



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

Certified Public Accountants and Consultants

December 28, 2011

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, 2011**, 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 our auditing procedures 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 would not necessarily 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 November 15, 2011 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:

## **I. Recording Year-End Accruals**

During our search for unrecorded liabilities, we noted an instance in which the costs related to services performed prior to year-end had not been recorded as an account payable in the proper period. This issue was discussed with management and it was agreed that the related adjustment was not material to the financial statements. Proper cut-offs are critical for the accuracy of the accrual basis of accounting. We suggest that the existing procedures related to the preparation and review of the year-end account balances be revised to require a more comprehensive analysis of open contracts, unpaid invoices, etc. to determine if all necessary accruals have been made as of the end of the fiscal year.

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## II. 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.

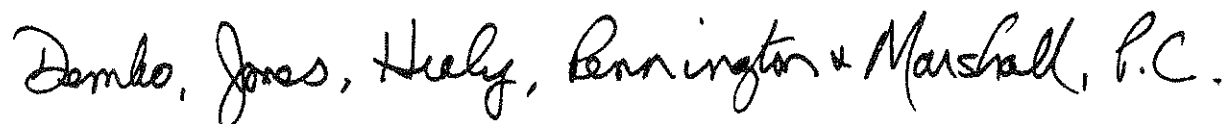
## III. Timely Submission of Travel Vouchers

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 5 business days of the 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.

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.

Very truly yours,



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