

INDEPENDENT AUDITORS' REPORT

Board Members National Mediation Board

We have audited the accompanying consolidated balance sheet of the National Mediation Board (NMB) as of September 30, 2015 and 2014, and the related consolidated statements of net cost, changes in net position, and combined statement of budgetary resources for the year then ended (hereinafter referred to as "consolidated financial statements"). The objective of our audits was to express an opinion on the fair presentation of these consolidated financial statements. In connection with our fiscal year 2015 audit, we also considered NMBs' internal controls over financial reporting and tested NMBs' compliance with certain provisions of applicable laws and regulations that could have a direct and material effect on these consolidated financial statements.

Summary

As stated in our opinion of the consolidated financial statements, we concluded that NMB consolidated financial statements as of and for the years ended September 30, 2015 and 2014, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We did not identify any deficiencies in internal control over financial reporting we considered to be a material weakness or significant deficiency as defined in the Consideration of Internal Control section of this report. Our test of compliance with certain provisions of laws and regulations did not disclose any instances of non compliance. The following sections discuss our opinion on NMB consolidated financial statements; our considerations of NMB internal control over financial reporting; our tests of NMB compliance with certain provisions of applicable laws and regulations; and management's and our responsibilities.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NMB as of September 30, 2015 and 2014, and related consolidated statements of net costs and changes in net position, and combined statements of budgetary resources for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NMB as of September 30, 2015 and 2014, and its net costs, changes in net position, and budgetary resources for the year then ended in conformity with U.S. general accepted accounting principles.

The information in the Management and Discussion Analysis section of this report is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However we did not audit this information and, accordingly, we express no opinion on it.

Consideration of Internal Control

A control 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 misstatement on a timely basis. A significant deficiency is a control deficiency or a combination of control deficiencies, that adversely affects NMBs' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the NMB's financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Our consideration of internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and was not designed to identify all deficiencies in internal control over financial reporting that might be a control deficiency, significant deficiency, or material weakness. In our fiscal year 2015 audit, we did not identify any deficiencies in internal control over financial reporting that we considered to be a material weakness or significant deficiency, as defined above.

Exhibit I presents the status of prior year significant deficiencies.

We noted certain additional matters that we have reported to NMB management in a separate letter dated November 16, 2015.

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Compliance with Applicable Laws and Regulations

The results of our tests of compliance as described in the Responsibilities section of this report, disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards or OMB Bulletin No. 15-02.

Responsibilities

Management Responsibilities: Management is responsible for the consolidated financial statements; establishing and maintaining effective internal control over financial reporting; and complying with laws and regulations applicable to NMB.

Auditors' Responsibilities: Our responsibility is to express an opinion on the fiscal year 2015 and 2014 consolidated financial statements of NMB based on our audits. We conducted our audit in accordance with Government Auditing Standards, auditing standards generally accepted in the United States, and OMB Bulletin No. 15-02, Audit Requirements for Federal Financial Statements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes the consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of NMB internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2015 audit, we considered NMB's internal control over financial reporting by obtaining an understanding of NMB's internal control, determining whether internal control had been placed in operation, assessing control risk, and performing tests of control to determine auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not to provide an opinion on the effectiveness of NMB internal control over financial reporting. Accordingly we do not express an opinion on NMB's internal controls over financial reporting. We limited internal control testing to those necessary to achieve the objectives described in OMB Bulletin No. 15-02. We did not test all internal control relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

As part of obtaining reasonable assurance about whether NMBs' fiscal year 2015 consolidated financial statements are free of material misstatements, we performed test of NMBs' compliance with certain provisions of laws and regulations, which noncompliance with could have a direct and material effect on the determination of the consolidated financial statement amounts, and certain provisions of other laws specified in OMB Bulletin 15-02. This report is intended solely for the information of NMB management, OMB, and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

Allmond & Company, LLC

Allmond & Company, LLC

November 16, 2015
 Certified Public Accountants
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Exhibit I

Status of Prior Year Findings and Recommendations

The following table provides the fiscal year (FY) 2015 status of all recommendations included in the Independent Auditors' Report on the National Mediation Board's FY 2014 Consolidated Financial Statements (November 14, 2014).

FY 2014 FINDING	FY 2014 RECOMMENDATION	FY 2015 STATUS
Arbitration Obligations	<p>Recommendation: We recommend that NMB do the following:</p>	
	<p>1 Continue to work with NMBs' Chief Information Officer to develop a report at the level of detail necessary to reconcile AWS obligations to general ledger obligations.</p>	Closed
	<p>2 Office of Administration staff or service provider reconciles the status of obligations established in the general ledger to the amount of cases assigned to an arbitrator per the Arbitration Workspace on a monthly basis.</p>	Closed
	<p>3 Record an upward adjustment to existing arbitrator obligations when an invoice is received and not enough monies are remaining on the obligation to pay the invoice.</p>	Closed
	<p>4 Provide training to OA staff responsible for advising the service provider on which obligation is to be liquidated to pay invoices received from arbitrators.</p>	Closed
	<p>5 Monitoring activities performed monthly by Office of Administration and Office of Arbitration over the funds that remain available for obligation related to arbitration services.</p>	Closed
	<p>6 Continue to develop a mechanism to estimate and update obligations related to arbitration in the general ledger as more information about the status of the case becomes available.</p>	Closed