

## **USAID Inspector General Assumes IG Responsibility for the Newly Created Millennium Challenge Corporation**

In March 2002, speaking at the United Nations Financing for Development Conference in Monterrey, Mexico, President Bush called for a "new compact for global development," which links greater contributions from developed nations to greater responsibility from developing nations. The President proposed a concrete mechanism to implement this compact -- the Millennium Challenge Account (MCA) -- in which development assistance would be provided to those countries that rule justly, invest in their people, and encourage economic freedom. With strong bipartisan support, Congress authorized the Millennium Challenge Corporation (MCC) to administer the MCA and provided \$1 billion in initial funding for FY 2004. President Bush has pledged to increase funding for the MCA to \$5 billion a year starting in FY 2006.

In January 23, 2004, with the passage of Public Law 108-199 (The Consolidated Appropriations Act of 2004) the Millennium Challenge Corporation was established. Further, the Legislation designates the Inspector General of USAID to serve as the Inspector General for the MCC. The Legislation states that the Inspector General may conduct reviews, investigations and inspections of all aspects of the operations and activities of the MCC. In addition, the Law states that in carrying out this responsibility, the Inspector General shall report to and be under the general supervision of the MCC's Board of Directors.

The MCC is an independent Government corporation which will be designed to make maximum use of flexible authorities to optimize efficiency in contracting, program implementation and personnel. The MCC will be managed by a Chief Executive Officer (CEO) appointed by the President and confirmed by the Senate and overseen by a Board of Directors composed of the Secretary of State, the Secretary of Treasury, the U.S. Trade Representative, the Administrator of USAID, the CEO of the MCC and four members to be appointed by the President with the advice and consent of the Senate. The Secretary of State will be the Chairman of the Board.

The Board held its first meeting on February 2, 2004. At this meeting the MCC's bylaws were approved. Further, on February 23, 2004, the President submitted the name of his nominee for MCC's CEO for Senate confirmation.

Considering the MCC's unique structure and operation and the substantial levels of development assistance it will administer, we have reorganized the Office of Inspector General by establishing a separate Assistant Inspector General to coordinate the oversight of all OIG MCC activities. The Assistant Inspector General and Deputy Assistant Inspector General positions have been filled and we have established two working units (Performance Audits and Financial Audits). Much like the operations of the MCC itself, the Assistant Inspector General/MCC will coordinate with and accomplish much of its work through the staffs of the Assistant Inspectors General for Audit, Management and Investigations. The Assistant Inspector General will also make use of contractors.

The OIG continues to prepare for this new responsibility through the review of the enabling documents as well as identifying the various statutory audit requirements and the related time frames. The OIG met with MCC's interim Vice President for Finance on February 23, 2004. At this meeting the OIG introduced key audit staff that will be involved with MCC activities; discussed our audit philosophy, including our desire to be proactive, and we shared with the interim Vice President some of our more recent proactive efforts to oversee high visibility USAID programs. Also, the interim Vice President discussed plans to standup the new Corporation and preliminary financial and operational plans. In the future, the OIG plans to issue separate Semi-Annual Reports to Congress on the activities of the Millennium Challenge Corporation.