



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

MEMORANDUM

DATE: July 8, 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 Millennium Challenge Corporation resources granted to Kosovo and managed by Millenium Challenge Account -Kosovo, October 18, 2019, to December 31, 2024 (3-MCC-26-007-N)

This memorandum transmits the final audit report on Millennium Challenge Corporation (MCC) resources granted to Kosovo and managed by Millenium Challenge Account (MCA) - Kosovo, October 18, 2019, to December 31, 2024. MCA-Kosovo contracted with the independent certified public accounting firm Nexia Kosova Audit L.L.C to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). The audit firm stated that it does not have a continuing education program fully satisfying the requirements set forth in GAGAS, and it did not have external quality control review by an unaffiliated audit organization as required by GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MCA-Kosovo's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether the fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate the MCA-Kosovo's internal controls related to MCC-funded programs; (3) determine whether MCA-Kosovo complied with agreement terms and applicable laws and regulations; (4) evaluate implementation of corrective actions on prior audit report recommendations; and (5) assess whether Cost-Sharing contributions were provided and accounted for by the recipient in accordance with the basis of accounting used.

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.

To answer the audit objectives, the audit firm (1) reviewed funds received, cost incurred and cash-balances, budgeted amounts by category and major items, commodities, assets and technical assistance procured by MCC or the Government of the Republic of Kosovo for the use by MCA-Kosovo to determine whether costs incurred were properly recorded; (2) obtained an understanding of the design of relevant control policies and procedures and if they were placed in operation to assess the risk of material misstatement of the fund accountability statements; (3) reviewed documents and agreements applicable to the recipient to obtain an understanding of the program to determine if the recipient complied with agreement terms and applicable laws and regulations; (4) reported this is the first year of audit and there are no recommendations from prior-year audits to follow up or implement; and (5) reviewed the cost-sharing schedule prepared by MCA-Kosovo. Nexia Kosova Audit L.L.C examined costs of \$15,501,308 for the period audited.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm identified no questioned costs; no material weaknesses in internal control; and no instances of material noncompliance. The audit firm was not aware of any material modifications that should be made to the cost-sharing schedule for it to be in conformity with the basis of accounting used to prepare it. The audit firm issued a management letter.

Accordingly, we are not making any recommendations.

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 oinotice_ndaa5274@oig.usaid.gov.