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

MEMORANDUM

DATE: November 9, 2026

TO: Lori Giblin
Chief Risk Officer
Millennium Challenge Corporation

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

SUBJECT: Closeout Financial Audit of the MCC Resources Managed by the Millennium Challenge Account – Timor-Leste Under the Compact Agreement Between the MCC and the Government of Timor-Leste, October 1, 2025, to April 18, 2026 (3-MCC-27-003-N)

This memorandum transmits the Financial Audit of the Millennium Challenge Corporation (MCC) resources managed by the Millennium Challenge Account – Timor-Leste (MCA-Timor-Leste) under the Compact Agreement between the MCC and the Government of Timor-Leste, October 1, 2025, to April 18, 2026. MCA-Timor-Leste contracted with the independent certified public accounting firm of Stantons International Audit and Consulting PTY LTD (Stantons) to conduct the audit. Stantons stated that it performed its audit in accordance with U.S. Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. Stantons 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. Stantons is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on MCA-Timor-Leste'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 MCC-funded programs for the period audited, was presented fairly, in all material respects; (2) evaluate and obtain a sufficient understanding of the MCA-Timor-Leste's internal controls related to the MCC funded programs; 3) determine whether MCA-Timor-

[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 exclude review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

Leste complied, in all material respects, with the Compact Development Funding Agreement, Compact (including those MCC rules and regulations regarding Program Funding, CFF, and Government Contributions), supplemental agreements, and applicable laws and regulations related to MCC-funded grants, contracts, and implementing agreements; and (4) determine whether MCA-Timor-Leste has taken adequate corrective action on prior audit recommendations. To answer the audit objectives, Stantons: (1) examined the separate fund accountability statement of MCA-Timor-Leste for activities funded with MCC resources; (2) reviewed MCA-Timor-Leste'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; and (3) determined compliance with agreement terms and applicable laws and regulations related to related to MCC activities. Stantons examined costs of $3,708,970 for the period audited.

Stantons did not express an opinion on the accompanying fund accountability statement. Stantons stated that because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of the report, they had not been able to obtain sufficient, appropriate audit evidence to provide a basis for an opinion on the fund accountability statement. Stantons did not identify any material weaknesses in internal control or instances of material noncompliance with applicable laws, regulations, and agreement terms. However, Stantons did identified one significant deficiency in internal control. Although we are not making a recommendation for the significant deficiency noted in the report, we suggest that MCC determine if the recipient addressed the issues noted. The audit firm determined that the recipient had taken adequate corrective action on the recommendations in the prior audit report, except for one significant deficiency in internal control that was identified again in this report.

During our desk review, we identified several issues Stantons will need to address in future audit reports. We presented the issues in a memo to MCC, dated November 9, 2026.

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 oignotice_ndaa5274@oig.usaid.gov.