



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

Certified Public Accountants and Consultants

December 28, 2011

Carol Waller Pope, Chairman
Federal Labor Relations Authority

We have audited the financial statements of the **Federal Labor Relations Authority** (the Authority) for the year ended **September 30, 2011**, and have issued our report thereon dated November 15, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated July 13, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the **Federal Labor Relations Authority** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending **September 30, 2011**. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. No estimates were identified as particularly sensitive.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

6010 Executive Boulevard • Suite 900 • Rockville, Maryland 20852
301 770-5100 • 888 283-5472 • Fax 301 770-5202 • djhpm@djhpm.com

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. A schedule summarizing uncorrected misstatements of the financial statements is attached to this letter. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 15, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of those charged with governance of the Authority and management of the **Federal Labor Relations Authority** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



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

Summary of Immaterial Uncorrected Financial Statement Misstatements

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Expense (IT Consulting)	65,630	
Accounts Payable		65,630
Undelivered Orders	65,630	
Delivered Orders - Unpaid		65,630

To record accrual and related expense for September 2011 VMD invoice.