



MEMORANDUM

DATE: February 26, 2020

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

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

SUBJECT: Single Audit of Blumont, Inc. and Affiliates, for the Fiscal Year Ended December 31, 2018 (3-000-20-008-T)

This memorandum transmits the final audit report on Blumont, Inc. and Affiliates under Title 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, for the fiscal year ended December 31, 2018. 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 that it performed its audit in accordance with generally accepted government auditing standards and 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 objectives were to (1) express an opinion on whether the financial statements as of December 31, 2018, were presented fairly, in all material respects; (2) express an opinion on whether the schedule of expenditures of federal awards as required by Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, was fairly stated, in all material respects; (3) describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion

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.

on its effectiveness; and (4) determine whether Blumont, Inc. and Affiliates complied with the types of compliance requirements that could have a direct and material effect on each of its major federal programs and describe the scope of testing of internal control over compliance and the results of that testing, but not to express an opinion on its effectiveness. 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 of federal awards were \$58,384,396 of which the U.S. Agency for International Development's (USAID) audited expenditures were \$52,749,220 for the year ended December 31, 2018.

The audit firm expressed unmodified opinions on the financial statements and on the report on compliance for each major federal program. The audit firm concluded the schedule of expenditures of federal awards was fairly stated, in all material respects, in relation to the combined financial statements as a whole. The audit firm identified one significant deficiency in internal control over financial reporting. The audit firm did not identify any material weaknesses in internal control over financial reporting, or instances of noncompliance or other matters that were required to be reported under generally accepted government auditing standards. The audit firm did not identify any material weaknesses in internal control over compliance. The audit firm did not question any costs. Although we are not making a recommendation for the significant deficiency noted in the report, we suggest that the USAID's Office of Acquisition and Assistance, Cost, Audit and Support Division determine if the recipient addressed the issue noted. The audit firm issued a governance letter.

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").