

February 2, 2024

Ms. Mildred Callear  
Chief Financial Officer and Vice President, Financial and Portfolio Management  
U.S. International Development Finance Corporation  
1100 New York Ave, NW  
Washington, DC 20257

Mr. Anthony Zakel  
Inspector General  
U.S. International Development Finance Corporation Office of Inspector General

**Ref:** U.S. International Development Finance Corporation's Fiscal Year 2024 Financial Statement Audit

Dear Ms. Callear and Mr. Zakel,

This letter (Engagement Letter) confirms RMA Associates, LLC's (RMA) acceptance and understanding of our engagement to report upon our audit of the U.S. International Development Finance Corporation's (DFC) fiscal year (FY) 2024 consolidated financial statements, which comprises the consolidated balance sheets as of September 30, 2024, and 2023, and the related consolidated statements of net cost, changes in net position, and combined budgetary resources, for the years then ended, and the accompanying notes to the consolidated financial statements (hereinafter referred to as 'consolidated financial statements'). This engagement letter serves as management's acknowledgment and understanding of its responsibility related to the audit and informs the DFC's Office of Inspector General (OIG), the organization contracting our services to perform this audit of management's responsibilities. This Engagement Letter does not change the terms of our contract number 140D0421F0244 to perform this work.

As required by contract number 140D0421F0244, we have the responsibility to conduct our audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our audit of the consolidated financial statements will be conducted, and in accordance with the Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*, as amended. Additionally, for any required supplementary information (RSI) and/or other information (OI) accompanying the consolidated financial statements, we will apply certain limited procedures in accordance with the requirements in AU-C 730, *Required Supplementary Information*, and we will read the OI in order to identify material inconsistencies, if any, as described in AU-C 720, *Other Information in Documents Containing Audited Financial Statements*. Those standards and OMB Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*, require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement.

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### *Audit Objectives and Scope*

The objectives and scope of our audit are as follows:

1. Express an opinion on whether DFC's consolidated financial statements as of and for the fiscal years ended September 30, 2024, and 2023, are fairly presented, in all material respects, in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP);
2. Report any significant deficiencies and material weaknesses in internal control over financial reporting for FY 2024 that come to our attention as a result of the audit; and
3. Report on the results of our tests of DFC's compliance with selected provisions of applicable laws, regulations, and contracts for FY 2024.

Upon completion of our audit, we will issue a combined report consistent with these objectives. We cannot provide assurance that an unmodified opinion on the consolidated financial statements will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis- of-matter, or other-matter paragraph(s).

If our opinion on the consolidated financial statements is other than unmodified, we will discuss the reasons with the OIG, management, and those charged with governance in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the consolidated financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the consolidated financial statements, we retain the right to take any course of action permitted by professional standards.

Our combined report will also contain a section titled, Other Reporting Required by *Government Auditing Standards*. This section will include our reports on (1) internal control related to the financial reporting; and (2) compliance with selected provisions of applicable laws, regulations, and contracts, as required by *Government Auditing Standards*, and the results of our tests of compliance with selected provisions of applicable laws, regulations, and contracts and whether reportable instances of noncompliance were identified. The purpose of these reports will be solely to describe the scope of our testing and the related results of tests of (1) internal control over financial reporting; and (2) compliance with selected provisions of applicable laws, regulations, and contracts, and not to provide an opinion on the effectiveness of internal control over financial reporting or compliance with the selected provisions of applicable laws, regulations, and contracts. Accordingly, our combined report on internal control and compliance with laws, regulations, and contracts is an integral part of an audit performed in accordance with *Government Auditing Standards* and compliance will not be suitable for any other purpose.

We will also communicate significant matters related to the consolidated financial statement audit that are, in the auditor's professional judgment, relevant to the responsibilities of management and those charged with governance in overseeing the financial reporting process, and when applicable, communicate particular matters required by law or regulation, by agreement entity, or by

additional requirements applicable to the engagement. *Government Auditing Standards* do not require the auditor to design procedures for the purpose of identifying other matters to communicate with management and those charged with governance.

### ***Management's Responsibilities***

Our audit will be conducted on the basis that management and those charged with governance of DFC acknowledge and understand that they have responsibility for the following:

1. The preparation and fair presentation of DFC's consolidated financial statements including accompanying notes, in accordance with U.S. GAAP, as promulgated by the Federal Accounting Standards Advisory Board (FASAB), and the OMB Circular No. A-136, *Financial Reporting Requirements*, as amended;
2. Maintaining effective internal control over financial reporting for DFC. This includes the design, implementation, and maintenance of internal control to prevent, deter, and detect fraud, for adopting sound accounting policies, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
3. Evaluating the effectiveness of DFC's internal control over financial reporting based on the criteria established under the Federal Manager's Financial Integrity Act (FMFIA);
4. Complying with laws, regulations, and contracts applicable to DFC;
5. Supporting its assessment about the effectiveness of DFC's internal control over financial reporting with sufficient evaluations and documentation;
6. Preparing, measuring, and presenting the RSI in accordance with U.S. GAAP;
7. Preparing and presenting OI included in documents containing the audited consolidated financial statements and auditor's report, and ensuring the consistency of the information with the audited consolidated financial statements and RSI;
8. Designing, implementing, and maintaining internal controls to prevent and detect fraud. This includes providing management's written representations that it has disclosed to the auditor the results of its assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud; and
9. Maintaining adequate accounting records, selecting and applying appropriate accounting policies, and safeguarding U.S. government assets related to DFC's operations.

In addition, DFC's management and those charged with governance acknowledge and understand that management and those charged with governance have the responsibility to provide us with:

1. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the consolidated financial statements, such as records, documentation, and other matters;

2. Additional information that we may request from management for the purpose of the audit including, but not limited to:
  - a. Minutes of meetings, or summaries of actions of recent meetings for which minutes have not been prepared, of the Board of Directors; and
  - b. Any communications from the OMB, Government Accountability Office (GAO), and the Department of the Treasury's Bureau of the Fiscal Service concerning noncompliance with, or deficiencies in financial reporting practices;
3. Written representations from the Office of General Counsel;
4. Unrestricted access and full cooperation of personnel within DFC from whom we determine it necessary to obtain audit evidence; and
5. All reports obtained from DFC's service organizations.

DFC's management and those charged with governance agree to communicate to us the following:

1. The discovery and/or identification of any material misstatement that would affect the fair presentation of its FY 2024 and prior fiscal year's consolidated financial statements;
2. All deficiencies in the design or operation of internal control over financial reporting as of September 30, 2024, and 2023, including separately identifying any deficiencies management believes to be significant deficiencies or material weaknesses;
3. A description of (1) any fraud, or suspected fraud that could result in a material misstatement to the consolidated financial statements; and (2) any other fraud that did not, or suspected fraud that would not, result in a material misstatement to DFC's consolidated financial statements, but involves senior management, management or other employees who have a significant role in DFC's internal control;
4. Any events occurring, or facts discovered subsequent to the date of the consolidated financial statements, of which management may become aware, that may affect the consolidated financial statements; and
5. Any planned inclusion of our auditor's reports and the audited consolidated financial statements in documents prepared by DFC and to provide a copy of any such documents to us prior to issuance.

As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the consolidated financial statements, the effectiveness of internal control over financial reporting; DFC's compliance with selected provisions of applicable laws, regulations, and contracts; and other related matters.

### ***Auditor's Responsibilities***

We are responsible for conducting our audit in accordance with *Government Auditing Standards* and the provisions of OMB Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide reasonable, but not absolute assurance about the achievement of DFC's objective with regard to the reliability of financial reporting, including reports on budget execution, consolidated financial statements, and other reports for internal and external use,

compliance with laws and regulations, effectiveness and efficiency of operations including the use of the entity's resources, and as a subset to the other objectives, safeguarding of asset.

An audit involves performing procedures to obtain sufficient, appropriate audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

In making our risk assessments, we will consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DFC's internal control over financial reporting. As such, we will not express an opinion on internal control. In addition, we will not consider all internal controls relevant to operating objectives as broadly established under FMFIA, such as those controls relevant to preparing information and ensuring efficient operations. Our internal control work will not necessarily identify all deficiencies in internal control, including those that might be material weaknesses or significant deficiencies.

We will communicate all deficiencies in internal control of which we become aware. We are responsible for communicating in writing and we will communicate in writing to management and those charged with governance any significant deficiencies and material weaknesses in internal control relevant to the audit of the consolidated financial statements that we identified during the audit and are required to be communicated under the American Institute of Certified Public Accountants professional standards and *Government Auditing Standards*. If we identify deficiencies in DFC's internal control that we consider not to be material weaknesses or significant deficiencies, we will communicate those matters either in writing or verbally to management and, where appropriate, will report on them separately. In addition, if we identify misstatements or new deficiencies, we will communicate them to DFC's management and those charged with governance on a timely basis.

In accordance with *Government Auditing Standards*, we are responsible for testing compliance with selected provisions of applicable laws, regulations, and contracts applicable to DFC that have a direct effect on the determination of material amounts in DFC's consolidated financial statements and performing certain other limited procedures as part of our audit. We will not test compliance with all laws, regulations, and contracts applicable to DFC. We caution that noncompliance may occur and not be detected by these tests.



We are also responsible for (1) testing whether DFC's financial management system complies substantially with requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA)<sup>1</sup>, (2) applying certain limited procedures, as described in AU-C 730, *Required Supplementary Information*, to any RSI, and reading OI in accordance with AU-C 720, *Other Information in Documents Containing Audited Financial Statements*, included with the consolidated financial statements in a document containing our auditor's report. Our audit of the consolidated financial statements and our auditor's report will not provide an opinion or any assurance over RSI and OI because the limited procedures do not provide us with sufficient, appropriate evidence to express an opinion or provide any assurance.

***Definition and Limitations of Internal Control over Financial Reporting***

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of consolidated financial statements in accordance with U.S. GAAP, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and (2) transactions are executed in accordance with selected provisions of applicable laws, including those governing the use of budget authority, regulations, and contracts, noncompliance with which could have a material effect on the consolidated financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control over financial reporting, an unavoidable risk exists that some material misstatements, fraud, and noncompliance with laws and regulations may exist and may not be detected, even though the audit is properly planned and performed in accordance with *Government Auditing Standards* and the audit requirements of OMB Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*. Because we will not perform a detailed examination of all transactions, material misstatements of the consolidated financial statements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws, governmental regulations, or contracts that are attributable to the agency or act by management or employees acting on behalf of the agency, may not be detected. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not require auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse. We also caution that projecting any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of the changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In addition, our audit is not designed to detect immaterial misstatements or violations of laws, governmental regulations, or contracts that do not have a direct and material effect on the consolidated financial statements. However, we will inform the appropriate level of management, those charged with governance, and the OIG of any material errors, fraudulent financial reporting,

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<sup>1</sup> Although DFC is not subject to FFMIA, DFC is still required to comply with Federal financial management systems requirements, standard promulgated by Federal Accounting Standards Advisory Board, and the U.S Standard General Ledger at the transaction level.

or misappropriation of assets that come to our attention. We will also inform the appropriate level of management, those charged with governance, and the OIG of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential.

***Audit Coordination and Other Matters***

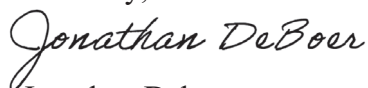
To use audit resources efficiently and expedite audit completion, we will work with the DFC staff and the OIG to obtain information needed for the audit. This assistance may include preparing schedules or analyses; locating, copying, and providing selected documents; and participating in meetings. We will need draft consolidated financial statements and any other information to be included in the document containing our auditor's report in sufficient time for us to complete our audit in accordance with the proposed timetable. We will discuss this assistance with the DFC staff and OIG to arrive at mutually acceptable time frames.

We plan to issue our final report on November 15, 2024. We will also provide periodic status reports on our work upon your request. If we encounter problems that will affect the reporting date, we will discuss them with you in a timely manner.

The attached acknowledgment page should be signed by you and returned to us to indicate your acknowledgment of, and agreement with, the terms and arrangements of our audit of the consolidated financial statements and to indicate management's acknowledgment and understanding of our respective responsibilities.

This assignment will be conducted under my direction, Jonathan DeBoer, Partner, who can be reached at (785) 248-6315 or by e-mail at [j.deboer@rmafed.com](mailto:j.deboer@rmafed.com). Should this letter not represent your understanding of the nature of this engagement or should you have any questions or need further information, please contact me. We look forward to working with DFC and having a successful engagement.

Sincerely,



Jonathan Deboer  
Engagement Partner, RMA Associates, LLC

cc:

Reza Mahbod  
President, RMA Associates, LLC

George Fallon  
IT Director, RMA Associates, LLC

Scott Nathan  
Chief Executive Officer

Darrell Benjamin  
Contracting Officer Representative



***Management's Acknowledgment of the Audit Engagement Terms***

On behalf of DFC, its management and those charged with governance, I acknowledge and agree to the terms and arrangements described above for the audit of DFC's FY 2024 consolidated financial statements and information security systems, including our respective responsibilities, and the scope of work and related reporting on (1) the consolidated financial statements; (2) internal control over financial reporting; (3) compliance with selected provisions of laws, regulations, and contracts applicable to DFC; (4) consolidated financial management systems' substantial compliance with FFMIA requirements; (5) the RSI; and (6) OI to be included in the Annual Management Report containing the auditor's reports and DFC's consolidated financial statements.

MILDRED  
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**Signature**

**Date**

Ms. Mildred Callear  
Chief Financial Officer and Vice President, Financial and Portfolio Management

*Anthony Zakel*

February 5, 2024

**Signature**

**Date**

Mr. Anthony Zakel  
Inspector General