



MEMORANDUM

DATE: December 11, 2019

TO: USAID/Management/Office of Acquisition and Assistance/Cost, Audit and Support Division, Branch Chief, David A. McNeil

FROM: Acting Director of External Financial Audits Division, Steven Shea/s/

SUBJECT: Single Audit of Blumont, Inc. and Affiliates for the Fiscal Year Ended December 31, 2017 (3-000-20-005-T)

This memorandum transmits the final audit report on Blumont, Inc. and Affiliates, under Title 2 Code of Federal Regulations (CFR) 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* for the fiscal year ended December 31, 2017. The audit report was obtained from the Federal Audit Clearinghouse. Blumont, Inc. and Affiliates contracted with the independent certified public accounting firm Aronson, LLC to conduct the audit. The audit firm states it performed its audit in accordance with generally accepted government auditing standards and in accordance with Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Blumont, Inc. and Affiliates' financial statements; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

The audit's objectives were to: (1) express an opinion on whether the financial statements as of December 31, 2017 were presented fairly, in all material respects; (2) express an opinion on whether the schedule of expenditures of federal awards as required by 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is fairly stated in all material respects; (3) describe the scope of testing of internal controls and compliance and the results of that testing and not to provide an opinion on its effectiveness; and (4) determine whether Blumont, Inc. and Affiliates complied in all material respects with

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.

the types of compliance requirements that could have a direct and material effect on each of its major programs. To answer the audit objectives, the audit firm performed tests of Blumont, Inc. and Affiliates' compliance with specific provisions of laws, regulations, contracts, and grant agreements, and other matters. Blumont, Inc. and Affiliates' audited expenditures were \$79,792,144 and the U.S. Agency for International Development's (USAID) audited expenditures were \$74,334,661 for the fiscal year ended December 31, 2017.

The audit firm expressed an unmodified opinion on the financial statements except for two material weaknesses in internal control over financial reporting. There were no material weaknesses in internal control over compliance. The audit firm determined that the schedule of expenditures of federal awards was fairly stated in all material respects. Blumont, Inc. and Affiliates complied, in all material respects, with the compliance requirements that could have a direct and material effect on its major federal programs for the year ended December 31, 2017 and no instances of noncompliance or other matters are required to be reported. The audit firm issued a management letter. No questioned costs were identified.

To address the issues identified in the report, we recommend that the USAID Office of Acquisition and Assistance, Cost, Audit and Support Division:

Recommendation I. Verify that Blumont, Inc. and Affiliates correct the two material weaknesses in internal control over financial reporting detailed on pages 23, 24, 32 and 33 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision. We appreciate the assistance extended during the engagement.

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").