



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** October 24, 2022

**TO:** USAID/Management/Office of Acquisition and Assistance/Cost Audit and Support Division Contract Audit Management, Supervisory Auditor, Eleanor C. Jefferson

**FROM:** Director of External Financial Audits Division (IG/A/EFA), David A. McNeil /s/

**SUBJECT:** Performance Audit of Cost Incurred by Blumont Engineering Solutions, Inc. for the Fiscal Year Ended December 31, 2019, (3-000-23-002-1)

This memorandum transmits the final audit report on Blumont Engineering Solutions, Inc.'s incurred cost submission (ICS) for the Fiscal Year (FY) ended December 31, 2019. The U.S. Agency for International Development (USAID) Office of Acquisition and Assistance, Cost Audit and Support Division, Contract Audit Management Branch, contracted with the independent audit firm Tichenor & Associates, LLP to conduct the audit. The audit firm stated that it performed its audit in accordance with Government Auditing Standards issued by the Comptroller General of United States, to determine whether the costs claimed in the FY 2019 ICS were accurate, allowable, allocable, and reasonable in accordance with the auditee's USAID contracts and applicable government acquisition regulations. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Blumont Engineering Solutions, Inc.'s internal controls or project our results to future periods.<sup>1</sup>

The audit objectives were to perform an audit of the Blumont Engineering Solution, Inc.'s FY's ICS specifically, to determine whether costs claimed were accurate, allowable, allocable, and reasonable in accordance with the auditee's USAID contracts and applicable Government acquisition regulations, specifically the Federal Acquisition Regulation (FAR), the USAID Acquisition Regulations (AIDAR), Federal Travel Regulations and the Department of State Standard Travel Regulations (DSSR), and Buy-American Act for the Contracting Officer to execute the finalization of allowable contract costs and indirect rates for the FY with the auditee. To answer the audit objectives, the audit firm, as part of the audit, reviewed the auditee's FY 2019 ICS and reconciled it to the general ledger and other records and documentation, claimed direct and indirect costs, tested incurred costs and reconciled USAID

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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.

billings with costs. The audit firm audited \$21,883,170 in USAID contract's incurred costs for FY 2019.

The audit firm, Tichenor & Associates, LLP concluded that Blumont Engineering Solutions Inc. has prepared its FY 2019 ICS in accordance with applicable Government acquisition regulations of the FAR, the AIDAR, and the DSSR regarding accuracy, allowability, allocability, and reasonableness of incurred costs and are appropriate for the Contracting Officer's use in executing the finalization of allowable costs and indirect rates for the fiscal year with the auditee. The audit firm did not note any instances of material non-compliance with laws, regulations, or contract terms required to be reported under Government Auditing Standards during FY 2019. The audit firm did not question any USAID costs. The audit firm determined that the auditee's FY 2019 ICS to be accurate in terms of representing the incurred costs reported on the auditee's books of account for FY 2019. The audit firm also noted that the auditee's FY 2019 ICS costs were allowable, allocable, and reasonable.

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").