INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROLS AND COMPLIANCE

Company Contact Names

Company Name

City, State

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Controller General of the United States, the Statement/Schedule of Direct Labor, Fringe Benefits, and General Overhead (Statement/Schedule) of COMPANY NAME (Company) as of MONTH, DAY, YEAR and the related notes to the Statement/Schedule and have issued our report thereon dated DATE.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the Statement/Schedule, we considered the Company’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Statement/Schedule, but not for the purpose of expressing an opinion on the effectiveness of Company’s internal control.  . Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Company’s Statement/Schedule is free from material misstatement, we performed tests of the Company’s compliance with certain provisions of laws, regulations, contracts, and grant agreements including provisions of the applicable sections of 48 CFR Part 31, noncompliance with which could have a direct and material effect on the determination of the amounts reported on the Statement/Schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

(ONLY IF APPLICABLE) We noted certain matters that we reported to management of the Company in a separate letter dated DATE. The Company’s responses to the findings identified in our audit are described in the accompanying Schedule of Material Weaknesses and Significant Deficiencies. We did not audit the Company’s response and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company’s internal control and compliance. This report is intended solely for the use and information of the Company and government agencies or other customers related to contracts employing the cost principles of the Federal Acquisition Regulation, and should not be used for any other purpose.

Auditor’s Signature

Auditor’s Organization Name

Date