



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** March 12, 2026

**TO:** Lori Giblin  
Chief Risk Officer  
Millennium Challenge Corporation

**FROM:** David A. McNeil /s/  
Director  
External Financial Audits Division

**SUBJECT:** Financial Audit of the MCC Resources Managed by the Millennium Challenge Account – Mongolia Under the Compact Agreement Between the MCC and the Government of Mongolia, April 1, 2024, to March 31, 2025 (3-MCC-26-002-N)

This memorandum transmits the Financial Audit of the Millennium Challenge Corporation (MCC) resources managed by the Millennium Challenge Account – Mongolia (MCA-Mongolia) under the Compact Agreement between the MCC and the Government of Mongolia, April 1, 2024, to March 31, 2025. MCA-Mongolia contracted with the independent certified public accounting firm of Baker Tilly Dalaivan Audit LLC (Baker Tilly) to conduct the audit. Baker Tilly stated that it performed its audit in accordance with U.S. Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. Baker Tilly stated that it does not have a continuing education program fully satisfying the requirement set forth in GAGAS, and it did not have an external quality control review by an unaffiliated audit organization as required by GAGAS. Baker Tilly is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MCA-Mongolia's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

The audit objectives were to (1) express an opinion on whether the fund accountability statement for the MCC-funded programs for the period audited, was presented fairly, in all material respects; (2) evaluate and obtain a sufficient understanding of the MCA-Mongolia's internal controls related to the MCC funded programs; (3) determine whether MCA-Mongolia complied, in all material respects, with the Compact Development Funding Agreement,

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<sup>1</sup> 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.

Compact (including those MCC rules and regulations regarding Government Contributions), supplemental agreements, and applicable laws and regulations related to MCC-funded grants, contracts, and implementing agreements; (4) determine whether MCA-Mongolia has taken adequate corrective action on prior audit report recommendations; and (5) conduct a review engagement of the cost-sharing schedule to determine if the schedule is fairly presented in accordance with the basis of accounting used by MCA-Mongolia to prepare the schedule. To answer the audit objectives, Baker Tilly: (1) examined the separate fund accountability statement of MCA-Mongolia for activities funded with MCC resources; (2) reviewed MCA-Mongolia's internal control structure related to program activities to understand the design of relevant control policies and procedures and whether those policies and procedures have been placed in operation; (3) determined compliance with agreement terms and applicable laws and regulations related to related to donor activities; and (4) determined whether cost-sharing contributions were provided and accounted for by the Government of Mongolia in accordance with the terms of the agreements. Baker Tilly examined costs of \$76,075,021 for the period audited.

Baker Tilly concluded that the fund accountability statement presents fairly, in all material respects, program revenues, costs incurred and reimbursed, assets and MCC's procurement technical assistance for the year then ended in accordance with the terms of the agreements. Baker Tilly did not identify any material weaknesses in internal control. Baker Tilly did not identify any instances of material noncompliance with applicable laws, regulations, and agreement terms. Baker Tilly was not aware of any material modifications that should be made to the accompanying Cost-Sharing Schedule in order for it to be in conformity with the basis of accounting used to prepare the Cost-Sharing Schedule. Baker Tilly reported that the two previous audit recommendations, have been implemented. Baker Tilly did not issue a management letter.

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.<sup>2</sup>

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<sup>2</sup> 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@oig.usaid.gov](mailto:oignotice_ndaa5274@oig.usaid.gov).