DEMBO·JONES
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Carol Waller Pope, Chairman
Federal Labor Relations Authority

In planning and performing our audit of the financial statements of the **Federal Labor Relations Authority** (the Authority) as of and for the year ended **September 30, 2013**, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operating matters that are presented for your consideration. This letter does not affect our report dated December 6, 2013 on the financial statements. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendation. Our comments are summarized as follows:

Follow-up on Prior Year Findings

I. Timely Finalization of Contract Award Documents

While conducting our audit procedures we noted that in certain cases, signed obligating documents were not in place prior to the date that the service period began. In accordance with Federal Acquisition Regulation (FAR) 1.602-3, such agreements would be classified as unauthorized commitments. We recommend that procedures be put in place to ensure that obligating documents are signed prior to the beginning of the service period specified in the agreement or contract.

FY 2013 Follow-up:

In conducting our audit procedures during the FY 2013 audit, we noted that this continues to be a problem. We again noted that in 7 of the 32 cases tested, signed obligating documents were not in place prior to the date the service began. We continue to recommend that procedures be put in place to ensure obligating documents are signed prior to the date service periods begin.

II. Timely Submission of Travel Vouchers

During our performance of audit tests related to travel vouchers, we noted that in some instances, the traveler did not submit their voucher to the approving official within required number of business days upon completion of the trip. Federal Travel Regulations and FLRA Policy Instruction No. 1501.2 state that travel vouchers should be submitted to the appropriate approving official within 5 business days after travel. We suggest that employees be reminded to submit their travel vouchers in a timely manner in accordance with Federal Travel Regulations and FLRA's policy instruction.

FY 2013 Follow-up:

During our testing of travel vouchers, we noted problems with four travel vouchers. There were two instances where a travel voucher was not submitted within the appropriate time period allowed, one instance where the travel authorization was completed after the travel had ended, and one instance where a travel authorization was not approved by the designated official. We continue to suggest that employees be reminded to submit their travel vouchers within the prescribed time period as well as make sure the travel is authorized in a timely manner by the designated official.

III. Rent Expense

During our audit procedures related to rent expense, we attempted to recalculate rent expense based on information contained in the actual leases. We encountered differences between what was being paid and what the leases indicated should be paid. Budget and Finance informed us that they believe the leases we were given to review were outdated and that they rely on the actual IPAC's to pay rent and record rent expense. We recommend that the Authority obtain the current lease agreements and agree the amounts payable according to the lease agreements to the IPAC before authorizing the payment.

FY 2013 Follow-up:

During our FY 2013 recalculation of rent expense, we received all current lease agreements and were able to recalculate the rent expense reflected in the lease agreements to the actual payments made. We therefore consider this comment closed.

The information in this letter is intended solely for the use of those charged with governance of the Authority and management and is not intended to be and should not be used by anyone other than these specified parties.

We sincerely appreciate the opportunity to provide services to the **Federal Labor Relations Authority** and hope you find the information included in this correspondence useful and informative. If you have any questions or wish to discuss these matters further, please let us know.

Dembo, Jones, Healy, Pennington & Marshall, P.C.

Rockville, Maryland
December 18, 2013