



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** February 12, 2026

**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:** Transmittal of the Management Letter for MCC's Fiscal Year 2025 Financial Statements Audit Report (0-MCC-26-001-C)

On December 18, 2025, we transmitted the financial statement audit report performed by the independent certified public accounting firm RMA Associates LLC (RMA) to the Millennium Challenge Corporation (MCC). The auditors issued an unmodified opinion on MCC's fiscal year (FY) 2025 financial statements.

However, when performing an audit of an agency's financial statements, auditors may identify certain matters involving internal controls that do not rise to a level of significance to be reported in the independent auditors' opinion report. Instead, these matters are communicated in a separate management letter. This memorandum transmits a copy of the FY 2025 management letter dated December 22, 2025, which reports on such matters.

This letter does not affect the auditors' unmodified opinion on the financial statements. RMA is responsible for the enclosed letter and the conclusions expressed in it.

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

December 22, 2025

MCC Management  
Millennium Challenge Corporation  
Washington, D.C.

We have audited the consolidated financial statements of the Millennium Challenge Corporation (MCC), which comprise the balance sheet as of September 30, 2025, and the related consolidated statement of net cost, consolidated changes in net position, and consolidated budgetary resources for the year then ended, and the related notes to the financial statements (collectively referred to hereinafter as ‘financial statements’) and issued our report thereon dated December 12, 2025. Professional standards require that we advise you of the following matters relating to our audit.

In planning and performing our audit of the consolidated financial statements of the MCC as of and for the year ended September 30, 2025, we considered the MCC’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the MCC’s internal control. Accordingly, we do not express an opinion on the effectiveness of the MCC’s internal control.

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. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of MCC’s consolidated financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we identified one deficiency in internal control that we determined did not rise to the level of material weakness or significant deficiency. While the nature and magnitude of this deficiency in internal control is not considered important enough to merit the attention of those charged with governance, it is of sufficient importance to bring to management’s attention. Refer to [Appendix 1](#) below for more information.

This Management Letter is intended solely for the information and use of MCC management and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciated the opportunity to work with your team. We are thankful for your cooperation throughout our audit.

RMA Associates

*RMA Associates*

Arlington, VA  
December 22, 2025

## **Appendix 1: Management Letter Comment**

### MCC 25-01 Unfunded Leave

During the testing and review of the FY 2025 Year-End MCC Unfunded Leave balance, RMA noted that the Unfunded Leave journal voucher was incorrectly posted to the general ledger, amounting to a \$4.7 million identified discrepancy. The journal voucher review and approval process, while designed effectively, was operating ineffectively in this specific instance. Without effectively operating internal controls, MCC may not be able to prevent or detect potential occurrences of inaccurate journal voucher postings. We recommend that MCC reconcile the Unfunded Leave account and other Balance Sheet accounts to supporting documentation on a quarterly basis. Additionally, we recommend that MCC add information providing the reviewer and approver a pro-forma of the impact of the JV concerning general ledger balances and the impact of the journal voucher to each Journal Voucher workbook.