U.S. Occupational Safety and Health Review Commission

OSHRC

Performance and Accountability Report

FY 2017

U.S. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
PERFORMANCE AND ACCOUNTABILITY REPORT,

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017 AND 2016

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OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
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WASHINGTON, DC 20036-3457

OFFICE OF THE CHAIRMAN

November 15, 2017

The President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

I am pleased to transmit the Occupational Safety and Health Review Commission's (OSHRC or Review Commission) Fiscal Year (FY) 2017 Performance and Accountability Report (PAR). The PAR includes performance information, as required by the Government Performance and Results Act (GPRA) and the GPRA Modernization Act, and audited financial statements and related documentation, as required by the Accountability of Tax Dollars Act of 2002.

The mission of the Occupational Safety and Health Review Commission is to provide fair and timely adjudication under the Occupational Safety and Health Act (OSHA) of 1970 of workplace safety and health disputes between the Department of Labor, employers, and employees and/or their representatives. OSHRC continues to set high standards of performance. During this past fiscal year, we demonstrated measurable success in meeting our stated goals.

OSHRC provides two levels of adjudication when an employer timely contests an OSHA citation: Administrative Law Judge (ALJ) level and Review level. At the Review level, in FY 2017, 14 cases were resolved, and one of three performance goals was met. The Review Commission operated without a full complement of Commissioners for nine months in FY 2017 and without a quorum for three months. Due to these circumstances, our ability to meet the performance goals of a 22-month average for resolving all Review-level cases and reducing the average age of the oldest pending Review-level cases was adversely impacted.

Our ALJ level disposed of 2,148 cases in FY 2017 and met the following targeted outcome performance goals: disposing of 95 percent of simplified cases within one year; disposing of 98 percent of settlement part cases within 19 months; and improving training opportunities for ALJs by devoting a pro rata share of the agency's resources. However, the ALJ level was unable to achieve other performance goals, which include: disposing the targeted percentage of conventional cases within 17 months; disposing the targeted percentage of complex cases within 20 months; and publishing 20 key decisions and orders.

The factor that adversely impacted the ALJ level's ability to meet two of its outcome goals was the increased complexity of the cases before ALJs. Increased complexity of cases was likely due to OSHA's focus on encouraging more resource and time-intensive inspections, as well as the Department of Labor, Office of the Solicitor's decision to leverage litigation resources and shift focus away from high-volume, in favor of high-impact strategic cases. The increase in complexity of cases is a challenge for the Review Commission because processing such cases requires the ALJs to invest a greater amount of time in handling the matters, and it places an increased demand on the full-time equivalent positions assigned to handle the volume of cases. Nevertheless, our ALJs have continued to perform outstanding work and achieved significant progress in reducing the case inventory on hand.

Finally, the Executive Director function met its nine performance goals. These goals include: posting all required material to our website in less than seven days; producing timely and accurate reports pertaining to Review Commission activities; broadening outreach activities; aligning program goals with our budget and performance plan; devoting a percentage of our resources to staff training and development; identifying knowledge gap vulnerabilities; improving technology infrastructure through efficiencies and investments; using real property more effectively by implementing energy efficiency practices; and enhancing the agency's Freedom of Information Act processing system.

As Chairman, I remain committed to providing the best performance possible, consistent with our resources, during the current fiscal year. We will continue to explore new ways to increase our efficiency and effectiveness and to provide superior quality adjudication of safety and health cases that come before the Review Commission.

I am also pleased to report that the Review Commission received an unmodified opinion from an independent audit of its financial statements. The audit report identified no material weaknesses or other significant deficiencies. In addition, the Review Commission can provide reasonable assurance that the agency is in substantial compliance with the Federal Managers Financial Integrity Act of 1982 and the Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control. Further, the Review Commission is confident that the internal controls, designed to monitor financial reporting, are operating effectively to produce reliable financial reports.

If you have any questions regarding this report, please contact me.

Sincerely,

Heather L. MacDougall

Heather L. MacDougall
Chairman

Enclosure

U.S. Occupational Safety and Health Review Commission
Fiscal Year (FY) 2017 Performance and Accountability Report

Management's Discussion and Analysis

Overview and Mission

The U.S. Occupational Safety and Health Review Commission (OSHRC or Review Commission) is an independent adjudicatory agency created by the Occupational Safety and Health Act of 1970 (the Act). Our sole statutory mandate is to serve as an administrative court providing fair and expeditious resolution of disputes involving the Occupational Safety and Health Administration (OSHA), employers charged with violations of Federal safety and health standards, and employees and/or their representatives. The Review Commission was created by Congress as an agency completely independent of the Department of Labor to ensure that OSHA's enforcement actions are carried out in accordance with the law and that parties are accorded due process.

Our Function and Procedures

The Act and our Rules of Procedure (which are similar to the Federal Rules of Civil Procedure) provide two levels of adjudication when an employer contests an OSHA citation for alleged violations of the Act. The first is a trial level, which affords an opportunity for a hearing before a Review Commission Administrative Law Judge (ALJ or judge). The judge's decision becomes final unless it is directed for review by a Commission member (Commissioner). When such review is granted, Commission Members – who are appointed by the President and subject to Senate confirmation – address the issues presented by the case and issue a decision. Final Commission decisions may be appealed to the Federal courts of appeals. At both the ALJ and Commission levels, the Review Commission is charged with providing fair and impartial adjudication of cases concerning employee workplace safety and health.

The Commission's principal (National) office is in Washington, DC. OSHRC also has two regional offices: one in Atlanta, GA, and one in Denver, CO. All three offices are staffed with ALJs who travel, as necessary, to adjudicate cases in locales near where the alleged workplace violations took place.

Vision Statement

The Review Commission strives to be:

- An adjudicative body that is – and is recognized for being – objective, fair, prompt, professional, and respected.
- An agency that creates a body of law through its decisions that defines and explains the rights and responsibilities of employers and employees under the Act.
- A model Federal agency with highly effective processes; a highly motivated, qualified, and diverse workforce; and modern information management, communications, and administrative systems.
- An agency that values teamwork; develops its employees; and seeks to improve its performance, service, and value to the American people.

Challenges and Opportunities

The Review Commission's ability to meet its case disposition goals depends on a variety of factors. These include: (1) continued presence of a quorum at the Commission level; (2) the magnitude and nature of the cases received; (3) the success of the parties' settlement negotiations and the Agency's Simplified Proceedings and Mandatory Settlement programs in reducing the number of hearings needed; and (4) the number, location, length, and complexity of hearings held. Although these factors are largely outside the Review Commission's control, the Review Commission is committed to working within such constraints to improve its service to the public.

The Commission consists of three members appointed by the President with the advice and consent of the Senate. The Occupational Safety and Health Act prescribes that a quorum consists of a minimum of two Commissioners. By statute, decisions can only be decided on the affirmative vote of a quorum. During periods when the Commission lacks a quorum, no cases can be decided. In addition, with only two Commissioners, it may be more difficult to reach agreement sufficient to dispose of some cases. In cases where such agreement cannot be reached, deadlocks result. Consequently, action on important issues may be postponed and issuance of some pending cases will be delayed. Over the past 21 years the Commission has operated with fewer than three Commissioners over 60 percent of the time.

The Commission operated without a full complement of Commissioners for nine months in FY 2017. This was the result of one Commissioner's term expiring in April of 2015 without the confirmation of a new Commissioner until August 2017. In addition, another Commissioner's term expired in April of 2017 and was confirmed in August 2017 as well. Notwithstanding the lack of a full complement of Commissioners for the fiscal year, the Commission resolved 14 cases and met one of its GPRA goal targets at the Commission level during FY 2017.

The factors that most influence the agency's workload, and hence its strategies, are: the number of safety and health inspections carried out by OSHA each year, the nature of those inspections, and the number and characterization of violations and total penalties proposed by OSHA in each citation.

OSHA conducted 32,283 inspections in FY 2017. The number of OSHA inspections and their likely focus on the highest hazard workplaces affects the Review Commission's ALJ caseload. These inspections have tended to result in more complex and contentious cases, which consume extensive judicial time. For such cases, the discovery process is lengthy and time consuming, motion practice is expanded, legal research and decision-writing time is protracted, and of necessity, the trial process is elongated and complicated.

In addition to its regular procedures, the Review Commission utilizes two alternative procedures to facilitate case adjudication before the ALJs in appropriate circumstances – Settlement Part, for certain relatively complex cases, and Simplified Proceedings, for certain relatively simple cases.

Under Commission Rule 120, 29 Code of Federal Regulations (CFR) § 2200.120, and where the parties consent, the Chief Judge may assign a Settlement Judge to a pending proceeding to aid the parties in disposing of the case. Where the aggregate amount of the penalty sought by the Secretary of Labor is $100,000 or greater, the Mandatory Settlement procedure goes into effect. The Settlement Judge appointed by the Chief ALJ has full control of the proceeding and may require that the parties' representatives be accompanied at the settlement conference by officials having full settlement authority. This procedure has aided the Commission in disposing of some extremely complex cases, with the approval of all parties (if settlement efforts are not successful, the case may be assigned to a different judge for trial).

The Simplified Proceedings process includes cases where the total proposed penalty is not more than $20,000, or up to $30,000, when found eligible by the Chief Judge. The Simplified Proceedings process allows parties with relatively simple cases to have their "day in court" unencumbered by formal procedural and evidentiary rules, while ensuring that due process requirements will be maintained. Under this process, a business, with or without counsel, can present its case before an ALJ and receive a prompt decision. Most paperwork, including legal filings, has been eliminated so that justice can be rendered swiftly and inexpensively. The process reduces the time and legal expenses to employers contesting relatively small penalty cases.

Performance Goals and Results

In accordance with Public Law 111-352, the Government Performance and Results Modernization Act of 2010 (GPRA Modernization Act of 2010) and Public Law 103-62, the Government Performance and Results Act (GPRA) of 1993, the Review Commission revised its strategic plan for the period FY 2014 through FY 2018. The plan focuses on three overarching strategic goals:

1) Respect for the rule of law by assuring fair, just, and expeditious adjudication of disputes brought before the Commission and its judges.
2) Expanding transparency and openness by providing for stakeholder engagement and ensuring that the Review Commission keeps interested parties and the public it serves informed of the agency's work at all levels, consistent with due process requirements.
3) Providing responsible stewardship of resources to enhance agency operations and efficiencies in information management, financial management, human resources, and real property to accomplish the agency's statutory and regulatory mandates.

Commissioner Function

The function of the Commissioners is to review and decide cases contested under the Act, following an initial decision by an ALJ. This higher level of review must be prompt, fair, and protective of the parties' rights, consistent with our overall strategic goals.

In FY 2017, the Commission had 29 cases pending on its docket at the beginning of the year. It received 13 new cases and resolved 14 cases by year-end.

The following table provides the performance goals and results for this function for fiscal years 2013 through 2017.

Outcome Goals	Performance Measures	FY 2013 Actual (Target)	FY 2014 Actual (Target)	FY 2015 Actual (Target)	FY 2016 Actual (Target)	FY 2017 Actual (Target)
Reduce the average age of open cases at the Commission-level.*	Average age of open cases.	21 months **Target met** (30 months or less)	26 months **Target met** (27 months or less)	Replacement goal developed for FY 2015	Replacement goal developed for FY 2016	Replacement goal developed for FY 2017
Resolve all priority cases in a timely manner.	Percent of priority cases disposed of within 6 months.	100% **Target met** (100%)	100% **Target met** (100%)	100% **Target met** (100%)	100% **Target met** (100%)	100% **Target met** (100%)
Develop and implement case management	Average age of all pending Commission-level cases.	New goal developed to support FY 2014 –	Case management practices developed.	Implemented case management practices.	Implemented case management practices.	Implemented case management practices.

practices that will minimize the average age of all pending Commission-level cases.		2018 Strategic Plan	The average age of all pending Commission-level cases is 26 months. ***Target met** Develop case management practices. (27 months or less)	The estimated average age of all pending Commission-level cases is 21 months. **Target met** (24 months or less)	The estimated average age of all pending Commission-level cases is 24 months. **Target not met** (23 months or less)	The estimated average age of all pending Commission-level cases is 28 months. **Target not met** (Continue to implement case management practices. 22 months or less)
Further reduce the average age of the oldest pending Commission-level cases.	Using experience gained from the recent disposition of the legacy cases, as well as recommendations derived from Commission's public meeting on legacy cases, to develop and implement case management practices that minimize the average age of the oldest fifteen percent of pending cases.	New goal developed to support FY 2014 – 2018 Strategic Plan	Case management practices developed. **Target met** (Develop case management practices)	Case management practices were fully implemented. **Target met** (Implement case management practices).	Case management practices were fully implemented. **Target met** (Implement case management practices).	Average age of the oldest 15 percent of pending Commission level cases increased by 4 percent from FY 2014 level. **Target not met** (Reduce average age of the oldest 15 percent of pending Commission level cases by 10 percent from FY 2014 level)

* As of September 30, 2009, and September 30, 2010, the average (mean) period of time for a case on the Review Commission's docket was 46 months, and 32 months, respectively. The Review Commission's Strategic Plan (FY 2010- 2015) anticipated reducing this average to 24 months by the end of FY 2015. The revised Strategic Plan (FY 2014 – 2018) anticipates further reducing this average to 20 months by the end of FY 2018.

At the Commission level, 14 cases were resolved, and one of three performance goals were met. The Commission operated without a full complement of Commissioners for nine months in FY 2017. Due to the lack of a full complement of Commissioners, our ability to meet the performance goals of having an estimated average age of all pending Commission-level cases of 22 months and further reduce the average age of the oldest pending Commission-level cases were adversely impacted. The Commission intends on achieving these two performance goals in the future by adhering to the case management practices described in its Strategic Plan. These practices include:

- Periodic docket review
  - Conduct quarterly and semiannual case management docket reviews to identify opportunities to speed case processing
    - Quarterly Counsels' meeting
    - Semiannual Commission docket review
- Strategic plan implementation monitoring
  - Incorporate data in quarterly docket reports on the age of each pending case, the average age of all pending cases, and the average age of the oldest 15% of cases

    - Review case management aspects of cases that exceed the target average in the periodic docket review meetings
- Efficient briefing practices
    - To the degree practicable, strive to narrowly tailor the issues in the Briefing Notice

The following table summarizes actual Commission case activity for fiscal years 2013 through 2017.

Commission Case Activity

	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
New Cases:					
Cases Directed for Review:	24	11	13	14	12
Other New Cases:					
Interlocutory Appeals	0	0	0	0	0
Remands	1	0	1	1	0
Other	0	0	0	0	1
Total Other New Cases:	1	0	1	1	1
Total New Cases:	**25**	**11**	**14**	**15**	**13**
Case Inventory from Prior Year:	31	36	35	33	29
Total Caseload:	**56**	**47**	**49**	**48**	**42**
Dispositions:	20	12	16	19	14
Case Inventory, End of Year:	**36**	**35**	**33**	**29**	**28**

Administrative Law Judge Function

The function of the Review Commission's ALJs is to conduct formal hearings and related proceedings in a fair, just, and expeditious manner, consistent with OSHRC's overall strategic goals.

The Administrative Law Judge function began FY 2017 with 1,109 cases in its inventory and 2,168 new cases were received during the year, for a total of 3,277 cases. A total of 2,148 cases were disposed of, leaving 1,129 cases in the inventory at the end of the fiscal year.

The following table provides the performance goals and results for this function for fiscal years 2013 through 2017.

Outcome Goals	Performance Measures	FY 2013 Actual (Target)	FY 2014 Actual (Target)	FY 2015 Actual (Target)	FY 2016 Actual (Target)	FY 2017 Actual (Target)
Ensure that a significant proportion of non-complex cases at the ALJ level are resolved in less than one year.	Percent within one year.	95.3% **Target not met** (98%)	97% **Target met** (95%)	New goal developed to support FY 2014 – 2018 Strategic Plan	New goal developed to support FY 2014 – 2018 Strategic Plan	New goal developed to support FY 2014 – 2018 Strategic Plan

Outcome Goals	Performance Measures	FY 2013 Actual (Target)	FY 2014 Actual (Target)	FY 2015 Actual (Target)	FY 2016 Actual (Target)	FY 2017 Actual (Target)
Ensure that a significant proportion of complex cases at the ALJ level are resolved in less than one year.	Percent within one year.	85.6% **Target not met** (95%)	80% **Target not met** (89%)	New goal developed to support FY 2014 – 2018 Strategic Plan	New goal developed to support FY 2014 – 2018 Strategic Plan	New goal developed to support FY 2014 – 2018 Strategic Plan
Ensure that a significant proportion of both complex and non-complex cases at the ALJ level are resolved within one year to 20 months from docketing.	Percent of simplified cases disposed of within one year at ALJ level. Percent of conventional cases disposed of within 17 months. Percent of settlement part cases disposed of within 19 months. Percent of complex cases disposed of within 20 months at ALJ level.	New goal developed to support FY 2014 – 2018 Strategic Plan	New goal developed to support FY 2014 – 2018 Strategic Plan	Dispose of 95% of simplified cases within one year. 97% **Target met** Dispose of 90% of conventional cases within 17 months. 92% **Target met** Dispose of 98% of settlement part cases within 19 months. 95% **Target not met** Dispose of 95% of complex cases within 20 months. (FY15 will be the baseline for this measure) 80% **Target not met**	Dispose of 95% of simplified cases within one year. 93% **Target not met** Dispose of 90% of conventional cases within 17 months 92% **Target met** Dispose of 98% of settlement part cases within 19 months 93% **Target not met** Dispose of 95% of complex cases within 20 months. 94% **Target not met**	Dispose of 95% of simplified cases within one year. 95% **Target met** Dispose of 90% of conventional cases within 17 months 88% **Target not met** Dispose of 98% of settlement part cases within 19 months 100% **Target met** Dispose of 95% of complex cases within 20 months. 86% **Target not met**
Improve training opportunities for Administrative Law Judges.	Time and resources dedicated to judicial training with special emphasis on mediation and	New goal developed to support FY 2014 – 2018 Strategic Plan	Pro rata share of the Agency's training resources was devoted.	Pro rata share of the Agency's training resources was devoted.	Pro rata share of the Agency's training resources was devoted.	Pro rata share of the Agency's training resources was devoted.

Outcome Goals	Performance Measures	FY 2013 Actual (Target)	FY 2014 Actual (Target)	FY 2015 Actual (Target)	FY 2016 Actual (Target)	FY 2017 Actual (Target)
	dispute resolution.		**Target met** (Pro rata share of the Agency's training resources)	**Target met** (Pro rata share of the Agency's training resources)	**Target met** (Pro rata share of the Agency's training resources)	**Target met** (Continue to designate a pro rata share of the Agency's training resources)
Publish significant procedural decisions and non-dispositive orders separately from other decisions.	Key decisions and orders published within 4 months of the order.	New goal developed to support FY 2014 – 2018 Strategic Plan	11 key decisions and orders published **Target not met** (15 key decisions and orders published)	13 key decisions and orders published **Target not met** (20 key decisions and orders published)	13 key decisions and orders published **Target not met** (20 key decisions and orders published)	15 key decisions and orders published **Target not met** (20 key decisions and orders published)

The complexity of the cases increased the time required to resolve cases at the ALJ level. Factors leading to the increased complexity of cases include OSHA's focus on encouraging more resource and time-intensive inspections, as well as the Office of the Solicitor's decision to leverage litigation resources and focus away from high-volume and in favor of high-impact strategic cases. The increase in complexity of cases is a challenge for the Review Commission because processing such cases requires the judges to invest a greater amount of time in handling the matters and places an increased demand on the full-time equivalent positions assigned to handle the volume of cases.

The following table provides actual ALJ workloads for fiscal years 2013 through 2017.

	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual
OSHA Inspections*:	39,228	36,163	35,817	31,948	32,283
a. Case Inventory, Start of Year	1,154	909	888	1,099	1,109
b. New Cases	2,215	2,017	2,164	2,183	2,168
c. Total Caseload	**3,369**	**2,926**	**3,052**	**3,282**	**3,277**
d. Disposals					
(1) With Hearing	68	50	61	42	44
(2) Mandatory Settlement Conferences	81	66	56	86	85
(3) Without Hearing	2,311	1,922	1,836	2,045	2,019
e. Total Dispositions	**2,460**	**2,038**	**1,953**	**2,173**	**2,148**
Total Case Inventory, End of Year	**909**	**888**	**1,099**	**1,109**	**1,129**

*Provided by OSHA.

Executive Director Function

The Office of the Executive Director (OEXD) provides administrative services to support the Review Commission in fulfilling its mission.

The Executive Director function provides operational management for the agency, including procurement, information technology management, human resources management, budget and financial management, and administrative services. The day-to-day tasks of this office are led by the Executive Director and include:

- Supporting the development and implementation of the agency's strategic goals;
- Maintaining and enhancing a website to provide the public with greater access to Review Commission information;
- Providing agency-wide support in the areas of finance, budget, procurement and contracting, human resources, equal opportunity, and general administrative services;
- Providing personnel, payroll, benefits, reproduction, mail services, and travel assistance to agency employees;
- Procuring goods and services, maintenance and needed repairs of equipment, training, reference materials, supplies, and office space;
- Implementing case management and administrative systems through IT hardware and software;
- Developing and maintaining computer systems and information security enhancements; and
- Enhancing telecommunications and improving technology efficiency and effectiveness.

The following table provides the performance goals and results of this function for fiscal years 2013 through 2017.

Outcome Goals	**Performance Measures**	**FY 2013 Actual (Target)**	**FY 2014 Actual (Target)**	**FY 2015 Actual (Target)**	**FY 2016 Actual (Target)**	**FY 2017 Actual (Target)**
Invest in human capital by increasing staff development and training opportunities and increasing employees' capabilities and potential.	One percent of basic payroll devoted to staff training and development by FY 2015, and no fewer than 24 hours training per staff member per year.	.42% of basic payroll to training/ 53% of staff received 12 hours of training **Target not met** (.55% of basic payroll to training and 12 hours)	New goal developed to support FY 2014 – 2018 Strategic Plan	New goal developed to support FY 2014 – 2018 Strategic Plan	New goal developed to support FY 2014 – 2018 Strategic Plan	New goal developed to support FY 2014 – 2018 Strategic Plan

Outcome Goals	Performance Measures	FY 2013 Actual (Target)	FY 2014 Actual (Target)	FY 2015 Actual (Target)	FY 2016 Actual (Target)	FY 2017 Actual (Target)
Examine and identify contracted positions appropriate for insourcing.	Percentage of positions identified appropriate for insourcing that are insourced.	No additional positions identified for insourcing **Target met** (Insource any additional positions identified)	New goal developed to support FY 2014 – 2018 Strategic Plan	New goal developed to support FY 2014 – 2018 Strategic Plan	New goal developed to support FY 2014 – 2018 Strategic Plan	New goal developed to support FY 2014 – 2018 Strategic Plan
Use of 360-degree employee-supervisor feedback mechanisms.	All supervisors subject to 360-degree feedback and feedback is used to ensure that individual and organizational effectiveness goals are being met.	Feedback Instrument used to evaluate supervisors **Target met** (Feedback mechanism used to evaluate all supervisors)	New goal developed to support FY 2014 – 2018 Strategic Plan	New goal developed to support FY 2014 – 2018 Strategic Plan	New goal developed to support FY 2014 – 2018 Strategic Plan	New goal developed to support FY 2014 – 2018 Strategic Plan
Ensure that the Review Commiss-ion's website is accessible to people with disabilities and serves as a useful repository for information about the agency and its adjudicatory activities.	Timeliness of postings to agency web site.	New goal developed to support FY 2014 – 2018 Strategic Plan	All required material posted to the website in less than 7 days and usually within one day after issuance. **Target met** (All material posted no later than 7 days after issuance)	All required material posted to the website in less than 7 days and usually within one day after issuance. **Target met** (All material posted no later than 7 days after issuance)	All required material posted to the website in less than 7 days and usually within one day after issuance. **Target met** (All material posted no later than 7 days after issuance)	All required material posted to the website in less than 7 days and usually within one day after issuance. **Target met** (All material posted no later than 7 days after issuance)
Produce timely and accurate reports on the Review Commiss-ion's activities, including all reports required by law.	Timeliness of submissions of required reports, e.g., financial statements, OMB, OPM, and EEO reports, etc.	New goal developed to support FY 2014 – 2018 Strategic Plan	All material submitted by required deadlines. **Target met** (100% of all material to be submitted by required deadlines)	All material submitted by required deadlines. **Target met** (100% of all material to be submitted by required deadlines)	All material submitted by required deadlines. **Target met** (100% of all material to be submitted by required deadlines)	All material submitted by required deadlines. **Target met** (100% of all material to be submitted by required deadlines)

Outcome Goals	**Performance Measures**	**FY 2013 Actual (Target)**	**FY 2014 Actual (Target)**	**FY 2015 Actual (Target)**	**FY 2016 Actual (Target)**	**FY 2017 Actual (Target)**
Broaden the Review Commiss-ion's outreach activities with other Federal agencies and the affected public, including targeted education and outreach for individuals with limited English proficiency.	Participation in professional conferences and meetings and strategic engagement with stakeholders.	New goal developed to support FY 2014 – 2018 Strategic Plan	Agency focus was to revise the draft language access plan and submit to DOJ for approval. **Target not met** (Agency to sponsor one outreach and educational activity per year)	Draft language access plan was posted on the Agency's website. **Target met** (Fully implement a language access plan and post to the Agency's website for public access)	Draft language access plan is posted on the Agency's website. **Target met** (Fully implement a language access plan and post to the Agency's website for public access)	Review Commission documents were reviewed, translated, and posted on the agency's website. **Target met** (Review documents to be translated and posted on the agency's website)
Develop and present an annual budget and performance plan that clearly represents how the organization will accomplish government-wide management priorities, agency-wide goals, and organization-al goals.	System that links resources to specific activities that support measurable programmatic outcomes and objectives.	New goal developed to support FY 2014 – 2018 Strategic Plan	Resources were identified for various programs that support the methodology to efficiently align the budget with program goals. **Target met** (Identify resources to support the methodology to efficiently align the budget with program goals)	Agency program goals were aligned with the budget to efficiently accomplish the mission. **Target met** (Align budget with Agency program goals to efficiently accomplish mission (e.g., program, human capital, procurement, IT infrastructure, and space and facilities))	Agency program goals continue to be aligned with the budget to efficiently accomplish the mission. **Target met** (Align budget with Agency program goals to efficiently accomplish mission (e.g., program, human capital, procurement, IT infrastructure, and space and facilities))	Agency program goals are aligned with the budget to efficiently accomplish the mission. **Target met** (Align budget with agency program goals to efficiently accomplish mission (e.g., program, human capital, procurement, IT infrastructure/space, and facilities))

<u>Outcome Goals</u>	<u>Performance Measures</u>	FY 2013 Actual (Target)	FY 2014 Actual (Target)	FY 2015 Actual (Target)	FY 2016 Actual (Target)	FY 2017 Actual (Target)
Implement a comprehen-sive human capital plan designed to recruit, retain and develop staff; support succession planning by strategically aligning present and future human capital needs and workforce planning; and evaluate the performance management system based on individual and organization-al effective-ness.	Increase personnel capabilities and development by improving training opportunities.	New goal developed to support FY 2014 – 2018 Strategic Plan	.55% of basic payroll was devoted to staff training and development. **Target met** (.55% of basic payroll devoted to staff training and development)	.44% of basic payroll devoted to staff training and development. **Target not met** (.65% of basic payroll devoted to staff training and development)	.44% of basic payroll devoted to staff training and development. **Target not met** (.70% of basic payroll devoted to staff training and development)	.80% of basic payroll devoted to staff training and development. **Target met** (.80% of basic payroll devoted to staff training and development)[1]

1 The Review Commission devoted .80 percent of basic payroll to staff training and development this fiscal year. However, we expensed only .59 percent due to a nearly eight-month Continuing Resolution which postponed the timely allocation of training funds.

<u>**Outcome Goals**</u>	<u>**Performance Measures**</u>	**FY 2013 Actual (Target)**	**FY 2014 Actual (Target)**	**FY 2015 Actual (Target)**	**FY 2016 Actual (Target)**	**FY 2017 Actual (Target)**
Integrate knowledge management (KM) processes into a plan to capture, share and generate knowledge and establish a unified knowledge network of people, processes and technology to enhance operations and efficiencies in all aspects of essential agency operations.	Conduct periodic knowledge audits to identify sources of knowledge and "at risk" knowledge gaps.** Tailor IT infrastructure to support the effortless sharing and transfer of knowledge. Degree to which best practices and lessons learned are integrated into the performance management system.	New goal developed to support FY 2014 – 2018 Strategic Plan	Staff trained in learning solution designed to optimize organizational performance and identify KM gaps. **Target partially met** (Design the KM audit to establish benchmarks to evaluate knowledge gaps in the essential Agency operations and programs).	Identified knowledge gap vulnerabilities to enhance Agency operations and programs. **Target met** (Use findings from evaluation of KM audit to identify and address knowledge gaps).	Implemented a Phased Retirement directive, identified knowledge gap vulnerabilities, and enhanced telework opportunities to retain employees that move outside of the commuting area. **Target Met** (Use findings from evaluation of KM audit to identify and address knowledge gaps).	Reviewed agency policies, organizational charts, and position descriptions to identify knowledge gap vulnerabilities. **Target met** (Evaluate and address KM vulnerabilities to further enhance agency operations and programs)

** Areas identified as potential "at risk" knowledge gaps include programs and functions where a subject matter expert is eligible to leave the Agency (through retirement or career transition) in one to three years and no backup expert has been identified to assume the duties and responsibilities vacated.

Outcome Goals	**Performance Measures**	**FY 2013 Actual (Target)**	**FY 2014 Actual (Target)**	**FY 2015 Actual (Target)**	**FY 2016 Actual (Target)**	**FY 2017 Actual (Target)**
Improve technology infrastruc-ture through efficiencies and investments (e.g., training, equipment, and services) to support the effective use of broadband, cyber security, and energy efficiency.	Streamline operations and infrastructure to eliminate duplication; minimize servers, storage and application sprawl. Maintain standardized platforms including hardware and software. Improve network/commu nications to ensure customers can access necessary information without delay.	New goal developed to support FY 2014 – 2018 Strategic Plan	Evaluated expanding the existing IT infrastructure and began procuring equipment and services necessary to support the e-filing initiative. **Target met** (Evaluate expanding the existing IT infrastructure to support e-filing initiative)	Upgraded data circuits, implemented a new data analysis platform that scans internet traffic, trained staff on usage policies, and procured and installed Host servers. **Target met** (Implement recommended IT infrastructure upgrades identified in evaluation)	Upgraded Citrix to permit additional security measures; upgraded servers to Virtual machines; implemented a cloud based case management system and provided training to users; upgraded desktops; and procured new servers. **Target met** (Implement recommended IT infrastructure upgrades identified in evaluation)	-Migration of Mail (exchange) to FedRAMP certified Office 365. -Moved locally administered share point (intranet) to Office 365. -Instituted changes to e-filing system to accommo-date the user community. -Encrypted and upgraded software on agency laptops -Started deployment of two-factor authentication using personal identity verification. **Target met** (Continue monitoring technology infrastructure to determine if additional resources are required)

Outcome Goals	**Performance Measures**	**FY 2013 Actual (Target)**	**FY 2014 Actual (Target)**	**FY 2015 Actual (Target)**	**FY 2016 Actual (Target)**	**FY 2017 Actual (Target)**
Use existing real property more effectively by implement-ing energy efficiency practices, space alignment efforts (e.g., sustain-ability) and expanding telework.	Implement measures to reduce operating expenses when negotiating lease and develop a system to evaluate areas of consumption that impact sustainability.	New goal developed to support FY 2014 – 2018 Strategic Plan	Use of virtual machines and all equipment purchases meet EPA Energy Efficiency standards. **Target met** (Establish goal of acquiring a percentage of supplies and equipment from eco-friendly sources) Disposed of equipment through certified recyclers. **Target met** (Dispose of equipment in an environ-mentally friendly manner)	Use of virtual machines and all equipment purchases meet EPA Energy Efficiency standards. Moved to a shared printing environment by using installed copiers as default printers moving away from desktop printers. Expanded Citrix to accommodate additional telework staff. **Target met** (Increase the percentage of supplies and equipment procured from eco-friendly sources)	Use of virtual machines and all equipment purchases meet EPA Energy Efficiency standards. Expanded Citrix to accommodate additional telework staff. **Target met** (Increase the percentage of supplies and equipment procured from eco-friendly sources)	-Expanded the use of Virtual Machines. -Moved infrastructures to FedRAMP providers. **Target met** (Continue monitoring to ensure supplies and equipment are procured from eco-friendly sources)
Enhance the agency's FOIA processing system by developing internet-based capabilities.	Development of an electronic form and/or request tracking capability.	New goal developed to support FY 2014 – 2018 Strategic Plan	Developed an electronic request form used for processing and expediting FOIA requests. **Target met** (Assessment of tools and resources necessary for processing and expediting FOIA requests electronically)	Successful implementation of FOIA online form and use of dedicated FOIA email address to expedite receipt, tracking, and processing of requests. **Target met** (Develop tools to be used for processing and expediting FOIA requests electronically)	Increased efficiency of FOIA online form and use of dedicated FOIA email address to expedite receipt, tracking, and processing of requests. **Target met** (Develop tools to be used for processing and expediting FOIA requests electronically)	Increased use of FOIA online form and dedicated FOIA email address; expanded tracking capability and improved communication with requesters; eliminated need to implement online tracking system. **Target met** (Explore advanced options for online tracking capability)

Analysis of Financial Statements

The Review Commission had biennial audits of its financial statements from 1996 through 2002. Consistent with the Accountability of Tax Dollars Act of 2002, OSHRC began annual audits in FY 2003. The Review Commission received an unqualified opinion for each financial audit conducted from FY 1996 through FY 2013, and an unmodified opinion for the FY 2014 through FY 2017 audits. The terms "unqualified" and "unmodified" refer to clean opinions.

Since 2002, the Review Commission has contracted with the Administrative Resources Center, Bureau of the Fiscal Service (formerly Bureau of the Public Debt – BPD), for accounting services. The Administrative Resources Center prepared the Review Commission's FY 2017 financial statements, which include comparative data for FY 2016. The principal financial statements include the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources.

The changes described in the analyses below generally indicate that the budget execution process remains effective, given higher payroll costs and higher costs for goods and services to maintain operations and fulfill our mission.

Analysis of the Balance Sheet

OSHRC's assets in FY 2017 totaled $4,223,314 as of September 30, 2017. This represents an increase of $742,012. The Fund Balance with Treasury of $4,223,314 represents OSHRC's largest asset as of September 30, 2017. It increased 21 percent from FY 2016 and represents 100 percent of the agency's total assets for FY 2017. General Property, Plant, and Equipment were fully depreciated as of September 30, 2017.

OSHRC's liabilities in FY 2017 totaled $1,105,394 as of September 30, 2017. This is an increase of $160,038. The accounts payable balance at September 30, 2017 was $294,580, an increase of $134,890. Unfunded annual leave totaled $468,443 and is approximately 42 percent of total agency liabilities.

Net Position is the difference between total assets and total liabilities. The total net position for FY 2017 increased by $582,490 from FY 2016.

Analysis of Statement of Net Cost

The Statement of Net Cost shows the net cost of operations for the agency, and is broken out between OSHRC's two major programs, Administrative Law Judge and Commission. The Total net cost of operations in 2017 was $12,756,038, an increase of $586,152 over the FY 2016 net cost of operations of $12,169,886.

Analysis of the Statement of Changes in Net Position

The Statement of Changes in Net Position reports the change in the agency's net position during the reporting period. The net position consists of two components, the unexpended appropriations and the cumulative results of operations. The Net Position increased $582,490 in 2017 from 2016, a change of approximately 22.9 percent.

Analysis of the Statement of Budgetary Resources

The Statement of Budgetary Resources presents how the budgetary resources were made available and the status of the budgetary resources at the end of the reporting period. The total budgetary resources must always equal the total status of budgetary resources. For FY 2017, OSHRC had total budgetary resources of $14,231,379, which is $794,027 more than in FY 2016.

Management Assurances

Systems, Controls, and Legal Compliance

The Review Commission is in compliance with the Federal Managers' Financial Integrity Act and the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*. The system of internal controls for this agency is functioning well. It provides reasonable assurance as to the efficiency and effectiveness of programs and operations, reliability of financial and performance information, and compliance with laws and regulations. These controls satisfy the requirements of the Federal Managers' Financial Integrity Act. In addition, the appropriate policies and controls are in place to mitigate the risk of fraud and inappropriate charge card practices.

The Review Commission is a small agency and does not have a separate Inspector General Office. Therefore, the Review Commission's management team assumes the responsibility for assessing the agency's internal operations and determining if there are any weaknesses that need correction. In FY 2017, two program reviews took place: an audit of FY 2017 financial statements, and an audit of computer and information security.

Financial Audit

The Review Commission has had annual audits of its financial statements since FY 2003, including reviews of the adequacy of the Review Commission's internal control systems. The Review Commission received an unqualified opinion for each financial audit conducted from FY 2003 through FY 2013, and an unmodified opinion for the audits conducted in FY 2014 through FY 2017.

Regarding financial management, the National Finance Center (NFC) provided payroll services, and the Bureau of the Fiscal Service (BFS) provided accounting, disbursement, and financial statement preparation services for the agency. Accordingly, certain aspects of the Review Commission's financial management system are largely influenced by the practices and procedures of the NFC and the BFS.

In addition to the practices and procedures of the NFC and BFS, the Review Commission has established certain internal controls and procedures that safeguard assets and ensure that obligations and disbursements are made consistent with management's direction. For example, BFS reports are reviewed and reconciled to assure that the agency's obligation and disbursement actions are properly recorded and that the year-end financial statements are correctly stated. The agency's Budget and Finance Office also prospectively certifies funds availability for all obligations. In addition, the OEXD conducts periodic reviews of internal systems including travel, payroll, and procurement.

The FY 2017 financial audit is expected to result in an "unmodified" opinion with no reported material weaknesses or other significant deficiencies. Generally, the system of internal controls for this agency is functioning well. It provides reasonable assurance as to the efficiency and effectiveness of programs and operations, reliability of financial and performance information, and compliance with laws and regulations. These controls satisfy the requirements of the Federal Managers' Financial Integrity Act. As previously mentioned, the Review Commission has had annual audits of its financial statements since FY 2003, including reviews of the adequacy of the Review Commission's internal control systems.

The Review Commission contracts with the Treasury Franchise Fund, Administrative Resource Center, Bureau of the Fiscal Service, for accounting, disbursement, and travel services, and with the NFC for payroll and personnel services. In addition to the agency's internal controls and procedures that safeguard assets and ensure that obligations and disbursements are made consistent with management's direction, the BFS and the NFC have established practices and procedures that assure appropriate internal controls. The two agencies' internal control systems are evaluated independently.

Improper Payments

The Review Commission made two improper payments in FY 2017 that resulted in overpayments. These payments were recuperated with credit memos that were applied to billings received from the vendor after the improper payments were made. The agency continued the practice of reviewing the General Services Administration (GSA) Excluded Parties List (EPLS) and the System for Awards Management (formerly Central Contractor Registry) prior to awarding contracts and purchase orders. All payments made in FY 2017 were verified using the method above, except for payments to Federal vendors, payroll, and credit card payments.

The agency continues to attribute progress made in eliminating improper payments to the implementation of the program integrity activities outlined in our "Do Not Pay Implementation Plan." The plan, which was implemented in FY 2013, requires agency staff responsible for processing invoices to focus on prevention, detection, and recovery. Prevention activities, which are executed prior to the payment of an invoice, include pre-payment audits, risk prioritization, and predictive modeling. Transactions that are identified as being "high risk" are subject to a second level of review prior to being forwarded to the Certifying Official for approval for payment. Detection activities, which are performed subsequent to payment, are based largely on reports generated by the entity within the agency that is responsible for analyzing invoice processing activities. For example, the Review Commission analyzes a monthly report detailing the cumulative total and number of invoices processed during the previous 30-day reporting period. The Review Commission initiated a review of its prevention and detection process in the 4th quarter of FY 2017 to avoid making improper payments.

Fraud Reduction

The Review Commission has identified its Charge Card Program, which includes purchase and travel cards, as a high-risk area for fraud. As a result, the agency utilizes various methods to eliminate fraud and misuse. For the purchase card program, cardholders must receive approval from the Executive Director prior to making purchases with the government purchase card. In addition, purchase cardholders are required to submit receipts with their monthly statements so that each charge can be reviewed and verified by budget staff prior to approval and payment. For the travel card program, a monthly detailed account cycle report from the charge card vendor is reviewed in conjunction with travel vouchers to detect card misuse.

The Review Commission has begun an evaluation of fraud risks within the agency. In addition, an audit of the financial statements and an audit of the agency's information technology systems were conducted for FY 2017. The results of the evaluation and the audits will be used to improve fraud prevention within the agency.

Computer and Information Security Program

The Review Commission has and continues to conduct annual independent evaluations with the assistance of private contractors since FY 2003. The Review Commission contracts for annual independent evaluations of its computer and information security programs consistent with the Federal Information Security Management Act of 2014 (FISMA 2014). These evaluations are conducted under the requirements of the Government Information Security Reform Act (the predecessor to FISMA), as well as the Office of Management and Budget's implementing guidelines, and National Institute of

Standards and Technology (NIST) guidance. Although the Review Commission does not have an Inspector General, we have requested that function be performed by an independent contractor.

The FY 2017 independent audit demonstrates the Review Commission's commitment to keeping up with additions and changes to FISMA law. Some specific examples in recent years include the incorporation of NIST Special Publication 800-53 Revision 4, NIST Special Publication 800-18, Federal Information Processing Standards (FIPS) 199, FIPS 200, and FIPS 201, each of which place additional requirements on the agency. The Review Commission's security program continues to be incorporated into its annual performance and security plans in accordance with the law and provides reasonable assurances and safeguards to maintain integrity and competence. Furthermore, the Review Commission practices delegation of authority as a structured organization with defined separation of duties and supervision.

The Review Commission continues to document and test its implemented virus detection program along with automatic updates and scanning. Virus protection has been implemented at the server and expanded to our host as well as at the workstation level, which has significantly reduced the number of spam and other unwanted electronic mail messages. Additional controls in place to protect data from accidental or malicious alteration or destruction include the U.S. Department of Homeland Security's (DHS) Trusted Internet Connection (TIC), Einstein3a accelerated (U.S. Cert Program), and Intrusion Prevention Security Services utilization. These provide continuous monitoring of the network, intrusion detection and prevention, system and email scans, separation of duties based on access need and clearance, internal intrusion detection, monitoring and incident reporting and investigation.

In addition to security controls provided by DHS, OSHRC utilizes its deployed firewall and Intrusion Detection System (IDS) to provide network perimeter security. Formal procedures for reviewing logs are in place, and the Information Technology Officer identifies incidents when a security violation occurs.

In addition to enhancements to the Review Commission's information security program, the agency has directed considerable resources to protecting personally identifiable information. Under the newly appointed Senior Agency Official for Privacy (SAOP), the agency has revised its Breach Response Plan as required by OMB Memorandum 17-12 and, in accordance with the revised plan, the SAOP has conducted the agency's first tabletop exercise. Additionally, revisions were made to the agency's Privacy Act Directive to incorporate changes required by OMB Circulars A-108 and A-130, and OMB Memorandum 17-06. These revisions to the Directive include, among other things, the addition of an inventory/monitoring program for collection and use of social security numbers, and a Continuous Monitoring Program. The agency has also developed and approved a guidance document for Privacy Impact Assessments and Privacy Threshold Analyses. As with its information security program, the Review Commission has stretched its limited financial and human resources as far as possible to establish and implement privacy programs that effectively protect data maintained by the agency.

The Review Commission's information security and privacy programs will, at a minimum, continue to implement appropriate recommendations made by an independent evaluator; incorporate performance measures to ensure that the security and privacy plan is practiced throughout the life cycle of the agency's system; establish additional personnel controls for sensitive information; monitor procedures for program effectiveness and compliance with security requirements; assure that systems and applications operate effectively and provide appropriate confidentiality, integrity and availability; and protect information commensurate with the level of risk and magnitude of harm resulting from loss, misuse, unauthorized access, or modification.

Performance Data Verification

For each strategic goal and its related objectives, the Review Commission formulated performance measures and numerical annual targets, whenever possible. A few measures are necessarily qualitative in nature. Case processing and adjudication measurements are used for several objectives contained in our Public Service Goal. Most of the data related to the Public Service Goal resides in the Review Commission's e-filing system that was successfully implemented in FY 2016. The e-filing system directly supports our annual performance plan's goals and targets, promotes transparency, supports technology improvements, and integrates business process automation to improve accuracy and efficiency in case management practices. In FY 2017, each of the 2,168 new cases docketed at the ALJ level were entered into the e-filing system, and progress on all cases was tracked. To assure the quality of the data, management periodically reviews the information in the case management/tracking system. The agency conducts test runs of the data to ensure that information is entered and updated on a timely basis. The reports are used to assess workload and make workload adjustments, when necessary. At the end of the year, this data is used by the offices to measure performance related to the goals and to improve management.

Human resource measurements are used for the goals in the OEXD function. The data related to these goals is maintained and tracked in the Human Resource system, which includes spreadsheets to track training costs and hours, employee performance files, and personnel files. Management reviews the information for accuracy.

Limitations of the Financial Statements

The principal financial statements are prepared to report the financial position and results of operations of the Review Commission, pursuant to the requirements of 31 U.S.C. 3515(b). The statements are prepared from the books and records of the Review Commission in accordance with Federal Generally Accepted Accounting Principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same books and records. The financial statements should be read with the realization that they are for a component of the United States Government.

**U.S. OCCUPATIONAL SAFETY AND HEALTH
REVIEW COMMISSION**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
SEPTEMBER 30, 2017 AND 2016**

**Prepared By
Brown & Company CPAs and Management Consultants, PLLC
November 9, 2017**

BROWN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC

INDEPENDENT AUDITOR'S REPORT

U.S. Occupational Safety and Health Review Commission
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying balance sheets of the U.S. Occupational Safety and Health Review Commission (OSHRC) as of September 30, 2017 and 2016, and the related statements of net cost, changes in net position, and budgetary resources, for the years then ended (collectively referred to as the financial statements), and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted government auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Office of Management and Budget (OMB) Bulletin No. 17-03, *Audit Requirements for Federal Financial Statements*. Those standards, and OMB Bulletin No. 17-03 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes test of compliance with provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosure in the financial statements. The purpose was not to provide an opinion on compliance with provisions of applicable laws, regulations, contracts and grant agreements and, therefore, we do not express such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the OSHRC as of September 30, 2017 and 2016, and its net costs, changes in net position, and budgetary resources for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the *Management's Discussion and Analysis* (MD&A), also regarded as *Required Supplementary Information* (RSI), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. *The Message from the Agency Head* and the Other Information sections are presented for purposes of additional analysis and are not required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the OSHRC's internal control over financial reporting (internal control) to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of providing an opinion on internal control. Accordingly, we do not express such an opinion.

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 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 the 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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. During the audit of the financial statements no deficiencies in internal control were identified that were considered to be a material weakness. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the OSHRC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations and contracts applicable to OSHRC. The objective was not to provide an opinion on compliance with those provisions of laws, regulations, contracts and grant agreements, and we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards* or OMB Bulletin No. 17-03.

Management's Responsibility for Internal Control and Compliance

OSHRC's management is responsible for (1) evaluating effectiveness of internal control over financial reporting based on criteria established under the Federal Managers' Financial Integrity Act (FMFIA), (2) providing a statement of assurance on the overall effectiveness of internal control over financial reporting, and (3) ensuring compliance with other applicable laws and regulations.

Auditor's Responsibilities

We are responsible for (1) obtaining a sufficient understanding of internal control over financial reporting to plan the audit, (2) testing compliance with certain provisions of laws and regulations that have a direct and material effect on the financial statements and applicable laws for which OMB Bulletin No. 17-03 requires testing, and (3) applying certain limited procedures with respect to the MD&A.

We did not evaluate all internal controls relevant to operating objectives as broadly established by the FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to testing internal control over financial reporting. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our audit results to future periods is subject to risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to the OSHRC. We limited our tests of compliance to certain provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB Bulletin No. 17-03 that we deemed applicable to the OSHRC's financial statements for the fiscal year ended September 30, 2017. We caution that noncompliance with laws and regulations may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

Purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters

The purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters sections 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 OSHRC's internal control or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the OSHRC's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

This report is intended solely for the information and use of the management of the OSHRC, OMB, and the U.S. Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown & Company

Largo, Maryland
November 9, 2017

FINANCIAL STATEMENTS AND NOTES

OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION
BALANCE SHEET
AS OF SEPTEMBER 30, 2017 AND 2016
(In Dollars)

		2017		2016
Assets:				
Intragovernmental				
Fund Balance With Treasury (Note 2)	$	4,223,314	$	3,481,302
Total Intragovernmental		4,223,314		3,481,302
Accounts Receivable, Net (Note 3)		52		-
Other (Note 5)		464		-
Total Assets	$	4,223,830	$	3,481,302
Liabilities:				
Intragovernmental				
Accounts Payable	$	16,000	$	4,685
Other (Note 7)		70,100		64,941
Total Intragovernmental		86,100		69,626
Accounts Payable		294,580		159,690
Other (Note 7)		724,714		716,040
Total Liabilities (Note 6)	$	1,105,394	$	945,356
Net Position:				
Unexpended Appropriations - Other Funds	$	3,586,828	$	3,002,549
Cumulative Results of Operations - Other Funds		(468,392)		(466,603)
Total Net Position	$	3,118,436	$	2,535,946
Total Liabilities and Net Position	$	4,223,830	$	3,481,302

The accompanying notes are an integral part of these financial statements.

OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION
STATEMENT OF NET COST
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016
(In Dollars)

		2017		2016
Program Costs:				
Administrative Law Judge	$	6,281,073	$	5,992,452
Commission		6,474,965		6,177,434
Net Cost of Operations (Note 9)	$	12,756,038	$	12,169,886

The accompanying notes are an integral part of these financial statements.

OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016
(In Dollars)

		2017		2016
Cumulative Results of Operations:				
Beginning Balances	$	(466,603)	$	(415,663)
Budgetary Financing Sources:				
Appropriations Used		12,334,656		11,646,240
Other Financing Sources (Non-Exchange):				
Imputed Financing Sources (Note 11)		419,593		472,706
Total Financing Sources		12,754,249		12,118,946
Net Cost of Operations		(12,756,038)		(12,169,886)
Net Change		(1,789)		(50,940)
Cumulative Results of Operations	$	(468,392)	$	(466,603)
Unexpended Appropriations:				
Beginning Balances	$	3,002,549	$	2,343,852
Budgetary Financing Sources:				
Appropriations Received		13,225,000		12,639,000
Other Adjustments		(306,065)		(334,063)
Appropriations Used		(12,334,656)		(11,646,240)
Total Budgetary Financing Sources		584,279		658,697
Total Unexpended Appropriations	$	3,586,828	$	3,002,549
Net Position	$	3,118,436	$	2,535,946

The accompanying notes are an integral part of these financial statements.

OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION
STATEMENT OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016
(In Dollars)

		2017		2016
Budgetary Resources:				
Unobligated Balance Brought Forward, October 1	$	992,707	$	849,371
Recoveries of Prior Year Unpaid Obligations		316,076		266,582
Other changes in unobligated balance		(302,404)		(317,601)
Unobligated balance from prior year budget authority, net		1,006,379		798,352
Appropriations		13,225,000		12,639,000
Total Budgetary Resources	$	14,231,379	$	13,437,352
Status of Budgetary Resources:				
New obligations and upward adjustments (total) (Note 12)	$	12,765,197	$	12,444,645
Unobligated balance, end of year:				
Apportioned, unexpired account		536,003		224,294
Expired unobligated balance, end of year		930,179		768,413
Unobligated balance, end of year (total)		1,466,182		992,707
Total Budgetary Resources	$	14,231,379	$	13,437,352
Change in Obligated Balance				
Unpaid Obligations:				
Unpaid Obligations, Brought Forward, October 1	$	2,488,595	$	1,909,526
New obligations and upward adjustments		12,765,197		12,444,645
Outlays (gross)		(12,180,584)		(11,598,994)
Recoveries of Prior Year Unpaid Obligations		(316,076)		(266,582)
Unpaid Obligations, End of Year (Gross)		2,757,132		2,488,595
Memorandum entries:				
Obligated Balance, Start of Year	$	2,488,595	$	1,909,526
Obligated Balance, End of Year	$	2,757,132	$	2,488,595
Budget Authority and Outlays, Net:				
Budget authority, gross	$	13,225,000	$	12,639,000
Actual offsetting collections		(3,661)		(16,462)
Recoveries of prior year paid obligations		3,661		16,462
Budget Authority, net, (total)	$	13,225,000	$	12,639,000
Outlays, gross	$	12,180,584	$	11,598,994
Actual offsetting collections		(3,661)		(16,462)
Outlays, net, (total)		12,176,923		11,582,532
Distributed Offsetting Receipts		(614)		-
Agency outlays, net	$	12,176,309	$	11,582,532

The accompanying notes are an integral part of these financial statements.

U.S. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Occupational Safety and Health Review Commission (The Review Commission) is an independent, adjudicatory agency created by the Occupational Safety and Health Act (OSHA) of 1970. Its sole statutory mandate is to serve as an administrative court providing just and expeditious resolution of disputes involving OSHA, employers charged with violations of Federal safety and health standards, and employees and/or their representatives. The Review Commission was created by Congress as an agency completely independent of the U.S. Department of Labor (DOL) to ensure that OSHA's enforcement actions are carried out in accordance with the law and that all parties are treated consistent with due process should a dispute arise.

The Review Commission reporting entity is comprised of General Funds and General Miscellaneous Receipts.

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues.

General Fund Miscellaneous Receipts are accounts established for receipts of non-recurring activity, such as miscellaneous receipts for services and benefits.

The Review Commission receives custodial collections and holds custodial receivables that are non-entity assets and are transferred to Treasury at fiscal year-end.

The Review Commission has rights and ownership of all assets reported in these financial statements. The Review Commission does not possess any non-entity assets.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the Review Commission. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. They have been prepared from, and are fully supported by, the books and records of the Review Commission in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements,* as amended, and the Review Commission's accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the Review Commission's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds.

D. Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of the Review Commission's funds with Treasury in expenditure and receipt fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The Review Commission does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for the agency on demand.

E. Accounts Receivable

Accounts receivable may consist of amounts owed to the Review Commission by other Federal agencies and the general public. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

F. Property, Equipment, and Software

Property, equipment and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. The Review Commission's capitalization threshold is $50,000 for individual purchases and $500,000 for bulk purchases. Property and equipment acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

Description	Useful Life (years)
Office Furniture	7
Office Equipment	5

G. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

H. Liabilities

Liabilities represent the amount of funds likely to be paid by the Review Commission as a result of transactions or events that have already occurred.

The Review Commission reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities with the Public represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave and unemployment insurance.

I. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Non-vested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees effective at 100%.

J. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the DOL addresses all claims brought by the Review Commission employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the Review Commission terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

K. Retirement Plans

The Review Commission employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the Review Commission matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and the Review Commission matches any employee contribution up to an additional four percent of pay. For FERS participants, the Review Commission also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, the Review Commission remits the employer's share of the required contribution.

The Review Commission recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to the Review Commission for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The Review Commission recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The Review Commission does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

L. Other Post-Employment Benefits

The Review Commission employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLIP) may continue to participate in these programs after their retirement. The OPM has provided the Review Commission with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The Review Commission recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the Review Commission through the recognition of an imputed financing source.

M. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

N. Imputed Costs/Financing Sources

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. The Review Commission recognized imputed costs and financing sources in fiscal years 2017 and 2016 to the extent directed by accounting standards.

O. Reclassification

Certain fiscal year 2016 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2017 and 2016 were as follows:

	2017	2016
Fund Balances:		
Appropriated Funds	$ 4,223,314	$ 3,481,302
Total	$ 4,223,314	$ 3,481,302
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	$ 536,003	$ 224,294
Unavailable	930,179	768,413
Obligated Balance Not Yet Disbursed	2,757,132	2,488,595
Total	$ 4,223,314	$ 3,481,302

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

The available unobligated fund balances represent the current-period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand (see Note 13).

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2017 and 2016 were as follows:

	2017	2016
With the Public		
Accounts Receivable	$ 52	$ -
Total Accounts Receivable	$ 52	$ -

The accounts receivable is primarily made up of employee receivables.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2017 or 2016.

NOTE 4. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2017:

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Furniture & Equipment	$ 223,168	$ 223,168	$ -
Total	$ 223,168	$ 223,168	$ -

Schedule of Property, Equipment, and Software as September 30, 2016:

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Furniture & Equipment	$ 308,165	$ 308,165	$ -
Total	$ 308,165	$ 308,165	$ -

NOTE 5. OTHER ASSETS

Other assets balances as of September 30, 2017, and 2016, were as follows:

	2017	2016
With the Public		
Travel Advances	$ 464	$ -
Total Other Assets	$ 464	$ -

NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the Review Commission as of September 30, 2017 and 2016 include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2017	2016
Unfunded Leave	$ 468,443	$ 466,603
Total Liabilities Not Covered by Budgetary Resources	$ 468,443	$ 466,603
Total Liabilities Covered by Budgetary Resources	636,951	478,753
Total Liabilities	$ 1,105,394	$ 945,356

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

NOTE 7. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2017 were as follows:

	Current		Total	
Intragovernmental				
Payroll Taxes Payable	$	70,100	$	70,100
Total Intragovernmental Other Liabilities	$	70,100	$	70,100
With the Public				
Payroll Taxes Payable	$	10,614	$	10,614
Accrued Funded Payroll and Leave		245,657		245,657
Unfunded Leave		468,443		468,443
Total Public Other Liabilities	$	724,714	$	724,714

Other liabilities account balances as of September 30, 2016 were as follows:

	Current		Total	
Intragovernmental				
Payroll Taxes Payable	$	64,941	$	64,941
Total Intragovernmental Other Liabilities	$	64,941	$	64,941
With the Public				
Payroll Taxes Payable	$	9,857	$	9,857
Accrued Funded Payroll and Leave		239,581		239,581
Unfunded Leave		466,602		466,602
Total Public Other Liabilities	$	716,040	$	716,040

NOTE 8. LEASES

Operating Leases

The Review Commission occupies office space under lease agreements that are accounted for as operating leases. Annual rent for each location is charged by the General Services Administration (GSA), which acts as the leasing agent for the Review Commission. The lease locations and terms are listed below.

Location	Term	Lease Expiration Date
Atlanta, GA	116 months	9/30/2023
Denver, CO	120 months	9/30/2018
Washington, DC	60 months	4/23/2023

Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations. Below is a schedule of future payments for the term of the lease.

Fiscal Year	Building
2018	$ 1,569,991
2019	1,459,353
2020	1,457,830
2021	1,473,826
2022	1,490,298
Thereafter	902,277
Total Future Payments	$ 8,353,575

The operating lease amount does not include estimated payments for leases with annual renewal options.

NOTE 9. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs and revenue represent exchange transactions between the Review Commission and other federal government entities and are in contrast to those with non-federal entities (the public). Such costs and revenue are summarized as follows:

	2017	2016
Administrative Law Judge		
Intragovernmental Costs	$ 2,042,304	$ 1,993,177
Public Costs	4,238,769	3,999,275
Net Program Costs	6,281,073	5,992,452
Commission		
Intragovernmental Costs	2,105,349	2,054,705
Public Costs	4,369,616	4,122,729
Total Net Cost	6,474,965	6,177,434
Total Intragovernmental costs	4,147,653	4,047,882
Total Public costs	8,608,385	8,122,004
Total Net Cost	$ 12,756,038	$ 12,169,886

NOTE 10. BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT

The President's Budget that will include fiscal year 2017 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2018 and can be found at the OMB Web site: http://www.whitehouse.gov/omb/. The 2018 Budget of the United States Government, with the "Actual" column completed for 2016, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

In Millions

FY2016	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	$ 13	$ 12	$ -	$ 12
Difference - Due to Rounding	-	-	-	(1)
Budget of the U.S. Government	$ 13	$ 12	$ -	$ 11

NOTE 11. IMPUTED FINANCING SOURCES

The Review Commission recognizes as imputed financing the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the years ended September 30, 2017 and 2016, respectively, imputed financing was as follows:

	2017	2016
Office of Personnel Management	$ 419,593	$ 472,706
Total Imputed Financing Sources	$ 419,593	$ 472,706

NOTE 12. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred and reported in the Statement of Budgetary Resources in 2017 and 2016 consisted of the following:

	2017	2016
Direct Obligations, Category A	$ 12,765,197	$ 12,444,645
Total Obligations Incurred	$ 12,765,197	$ 12,444,645

Category A apportionments distribute budgetary resources by fiscal quarters.

NOTE 13. UNDELIVERED ORDERS AT THE END OF THE PERIOD

As of September 30, 2017 and 2016, budgetary resources obligated for undelivered orders amounted to $2,120,646 and $2,009,841 respectively.

NOTE 14. CUSTODIAL ACTIVITY

The Review Commission is an administrative agency collecting for another entity or the General Fund. As a collecting entity, the Review Commission measures and reports cash collections and refunds. The type of cash collected primarily consists of Freedom of Information Act fees. While these collections are considered custodial, they are neither primary to the mission of the Review Commission nor material to the overall financial statements. The Review Commission's total custodial collections are $57 and $113 for the years ended September 30, 2017 and 2016, respectively.

NOTE 15. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

The Review Commission has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations.

	2017	2016
Resources Used to Finance Activities		
Budgetary Resources Obligated		
Obligations Incurred	$12,765,197	$12,444,645
Spending Authority from Offsetting Collections and Recoveries	(319,737)	(283,044)
Offsetting Receipts	(614)	-
Obligations Net of Offsetting Collections and Recoveries	12,444,846	12,161,601
Other Resources		
Imputed Financing from Costs Absorbed by Others	419,594	472,706
Total Resources Used to Finance Activities	12,864,440	12,634,307
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	(110,190)	(521,397)
Total Resources Used to Finance the Net Cost of Operations	12,754,250	12,112,910
Total Components of Net Cost of Operations That will not Require or Generate Resources in the Current Period	1,788	56,976
Net Cost of Operations	$12,756,038	$12,169,886