U.S. Occupational Safety and Health Review Commission

OSHRC

Performance and Accountability Report

FY 2013

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

UNITED STATES OF AMERICA
OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
ONE LAFAYETTE CENTRE
1120 20TH STREET, N.W. – NINTH FLOOR
WASHINGTON, DC 20036-3457

OFFICE OF THE CHAIRMAN

December 16, 2013

The President
The White House
Washington, DC 20500

Dear Mr. President:

I am pleased to transmit the Occupational Safety and Health Review Commission's (OSHRC's) Fiscal Year 2013 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 of workplace safety and health disputes between the Department of Labor, employers and employees and/or their representatives under the Occupational Safety and Health Act of 1970. OSHRC continues to set high standards of performance for itself and, during this past fiscal year, we were generally successful in meeting our stated goals.

At the Commission level, 20 cases were resolved, and all performance goals were met -- a particularly significant accomplishment since the Commission lacked a quorum for over 25 percent of the fiscal year. Our Administrative Law Judge (ALJ) function disposed of 2,460 cases. However, it was unable to meet its two performance goals as the ALJ function experienced several challenges. In particular, our case intake at the ALJ level increased about fifty percent between FY 2009 and FY 2011. Our FY 2012 case intake was 31 percent above that of FY 2009 and our case intake for FY 2013 was 7.6 percent above that of FY 2009. While recent data suggests that the number of new cases may appear to be stabilizing, we show a continual growth in complex cases and the amount of time involved in resolving these cases. In addition, our ALJ function operated at less than full capacity due to vacancies which had occurred over the past three years. These factors impacted the time to resolve cases. Nevertheless, our ALJs have performed outstanding work in the face of the significant increase in workload, reducing the case inventory of 1,154 at the end of fiscal year 2012 to 909 at the end of fiscal year 2013. The Executive Director function met two of its three performance goals. It was unable to meet the performance goal to invest .55 percent of basic payroll in training and provide no fewer than twelve hours of training per staff member. Approximately .42 percent of basic payroll was devoted to training, and approximately 53 percent of agency employees received twelve or more hours of training during fiscal year 2013. The Office of the Executive Director was challenged in meeting this goal as spending on training was severely constrained in fiscal year 2013 due to the agency being under a continuing resolution for six months and sequestration.

As Chairman, I remain committed to providing outstanding performance during the current fiscal year. We will continue to explore new ways of increasing our efficiency and effectiveness, and to provide high quality adjudication of safety and health issues that come before the Review Commission.

I am also pleased to report that the Review Commission received its 11th consecutive unqualified 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, and that internal control over financial reporting is operating effectively to produce reliable financial reporting.

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

Sincerely,

Thomasina V. Rogers
Chairman

Enclosure

U.S. Occupational Safety and Health Review Commission
FY 2013 Performance and Accountability Report

Management Discussion and Analysis

Overview

The 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. Its 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 all parties are treated consistent with due process when disputes arise.

The Occupational Safety and Health Act and the Review Commission's Rules of Procedure provide for two levels of adjudication when an employer contests an OSHA citation for alleged violations of the Act or failure to abate such alleged violations. The first is a trial level, which affords an opportunity for a hearing before a Review Commission Administrative Law Judge (ALJ). The Judge's decision becomes final unless the decision is directed for review to the Commission by an individual Commissioner. The second level of review is by Commission members who are appointed by the President with the advice and consent of the Senate. Both before its Judges and the Commissioners, the Review Commission provides fair and impartial adjudication of cases concerning the safety and health of employees' working conditions in the United States.

Mission and Organizational Structure

The mission of the Review Commission is to provide an impartial forum for the just and prompt adjudication of workplace safety and health disputes involving the Department of Labor, employers, and employees and/or their representatives under the Occupational Safety and Health Act of 1970.

The Review Commission has three members, who serve six-year terms, each of whom is appointed by the President and confirmed by the Senate. One of the members also serves as Chairman of the agency. The Review Commission has three major functions: the Commission function, the Administrative Law Judge function, and the Office of the Executive Director function.

The principal (national) office of the Review Commission is located in Washington, D.C. There are two regional offices, one in Atlanta, Georgia, and the other in Denver, Colorado.

Our vision is simple, direct and performance oriented. We strive to be:

- A quasi-judicial body that is -- and is recognized for being -- objective, fair, prompt, and professional;
- An agency that creates a body of law through its decisions that define and explain the rights and responsibilities of employers and employees under the Occupational Safety and Health Act of 1970;
- A model Federal agency with highly effective processes, a highly motivated, qualified and diverse workforce, and modern information management, communications, and administrative systems; and;
- An agency that values team work, develops its employees, and strives 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 depend 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 requires a quorum of two Commissioners. By statute, decisions can only be decided on the affirmative vote of two Commissioners. 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.

The Commission operated with only two Commissioners during nine months of Fiscal Year (FY) 2013 and with only one Commissioner during three months of FY 2013. This was the result of one Commissioner's term expiring in FY 2011 and another Commissioner's term expiring in April 2013 (this Commissioner was reappointed in August 2013).

The number of safety and health inspections carried out by OSHA each year, the nature of those inspections, and the rate at which employers choose to contest the citations issued and penalties proposed by OSHA all have an impact on the number of cases contested before the Review

Commission. In addition, OSHA's targeting during recent years of workplaces experiencing more serious workplace hazards, and the consequent increase in proposed penalties, has resulted in a greater number of complex cases, and more extensive pretrial and trial processes. Consequently, both the size and complexity of the cases at both the Administrative Law Judge and Commission levels has increased in recent years.

OSHA conducted 39,228 inspections in FY 2013. 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.

The Review Commission utilizes two alternative procedures to facilitate case adjudication in appropriate circumstances – Settlement Part, for certain relatively complex cases, and Simplified Proceedings, for certain relatively simple cases.

Under Commission Rule 2200.120, where the parties consent thereto, the Chief Administrative Law Judge may assign a Settlement Judge to a pending proceeding to aid the parties in disposing of cases. In addition, 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 Administrative Law Judge has full control of the proceeding and may require that the parties' representatives be accompanied by officials having full settlement authority. This procedure has aided the Review Commission in disposing of some extremely complex cases, with the approval of all parties.

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

Performance Goals and Results

OSHRC's case resolution strategic goal is straightforward: To ensure fair, just, and expeditious adjudication of disputes brought before the Commission and its Administrative Law Judges. The Review Commission's Strategic Plan covering the period FY 2010 - 2015 reflects this objective. It also reflects the Review Commission's overall goal of management excellence.

Commission Function

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

In FY 2013, the Commission had 31 cases pending at the beginning of the year. It received 25 new cases and resolved 20 cases by year-end. Thus, the Commission entered FY 2014 with 36 cases pending review.

The Commission operated with only two Commissioners during nine months of FY 2013 and with only one Commissioner during three months of FY 2013. This was the result of one Commissioner's term expiring in FY 2011 and another Commissioner's term expiring in April 2013 (this Commissioner was reappointed in August 2013).

New performance goals have been developed for fiscal years 2010, 2011, 2012, and 2013 to support the FY 2010 – 2015 Strategic Plan. The following table provides the performance goals and results for FY 2009 – FY 2013:

Outcome Goals	**Performance Measures**	**FY 2009 Actual (Target)**	**FY 2010 Actual (Target)**	**FY 2011 Actual (Target)**	**FY 2012 Actual (Target)**	**FY 2013 Actual (Target)**
Reduce the length of time to resolve Commission-level cases	Percent of cases over 2 years old disposed of at the Commission level	18% **Target not met** (75%)	New Goal developed for FY 2010	New Goal developed for FY 2011	New Goal developed for FY 2012	New Goal developed for FY 2013
Reduce the length of time to resolve priority cases	Percent of priority cases disposed of within 6 months	100% **Target met** (100%)	New Goal developed for FY 2010	New Goal developed for FY 2011	New Goal developed for FY 2012	New Goal developed for FY 2013

Outcome Goals	Performance Measures	FY 2009 Actual (Target)	FY 2010 Actual (Target)	FY 2011 Actual (Target)	FY 2012 Actual (Target)	FY 2013 Actual (Target)
Resolve the oldest cases on the Review Commission's docket.	All cases docketed at the Commission level prior to 2008 resolved.	New Goal developed to support FY 2010 – 2015 Strategic Plan	20% **Target not met** (30% of oldest cases)	80% **Target met** (70% of oldest cases)	Completed by end of FY 2011	Completed by end of FY 2011
Reduce the average age of open cases at the Commission-level.*	Average age of open cases.	New Goal developed to support FY 2010 – 2015 Strategic Plan	32 months **Target met** (41 months or less)	15 months **Target met** (36 months or less)	18 months **Target met** (33 months or less)	21 months **Target met** (30 months or less)
Resolve all priority cases in a timely manner.	Percent of priority cases disposed of within 6 months.	New Goal developed to support FY 2010 – 2015 Strategic Plan	100% **Target met** (100%)	100% **Target met** (100%)	100% **Target met** (100%)	100% **Target met** (100%)

* 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 revised Strategic Plan (FY 2010- 2015) anticipated reducing this average to 24 months by the end of FY 2015.

The Commission met all of its Commission-level case resolution targets in FY 2013.

The following table summarizes actual Commission case activity for fiscal years 2010, 2011, 2012 and 2013, and provides estimated case activity for fiscal years 2014 and 2015.

Commission Case Activity

	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Estimate	FY 2015 Estimate
New Cases:						
Cases Directed for Review:	24	24	14	24	24	24
Other New Cases:						
Interlocutory Appeals	0	6	2	0	2	2
Remands	0	0	3	1	2	2
Other	0	0	0	0	0	0
Total Other New Cases:	0	6	5	1	4	4
Total New Cases:	**24**	**30**	**19**	**25**	**28**	**28**
Case Inventory from Prior Year:	22	31	35	31	36	37
Total Caseload:	**46**	**61**	**54**	**56**	**64**	**65**
Dispositions:	15	26	23	20	27	27
Case Inventory, **End of Year:**	**31**	**35**	**31**	**36**	**37**	**38**

Administrative Law Judge Function

The function of the Review Commission's Administrative Law Judges 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 the fiscal year with 1,154 cases in its inventory and received 2,215 new cases during the year, for a total of 3,369 cases. A total of 2,460 cases were disposed of, leaving 909 cases in the inventory at the end of the fiscal year.

The following table provides the performance goals and results for this function for FY 2009-2013.

Outcome Goals	Performance Measures	FY 2009 Actual (Target)	FY 2010 Actual (Target)	FY 2011 Actual (Target)	FY 2012 Actual (Target)	FY 2013 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.	98% **Target met** (98%)	98% **Target met** (98%)	98% **Target met** (98%)	96% **Target not met** (98%)	95.3% **Target not met** (98%)
Ensure that a significant proportion of complex cases at the ALJ level are resolved in less than one year.	Percent within one year.*	98% **Target exceeded** (95%)	89% **Target not met** (95%)	84% **Target not met** (95%)	87% **Target not met** (95%)	85.6% **Target not met** (95%)

*Note: For FY 2009, the target case resolution period for complex cases at the ALJ level was 18 months (540 days). In accordance with the Review Commission's revised Strategic Plan (FY 2010- 2015), the target period has been reduced to one year commencing in FY 2010.

The Office of the Chief Administrative Law Judge has operated at less than full capacity due to vacancies which had occurred in the past three years, including two ALJ retirements in the summer of FY 2013. This, along with the significant increase in our caseload and its complexity, had impacted the time in resolving cases. However, all of the judicial vacancies were expeditiously filled and, as of the end of FY 2013, we had a full complement of ALJs. Nevertheless, our end-of-the year case inventory was 48.5 percent higher in FY 2012 than it was in FY 2009 and in FY 2013 was 17 percent above that of FY 2009.

The following table provides actual Administrative Law Judge workloads for fiscal years 2010, 2011, 2012, and 2013, and estimated workloads for fiscal years 2014 and 2015.

	FY 2010 Actual	**FY 2011 Actual**	**FY 2012 Actual**	**FY2013 Actual**	**FY 2014 Estimate**	**FY 2015 Estimate**
OSHA Inspections*:	40,942	40,648	40,961	39,228	37,635	39,400
Administrative Law Judge Workload:						
a. Case Inventory, Start of Year	777	983	1,345	1,154	909	784
b. New Cases	2,565	3,175	2,696	2,215	2,400	2,500
c. Total Caseload	**3,342**	**4,158**	**4,041**	**3,369**	**3,309**	**3,284**
d. Disposals**						
(1) With Hearing	107	111	95	68	75	75
(2) Mandatory Settlement Conferences				81	80	80
(3) Without Hearing	2,252	2,702	2,792	2,311	2,370	2,400
e. Total Dispositions	**2,359**	**2,813**	**2,887**	**2,460**	**2,525**	**2,555**
Total Case Inventory, End of Year	**983**	**1,345**	**1,154**	**909**	**784**	**729**

*Provided by OSHA.

**In prior Performance and Accountability Report presentations, the category "With Hearing" included both adjudicatory hearings and mandatory settlement conference hearings. To improve transparency and accuracy, adjudicatory hearings and mandatory settlement conference hearings are now reported separately starting with FY 2013.

Office of the Executive Director Function

The Office of the Executive Director 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 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 information technology hardware and software;
- Developing and maintaining computer systems and information security enhancements; and
- Enhancing telecommunications and improving technology efficiency and effectiveness.

The following performance goals have been developed for fiscal years 2011, 2012, and 2013 to support the FY 2010 – 2015 Strategic Plan:

Outcome Goals	**Performance Measures**	**FY 2011 Actual (Target)**	**FY 2012 Actual (Target)**	**FY 2013 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.	.45% **Target partially met** (.45% of basic payroll to training and 10 hours)	.54% of basic payroll to training/62% of staff had 12 hours of training* **Target not met** (.55% of basic payroll to training and 12 hours)	.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)
Examine and identify contracted positions appropriate for insourcing.	Percentage of positions identified appropriate for insourcing that are insourced	One position identified **Target met** (Positions identified)	One position insourced. No other position eligible **Target met** (Insource position identified and identify additional positions to insource)	No additional positions identified for insourcing **Target met** (Insource any additional positions identified)

Outcome Goals	**Performance Measures**	**FY 2011 Actual (Target)**	**FY 2012 Actual (Target)**	**FY 2013 Actual* (Target)**
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 developed **Target met** (Appropriate feedback instrument developed)	Feedback Instrument used to evaluate supervisors **Target met** (Feedback mechanism used to evaluate all supervisors)	Feedback Instrument used to evaluate supervisors **Target met** (Feedback mechanism used to evaluate all supervisors)

*The ability to fund training during FY 2013 was severely impacted by the six month Continuing Resolution (CR) and by Sequestration.

Analysis of Financial Statements

The Review Commission has 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. OSHRC has received an "unqualified" opinion for each biennial and annual review conducted by an independent auditor.

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 2013 financial statements, which include comparative data for FY 2012. 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 improved budget management, higher payroll costs, and higher costs for goods and services to maintain operations and fulfill our mission. The analyses also show the impact of Sequestration which reduced the Review Commission's overall funding in FY 2013.

Analysis of the Balance Sheet

OSHRC's assets in fiscal year 2013 were $3,426,837 as of September 30, 2013. This represents a decrease of $49,296 from fiscal year 2012. The Fund Balance with Treasury of $3,387,788 represents OSHRC's largest asset as of September 30, 2013. This is a decrease of approximately 1 percent from fiscal year 2012 and represents approximately 98 percent of the agency's total assets. General Property, Plant, and Equipment account for approximately 1.12 percent of OSHRC's total assets as of September 30, 2013. The net fixed asset value of $38,249 equals the cost less accumulated depreciation and represents the current book value of those assets.

OSHRC's liabilities in fiscal year 2013 totaled $834,384 as of September 30, 2013. This is a decrease of $417,860 from fiscal year 2012. The accounts payable balance at September 30, 2013, was $114,001, an increase of $27,487 from September 30, 2012. Unfunded annual leave decreased $100,104 in 2013 from 2012. Unfunded annual leave represents 63 percent of total agency liabilities.

Net Position is the difference between total assets and total liabilities. The total net position for fiscal year 2013 increased by $368,564 from fiscal year 2012.

Analysis of Statement of Net Cost

The Statement of Net Cost shows the net cost of operations for the agency, and it is broken out between OSHRC's two major programs, Administrative Law Judge and Commission. The Total net cost of operations in 2013 was $11,161,796, a decrease of $769,908, or 6.45 percent less than the 2012 net cost of operations of $11,931,704.

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 $368,564 in 2013 from 2012, a change of approximately 17 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 fiscal year 2013, OSHRC had total budgetary resources of $12,113,160, which is $597,697 less than in 2012.

Management Assurances

Systems, Controls, and Legal Compliance

The Review Commission is in compliance with the Federal Managers Financial Integrity Act and 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 2013, two program reviews took place: an audit of FY 2013 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 has received an unqualified opinion for each financial audit conducted, including the FY 2013 audit.

With regard to 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 Office of the Executive Director conducts periodic reviews of internal systems including travel, payroll, and procurement.

The FY 2013 financial audit resulted in an "unqualified" 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 2003, including reviews of the adequacy of the Review Commission's internal control systems. The Review Commission has received an unqualified opinion for each audit conducted.

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 National Finance Center 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 is pleased to report that no improper payments were made in FY 2013. 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 2013 were verified using the method above, with the exception of payments to Federal vendors, payroll and credit card payments.

The Agency attributes 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. Agency staff perform detection activities on a quarterly basis to identify payment patterns or anomalies that need to be isolated and subjected to additional review. Based on the success of the prevention and detection activities, the Review Commission has avoided the need to exercise recovery or collection activities to recapture improperly made payments.

Computer and Information Security Program

Since FY 2003, the Review Commission has contracted for annual independent evaluations of its computer and information security programs, consistent with the Federal Information Security Management Act (December 17, 2002) which was signed into law as part of the E-Government Act (Public Law 107-347). These evaluations are conducted under the requirements of the *Government Information Security Reform Act* (the predecessor to *Federal Information Security Management Act (FISMA)*), as well as the Office of Management and Budget’s (OMB) implementing guidelines, and National Institute of Standards and Technology (NIST) guidance.

Our 2013 FISMA audit has revealed no material weaknesses. OSHRC resolved its material weaknesses from its 2012 audit by upgrading and documenting its Certification and Authorization (C&A) process as well as updating directives concerning the security of the systems it maintains. OSHRC will continue improving its security posture, and necessary system security plans so that we continue to comply with NIST and OMB standards. OSHRC tested its continuity of operations plan (COOP) in January 2013, February 2013, and April 2013 during Department of Homeland Security exercises, and is in the process of fine-tuning the plan to fully incorporate all newly adopted technologies.

The executive summary for the current (FY 2013) FISMA Program Review Report reveals that the Review Commission continues to take steps to enhance its computer security posture.
The provisions of the Review Commission’s security policy directive apply to all employees and contractors who use our computer and network systems or gain access to our computer generated information.

The agency’s information security program will, at a minimum, continue to implement appropriate recommendations made by the independent evaluator; incorporate performance measures to ensure that the security 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 case management/tracking system. In FY 2013, each of the 2,215 new cases docketed at the Administrative Law Judge level were entered into the case management system, and progress on all cases was tracked. In order 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 Office of the Executive Director 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 have been 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 have been prepared from the books and records of the Review Commission in accordance with generally accepted accounting principles (GAAP) for Federal entities and formats prescribed by the Office of Management and Budget (OMB). The statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. These statements should be read with the realization that they are for a component of the United States Government, a sovereign entity.

Independent Auditor's Report

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, 2013 and 2012, 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 accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America 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. 14-02, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 14-02, 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 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.

1101 MERCANTILE LANE, SUITE 122 ● LARGO, MD 20774
PHONE: (240) 770-4900 ● FAX: (301) 773-2090 ● mail@brownco-cpas.com ● www.brownco-cpas.com

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OSHRC as of September 30, 2013 and 2012, and its net costs, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the information in the Management's Discussion and Analysis (MD&A) and Required Supplementary Information (RSI) sections 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 auditing standards generally accepted in the United States of America, 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.

Report on Internal Control Over Financial Reporting

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

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. In our fiscal year 2013 audit, we did not identify any deficiencies in internal control that we consider 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 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. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to the reported under *Government Auditing Standards* or OMB Bulletin No. 14-02.

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, (3) ensuring OSHRC's financial management systems are in substantial compliance with FFMIA requirements, and (4) ensuring compliance with other applicable laws and regulations.

Auditor's Responsibilities

We are responsible for: (1) obtaining a sufficient understanding of internal controls 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 14-02 requires testing, and (3) applying certain limited procedures with respect to the MD&A and other RSI.

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 controls 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 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 14-02 that we deemed applicable to OSHRC's financial statements for the fiscal year ended September 30, 2013. 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 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 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 OSHRC, OMB, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Brown & Company

Largo, Maryland
December 6, 2013

Financial Statements and Notes

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
BALANCE SHEET
AS OF SEPTEMBER 30, 2013 AND 2012

		2013		2012
Assets:				
Intragovernmental				
Fund Balance With Treasury (Note 2)	$	3,387,788	$	3,420,650
Total Intragovernmental		3,387,788		3,420,650
Accounts Receivable, Net (Note 3)		800		(96)
Property, Equipment, and Software, Net (Note 4)		38,249		55,248
Other		-		331
Total Assets	$	3,426,837	$	3,476,133
Liabilities:				
Intragovernmental				
Accounts Payable	$	22,196	$	28,696
Other (Note 6)		31,365		88,838
Total Intragovernmental		53,561		117,534
Accounts Payable		114,001		86,514
Other (Note 6)		666,822		1,048,196
Total Liabilities (Note 5)	$	834,384	$	1,252,244
Net Position:				
Unexpended Appropriations - Other Funds	$	3,079,491	$	2,794,929
Cumulative Results of Operations - Other Funds		(487,038)		(571,040)
Total Net Position	$	2,592,453	$	2,223,889
Total Liabilities and Net Position	$	3,426,837	$	3,476,133

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

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
STATEMENT OF NET COST
FOR THE FISCAL YEARS ENDING SEPTEMBER 30, 2013 AND 2012
(In Dollars)

		2013		2012
Program Costs:				
Administrative Law Judge	$	5,134,426	$	5,393,130
Commission	$	6,027,370	$	6,538,574
Net Cost of Operations (Note 8)	$	11,161,796	$	11,931,704

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

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDING SEPTEMBER 30, 2013 AND 2012
(In Dollars)

		2013		2012
Cumulative Results of Operations:				
Beginning Balances	$	(571,040)	$	(525,216)
Budgetary Financing Sources:				
Appropriations Used		10,587,507		11,225,366
Other Financing Sources (Non-Exchange):				
Imputed Financing Sources (Note 10)		658,291		660,514
		11,245,798		11,885,880
Net Cost of Operations (Note 8)		(11,161,796)		(11,931,704)
Net Change		84,002		(45,824)
Cumulative Results of Operations	$	(487,038)	$	(571,040)
Unexpended Appropriations:				
Beginning Balances	$	2,794,929	$	2,526,321
Budgetary Financing Sources:				
Appropriations Received		11,666,908		11,689,000
Other Adjustments		(794,839)		(195,026)
Appropriations Used		(10,587,507)		(11,225,366)
Total Budgetary Financing Sources		284,562		268,608
Total Unexpended Appropriations	$	3,079,491	$	2,794,929
Net Position	$	2,592,453	$	2,223,889

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

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
STATEMENT OF BUDGETARY RESOURCES
FOR THE FISCAL YEARS ENDING SEPTEMBER 30, 2013 AND 2012

		2013		2012
Budgetary Resources:				
Unobligated Balance Brought Forward, October 1	$	1,222,748	$	1,185,633
Recoveries of Prior Year Unpaid Obligations		17,854		31,250
Other changes in unobligated balance		(184,590)		(172,934)
Unobligated balance from prior year budget authority, net		1,056,012		1,043,949
Appropriations		11,056,659		11,666,908
Spending authority from offsetting collections		489		-
Total Budgetary Resources	$	12,113,160	$	12,710,857
Status of Budgetary Resources:				
Obligations Incurred (Note 11)	$	10,923,557	$	11,488,109
Unobligated balance, end of year:				
Apportioned (Note 2)		197,471		213,987
Unapportioned (Note 2)		992,132		1,008,761
Total unobligated balance, end of year		1,189,603		1,222,748
Total Budgetary Resources	$	12,113,160	$	12,710,857
Change in Obligated Balance				
Unpaid Obligations:				
Unpaid Obligations, Brought Forward, October 1	$	2,197,903	$	1,986,137
Obligations Incurred (Note 11)		10,923,557		11,488,109
Outlays (gross)		(10,906,819)		(11,245,093)
Recoveries of Prior Year Unpaid		(17,854)		(31,250)
Unpaid Obligations, End of Year (Gross)		2,196,787		2,197,903
Uncollected payments:				
Uncollected Customer Payments from Federal Sources, Brought Forward, October 1		-		(13,719)
Change in Uncollected Customer Payments from Federal Sources		-		13,719
Obligated Balance, End of Year	$	2,196,787	$	2,197,903
Budget Authority and Outlays, Net:				
Budget authority, gross	$	11,057,148	$	11,666,908
Actual offsetting collections		(489)		(13,719)
Change in uncollected customer payments from Federal sources		-		13,719
Budget Authority, net	$	11,056,659	$	11,666,908
Outlays, gross	$	10,906,819	$	11,245,093
Actual offsetting collections		(489)		(13,719)
Outlays, net		10,906,330		11,231,374
Distributed Offsetting Receipts		-		(2,401)
Agency outlays, net	$	10,906,330	$	11,228,973

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

OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
STATEMENT OF CUSTODIAL ACTIVITY
FOR THE FISCAL YEARS ENDING SEPTEMBER 30, 2013 AND 2012
(In Dollars)

		2013		2012
Revenue Activity:				
Sources of Cash Collections:				
Miscellaneous	$	1,397	$	2,401
Total Cash Collections (Note 13)		1,397		2,401
Disposition of Collections:				
Transferred to Others (by Recipient)		1,397		2,401
Net Custodial Activity	$	-	$	-

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 Department of Labor 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.

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, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. 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 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, receipt and deposit 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 consists 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, equipment, and software 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 50% beginning FY 2010 and 100% in 2014.

J. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (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 2013 and 2012 to the extent directed by accounting standards.

O. Contingencies

Liabilities are deemed contingent when the existence or amount of the liability cannot be determined with certainty pending the outcome of future events. The Review Commission recognizes contingent liabilities in the accompanying balance sheet and statement of net cost, when it is both probable and can be reasonably estimated. The Review Commission discloses contingent liabilities in the notes to the financial statements when the conditions for liability recognition are not met or when a loss from the outcome of future events is more than remote.

P. Reclassification

Certain fiscal year 2012 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, 2013 and 2012 were as follows:

		2013		2012
Fund Balances:				
Appropriated Funds	$	3,387,788	$	3,420,650
Total	$	3,387,788	$	3,420,650
Status of Fund Balance with Treasury:				
Unobligated Balance				
Available	$	197,471	$	213,987
Unavailable		992,132		1,008,761
Obligated Balance Not Yet Disbursed		2,196,788		2,197,902
Non-Budgetary FBWT		1,397		-
Total	$	3,387,788	$	3,420,650

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 also Undelivered Orders at the End of the Period, Note # 12).

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2013 and 2012 were as follows:

		2013		2012
With the Public				
Accounts Receivable	$	800	$	(96)
Total Accounts Receivable	$	800	$	(96)

The accounts receivable is primarily made up of employee receivables. The balance in FY 2013 is money due to employees from National Finance Center (NFC), OSH's payroll provider.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2013 or 2012.

NOTE 4. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2013:

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Furniture & Equipment	$ 441,237	$ 402,988	$ 38,249
Total	$ 441,237	$ 402,988	$ 38,249

Schedule of Property, Equipment, and Software as of September 30, 2012:

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Furniture & Equipment	$ 441,237	$ 385,989	$ 55,248
Total	$ 441,237	$ 385,989	$ 55,248

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the Review Commission as of September 30, 2013 and 2012 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.

	2013	2012
Unfunded Leave	$ 526,088	$ 626,192
Other Liabilities	1,397	
Total Liabilities Not Covered by Budgetary Resources	$ 527,485	$ 626,192
Total Liabilities Covered by Budgetary Resources	306,899	626,052
Total Liabilities	$ 834,384	$ 1,252,244

Unemployment Insurance liabilities represent the unfunded liability for actual unemployment benefits paid on the Review Commission's behalf and payable to the DOL.

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 6. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2013 were as follows:

	Current	Non Current	Total
Intragovernmental			
Payroll Taxes Payable	$ 31,365	$ -	$ 31,365
Total Intragovernmental Other Liabilities	$ 31,365	$ -	$ 31,365
With the Public			
Payroll Taxes Payable	$ 4,754	$ -	$ 4,754
Accrued Funded Payroll and Leave	134,584	-	134,584
Unfunded Leave	526,087	-	526,087
Custodial Liability	1,397	-	1,397
Total Public Other Liabilities	$ 666,822	$ -	$ 666,822

Other liabilities account balances as of September 30, 2012 were as follows:

	Current	Non Current	Total
Intragovernmental			
Payroll Taxes Payable	$ 88,838	$ -	$ 88,838
Total Intragovernmental Other Liabilities	$ 88,838	$ -	$ 88,838
With the Public			
Payroll Taxes Payable	$ 12,708	$ -	$ 12,708
Accrued Funded Payroll and Leave	409,296	-	409,296
Unfunded Leave	626,192	-	626,192
Custodial Liability		-	-
Total Public Other Liabilities	$ 1,048,196	$ -	$ 1,048,196

NOTE 7. 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	59 months	01/31/2014
Denver, CO & Parking	120 months	09/30/2018 & 12/31/2013
Washington, DC	60 months	04/23/2018

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
2014 (Atlanta's expires 1/31/14)	$	1,371,979
2015		1,417,466
2016		1,432,897
2017		1,448,784
Thereafter (Washington's expires 4/23/18)		905,601
Total Future Payments	$	6,576,727

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

NOTE 8. 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:

	2013	2012
Administrative Law Judge		
Intragovernmental Costs	$ 1,663,554	$ 1,748,031
Public Costs	3,470,872	3,645,099
Net Program Costs	$ 5,134,426	$ 5,393,130
Commission		
Intragovernmental Costs	$ 1,952,868	$ 2,119,294
Public Costs	4,074,502	4,419,280
Net Program Costs	$ 6,027,370	$ 6,538,574
Total Intragovernmental costs	$ 3,616,422	$ 3,867,325
Total Public costs	7,545,374	8,064,379
Total Net Cost	$ 11,161,796	$ 11,931,704

NOTE 9. BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT

The President's Budget that will include fiscal year 2013 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2014 and can be found at the OMB Web site: *http://www.whitehouse.gov/omb/*. The 2014 Budget of the United States Government, with the "Actual" column completed for 2012, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

NOTE 10. 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 twelve months ended September 30, 2013 and 2012, respectively, imputed financing was as follows:

	2013	2012
Office of Personnel Management	$ 658,291	$ 660,514
Total Imputed Financing Sources	$ 658,291	$ 660,514

NOTE 11. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred and reported in the Statement of Budgetary Resources in 2013 and 2012 consisted of the following:

	2013	2012
Direct Obligations, Category A	$ 10,923,557	$ 11,488,109
Total Obligations Incurred	$ 10,923,557	$ 11,488,109

Category A apportionments distribute budgetary resources by fiscal quarters.

NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD

For the fiscal years ended September 30, 2013 and 2012, budgetary resources obligated for undelivered orders amounted to $1,889,889 and $1,571,852, respectively.

NOTE 13. 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. These collections are reported as custodial activity on the "Statement of Custodial Activity". 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 $1,397 and $2,401 for the years ended September 30, 2013 and 2012, respectively.

NOTE 14. 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.

	2013	2012
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	$ 10,923,557	$ 11,488,109
Spending Authority From Offsetting Collections and Recoveries	(18,343)	(31,250)
Offsetting Receipts	-	(2,401)
Net Obligations	10,905,214	11,454,458
Other Resources		
Imputed Financing From Costs Absorbed By Others	658,291	660,514
Net Other Resources Used to Finance Activities	658,291	660,514
Total Resources Used to Finance Activities	11,563,505	12,114,972
Resources Used to Finance Items Not Part of the Net Cost of Operations	(417,811)	(227,108)
Total Resources Used to Finance the Net Cost of Operations	11,145,694	11,887,864
Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:	16,102	43,840
Net Cost of Operations	$ 11,161,796	$ 11,931,704