



MEMORANDUM

DATE: June 17, 2020

TO: USAID/Afghanistan Mission Director, Peter Natiello

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, Audit Director, David Thomanek /s/

SUBJECT: Audit of the Fund Accountability Statement of Blumont Global Development Inc., Under Multiple Awards in Afghanistan, January 1 to December 31, 2018 (8-306-20-032-N)

This memorandum transmits the final audit report on the fund accountability statement of Blumont Global Development Inc. under the following awards:

Award Name (Type)	Award Number	Period	Sub-implementer
Kandahar Food Zone (cooperative agreement)	AID-306-A- 13-00008	Jan 1, 2018 to Aug 30, 2018	n/a
Conflict Mitigation Assistance for Civilians (cooperative agreement)	AID-306- 72030618C A00005	Mar 12, 2018 to Dec 31, 2018	n/a

USAID/Afghanistan contracted with the independent certified public accounting firm CliftonLarsonAllen LLP to conduct the audit. The audit firm stated that it performed its audit in accordance with Generally Accepted Auditing Standards and USAID Financial Audit Guide. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the auditee's fund accountability statement; internal control

effectiveness; or its compliance with the award, laws, and regulations.¹

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement presents fairly, in all material respects, the funds received, costs incurred, and commodities directly procured by USAID for the period audited; (2) evaluate and obtain a sufficient understating of the auditee's internal controls, assessing control risk; and (3) determine whether the auditee complied, in all material respects, with the contracts terms and applicable laws and regulations that have a direct and material effect on the fund accountability statement. To answer the audit objectives, the audit firm preformed the subject audit that covered \$9,587,430 for the period January 1 to December 31, 2018.

The auditors expressed an unmodified opinion on the fund accountability statement and identified ineligible questioned costs of \$19,706. The auditors did not identify any material internal control weakness but identified two material instances of noncompliance pertaining to the auditee: (a) incurring costs after the agreement end date and (b) not returning unused project funds of \$321,548 to USAID after the agreement end date. Further, the audit firm issued a management letter.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated June 17, 2020.

To address the issues identified in the report, we recommend that USAID/Afghanistan:

Recommendation 1. Determine the allowability of \$19,706 in questioned ineligible costs on pages 21, 22 and 23 of the audit report and recover any amount that is unallowable.

Recommendation 2. Determine the allowability of \$321,548 of unused project funds on pages 21, 22 and 23 of the audit report and recover any amount that is unallowable, to be deobligated and reprogramed for better use.

Recommendation 3. Verify that Blumont Global Development Inc. corrects the two material instances of noncompliance detailed on pages 21 to 23 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decisions. 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").

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.