without documented justification or approval procedures, MCC cannot demonstrate that these administrative expenditures were allowable or subject to adequate oversight. Unless MCC finalizes internal guidance, the Agency remains at risk of future inconsistencies and weakened accountability over similar spending.

¹⁸ U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014, Principle 10. Management should design control activities, such as policies, to achieve objectives and assign responsibility for key decisions.

¹⁹ MCC, *Representation and Entertainment Funds Policy and Procedures*, August 2010.

Recommendations

We recommend that the Millennium Challenge Corporation's Department of Administration and Finance take the following actions:

1. Finalize and implement a policy outlining responsibilities and procedures for using administrative funds for purchases, including procedures for documenting justifications and approvals of requests.
2. Determine the allowability of approximately \$26,900 in questioned costs.

OIG Response to Agency Comments

We provided our draft evaluation report to MCC on December 17, 2025. On January 14, 2026, we received MCC's response, which is included in Appendix A of this report.

The report included two recommendations. MCC agreed with both recommendations. We acknowledge management decisions on the recommendations and consider them resolved but open pending completion of planned activities.

Appendix A. Agency Comments



DATE: January 14, 2026

TO: Gabriele Tonsil
Acting Assistant Inspector General for Audits, Inspections, and Evaluations
Office of Inspector General, United States Agency for International
Development

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

SUBJECT: MCC's Management Response to the OIG Report, "MCC Use of Funds:
Requirements for Anniversary Events and Promotional Items Were
Generally Met, but Gaps Exist in Internal Policy"

The Millennium Challenge Corporation (MCC) appreciates the opportunity to review the Office of Inspector General (OIG) report titled, "MCC Use of Funds: Requirements for Anniversary Events and Promotional Items Were Generally Met, but Gaps Exist in Internal Policy". MCC concurs with the conclusion of the report and provides a management response, which includes the management decision, to the recommendations below.

OIG Recommendation 1 – Finalize and implement a policy outlining responsibilities and procedures for using administrative funds for purchases, including procedures for documenting justifications and approvals of requests.

MCC Response – MCC concurs with the recommendation and as such MCC will revise its Budget Execution policy to acknowledge the approvals needed for purchases of promotional items by the end of Fiscal Year 2026. In addition, MCC is currently updating its Representation and Entertainment Funds policy. Both will be completed by September 30, 2026.

OIG Recommendation 2 – Determine the allowability of approximately \$26,900 in questioned costs.

MCC Response – MCC concurs with the recommendation and will review the documentation related to the questioned costs and provide a resolution to OIG by February 28, 2026.

If you have any questions, please contact Lori Giblin, Chief Risk Officer at giblinlm@mcc.gov.



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