



U.S. Occupational Safety
& Health
REVIEW COMMISSION

**PERFORMANCE AND ACCOUNTABILITY
REPORT (PAR)**

Fiscal Year 2008



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

November 14, 2008

OFFICE OF THE CHAIRMAN

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 2008 Performance and Accountability Report (PAR). The PAR includes performance information, as required by the Government Performance and Results 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 sets high standards of performance for itself and, during this past year, we were generally successful in meeting our stated goals. The Administrative Law Judge function disposed of 1,848 cases, and met or exceeded each of its performance goals. At the Commission level, 18 cases were issued, and one of two performance goals was met.

I remain committed to resolving older cases on a priority basis, and to maintaining or improving our performance during the current fiscal year. We continue to work hard to provide the best possible service to the American people, through the efficient adjudication of safety and health issues that come before the Review Commission.

If you have any questions regarding this report, please contact me or Richard C. Loeb, Director of Administration.

Sincerely,

A handwritten signature in black ink, appearing to read "Horace A. Thompson III", is written over a circular stamp. The signature is fluid and cursive. To the right of the signature is a horizontal line with a small mark at the end, possibly a date or initials.

Horace A. Thompson III
Chairman

Enclosure

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

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

**FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2008 AND 2007**

BY

BROWN & COMPANY CPAs, PLLC

NOVEMBER 7, 2008

**U.S. OCCUPATIONAL SAFETY
AND
HEALTH REVIEW COMMISSION
FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2008 AND 2007**

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS.....	1
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL	2
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS	4
BALANCE SHEET	5
STATEMENT OF NET COST	6
STATEMENT OF CHANGES IN NET POSITION.....	7
STATEMENT OF BUDGETARY RESOURCES.. ..	8
NOTES TO THE FINANCIAL STATEMENTS	9
MANAGEMENT DISCUSSION AND ANALYSIS	20



BROWN & COMPANY CPAs, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

U.S. Occupational Safety and Health Review Commission
Washington, DC

We have audited the accompanying balance sheet of the U.S. Occupational Safety and Health Review Commission (OSHRC) as of September 30, 2008 and the related statements of net cost, changes in net position, and budgetary resources for the year then ended (collectively referred to as the financial statements). The balance sheet as of September 30, 2007 and the related statements of net cost and changes in net position, and the statement of budgetary resources, for the year then ended were audited by other auditors, whose report dated November 13, 2007 expressed an unqualified opinion on those statements. These financial statements are the responsibility of OSHRC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

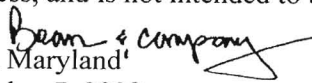
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2008 and 2007 and its net costs, changes in net position, and budgetary resources for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with U.S. Government Auditing Standards and OMB Bulletin No. 07-04, we have also issued a report dated November 7, 2008 on our consideration of the OSHRC internal control over financial reporting and its compliance with provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with U.S. Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

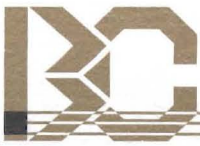
The information in "Management's Discussion & Analysis" (MD&A) is presented for the purpose of additional analysis and is required by OMB Circular No. A-136, revised *Financial Reporting Requirements*. The OSHRC's MD&A contains a wide range of information, some of which is not directly related to the financial statements. We do not express an opinion on this information. However, we compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with OSHRC officials. Based on this limited work, we found no material inconsistencies with the financial statements, U.S. generally accepted accounting principles, or OMB guidance.

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


Largo, Maryland
November 7, 2008

LARGO
9200 BASIL COURT, SUITE 400
LARGO, MD 20774
(240) 492-1400 • FAX: (301) 636-6013
mail@brownco-cpas.com

RICHMOND
1504 SANTA ROSA ROAD, SUITE 107
RICHMOND, VA 23229
(804) 288-2006 • FAX: (804) 288-2233
tdavis@brownco-cpas.com



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

U.S. Occupational Safety and Health Review Commission
Washington, DC

We have audited the financial statements of the U.S. Occupational Safety and Health Review Commission (OSHRC) as of and for the year ended September 30, 2008 and have issued our report thereon dated November 7, 2008. 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 U.S Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*.

In planning and performing our audit, we considered the OSHRC's internal control over financial reporting by obtaining an understanding of the OSHRC's internal control, determined whether internal controls had been placed in operation, assessed control risk, and performed tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 07-04. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982, such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide an opinion on internal control and therefore, we do not express an opinion on internal control.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies. Under standards issued by the American Institute of Certified Public Accountants and OMB Bulletin No. 07-04, a significant deficiency is a deficiency in internal control, or a combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a significant deficiency, or combination of significant deficiencies, that result in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected. Because of inherent limitations in internal controls, misstatements, losses, or non-compliance may nevertheless occur and not be detected. However, we noted no matters involving the internal control and its operation that we considered to be significant deficiencies or material weaknesses as defined above.

This report is intended solely for the information and use of the management of the 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
November 7, 2008



**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH LAWS AND REGULATIONS**

U.S. Occupational Safety and Health Review Commission
Washington, DC

We have audited the financial statements of the U.S. Occupational Safety and Health Review Commission (OSHRC) as of and for the year ended September 30, 2008, and have issued our report thereon dated November 7, 2008. 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 U.S. Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*.

The management of the OSHRC is responsible for complying with laws and regulations applicable to the OSHRC. As part of obtaining reasonable assurance about whether the OSHRC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin No. 07-04. We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to the OSHRC.

The results of our tests of compliance disclosed no reportable instances of noncompliance with other laws and regulations discussed in the preceding paragraph that are required to be reported under U.S. Government Auditing Standards or OMB Bulletin No. 07-04.

Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit, and, accordingly, we do not express such an opinion. However, we noted no noncompliance with laws and regulations, which could have a direct and material effect on the determination of financial statement amounts.

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

Largo, Maryland
November 7, 2008

U.S. OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION
BALANCE SHEET
AS OF SEPTEMBER 30, 2008 AND 2007
(In Dollars)

	<u>2008</u>	<u>2007</u>
Assets:		
Intragovernmental:		
Fund Balance With Treasury (Note 2)	\$ 2,703,914	\$ 4,053,230
Total Intragovernmental	<u>2,703,914</u>	<u>4,053,230</u>
Accounts Receivable, Net (Note 3)	825	200
General Property, Plant and Equipment, Net (Note 4)	158,966	220,448
Other	-	219
Total Assets	<u>\$ 2,863,705</u>	<u>\$ 4,274,097</u>
Liabilities:		
Intragovernmental:		
Accounts Payable	\$ 7,435	\$ 7,175
Other (Note 6)	<u>56,809</u>	<u>53,427</u>
Total Intragovernmental	64,244	60,602
Accounts Payable	110,089	182,918
Other (Note 6)	<u>991,656</u>	<u>1,001,988</u>
Total Liabilities	<u>1,165,989</u>	<u>1,245,508</u>
Net Position:		
Unexpended Appropriations - Other Funds	2,145,394	3,443,383
Cumulative Results of Operations - Other Funds	<u>(447,678)</u>	<u>(414,794)</u>
Total Net Position	<u>1,697,716</u>	<u>3,028,589</u>
Total Liabilities and Net Position	<u>\$ 2,863,705</u>	<u>\$ 4,274,097</u>

The accompanying notes are an integral part of these statements.

U.S. OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION
STATEMENT OF NET COST
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(In Dollars)

	<u>2008</u>	<u>2007</u>
Program Costs:		
Administrative Law Judge	\$ 5,188,370	\$ 4,968,629
Commission	<u>6,444,747</u>	<u>6,171,795</u>
Net Cost of Operations (Notes 8 and 9)	<u>\$ 11,633,117</u>	<u>\$ 11,140,424</u>

The accompanying notes are an integral part of these statements.

U.S. OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(In Dollars)

	<u>2008</u>	<u>2007</u>
Cumulative Results of Operations:		
Beginning Balances	\$ (414,794)	\$ (401,771)
Budgetary Financing Sources:		
Appropriations Used	11,041,537	10,533,158
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources (Note 10)	<u>558,696</u>	<u>594,243</u>
Total Financing Sources	11,600,233	11,127,401
Net Cost of Operations	<u>11,633,117</u>	<u>11,140,424</u>
Net Change	<u>(32,884)</u>	<u>(13,023)</u>
Cumulative Results of Operations	<u>\$ (447,678)</u>	<u>\$ (414,794)</u>
Unexpended Appropriations:		
Beginning Balances	<u>\$ 3,443,383</u>	<u>\$ 4,389,145</u>
Budgetary Financing Sources:		
Appropriations Received	10,696,000	10,470,779
Other Adjustments	(952,452)	(883,383)
Appropriations Used	<u>(11,041,537)</u>	<u>(10,533,158)</u>
Total Budgetary Financing Sources	<u>(1,297,989)</u>	<u>(945,762)</u>
Total Unexpended Appropriations	<u>\$ 2,145,394</u>	<u>\$ 3,443,383</u>
Net Position	<u>\$ 1,697,716</u>	<u>\$ 3,028,589</u>

The accompanying notes are an integral part of these statements.

U.S. OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION
STATEMENT OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007
(In Dollars)

	<u>2008</u>	<u>2007</u>
Budgetary Resources:		
Unobligated Balance Brought Forward, October 1	\$ 1,951,978	\$ 2,363,573
Recoveries of Prior Year Unpaid Obligations	139,790	638,016
Budget Authority		
Appropriation	10,696,000	10,470,779
Permanently Not Available	952,452	883,383
Total Budgetary Resources	<u>\$ 11,835,316</u>	<u>\$ 12,588,985</u>
 Status of Budgetary Resources:		
Obligations Incurred		
Direct (Note 11)	\$ 10,648,140	\$ 10,637,007
Unobligated Balance		
Apportioned	97,759	78,050
Unobligated Balance Not Available	1,089,417	1,873,928
Total Status of Budgetary Resources	<u>\$ 11,835,316</u>	<u>\$ 12,588,985</u>
 Change in Obligated Balance:		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, October 1	\$ 2,101,252	\$ 2,527,963
Obligations Incurred Net	10,648,140	10,637,007
Less: Gross Outlays	11,092,864	10,425,702
Less: Recoveries of Prior Year Unpaid Obligations, Actual	139,790	638,016
Obligated Balance, Net, End of Period		
Unpaid obligations	1,516,738	2,101,252
Total, Unpaid Obligated Balance, Net, End of Period	<u>\$ 1,516,738</u>	<u>\$ 2,101,252</u>
 Net Outlays:		
Net Outlays:		
Gross Outlays	<u>\$ 11,092,864</u>	<u>\$ 10,425,702</u>
Net Outlays	<u>\$ 11,092,864</u>	<u>\$ 10,425,702</u>

The accompanying notes are an integral part of these statements.

**U.S. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

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.

B. Basis of Presentation

The financial statements have been prepared to report the financial position, net cost of operations, changes in net position, and the status and availability of budgetary resources of The Review Commission. 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 approved by the principals of the Federal Accounting Standards Advisory Board (FASAB), OMB Circular A-136, *Financial Reporting Requirements* 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 statements consist of the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and the Statement of Budgetary Resources. In accordance with OMB Circular A-136, 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 an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash.

These financial statements were prepared following accrual accounting. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds. Balances on these statements may therefore differ from those on financial reports prepared pursuant to other OMB directives that are primarily used to monitor and control The Review Commission's use of budgetary resources.

**U.S. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Revenues and Other Financing Sources

The Review Commission receives all funding through Congressional appropriation from the budget of the United States. Annual appropriations are used, within statutory limits, for salaries and administrative expenses and operating and capital expenditures for essential personal property. Appropriations are recognized as revenues at the time the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are recognized as expenses when an asset is consumed in operations.

E. Taxes

The Review Commission, as a federal entity, is not subject to Federal, State, or local income taxes, and, accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

F. Fund Balance with Treasury

The U.S. Treasury processes cash receipts and disbursements. Funds held at the Treasury are available to pay agency liabilities. The Review Commission does not maintain cash in commercial bank accounts or foreign currency balances.

G. Receivables

Accounts receivable represents employee related receivables.

H. Advances and Prepayments

The Review Commission records payments for goods and services not yet received as advances and reduces the advances by charges to expense as the goods and services are received.

I. General Property, Plant and Equipment, Net

The Review Commission's property and equipment is recorded at cost and is depreciated using the straight-line method over the estimated useful life of the asset. Major alterations and renovations are capitalized, while maintenance and repair costs are charged to expense as incurred. The Review Commission's capitalization threshold is \$50,000 for individual purchases and \$500,000 for bulk purchases. Service lives are shown below. See Note 4 for additional information.

<u>Description</u>	<u>Life</u>
Office Equipment	5
Office Furniture	7

**U.S. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Liabilities

Liabilities covered by budgetary or other resources are those liabilities for which Congress has appropriated funds or funding is otherwise available to pay amounts due.

Liabilities not covered by budgetary or other resources represent amounts owed in excess of available congressionally appropriated funds or other amounts. The liquidation of liabilities not covered by budgetary or other resources is dependent on future Congressional appropriations or other funding. Intragovernmental liabilities are claims against The Review Commission by other Federal agencies. Liabilities not covered by budgetary resources on the Balance Sheet are equivalent to amounts reported as components requiring or generating resources on the Reconciliation of Net Cost to Budget. Additionally, the Government, acting in its sovereign capacity, can abrogate liabilities.

K. Accounts Payable

Accounts payable consists of amounts owed to other federal agencies and trade accounts payable.

L. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. Each year, the balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, such as restored leave, are accrued at year-end, based on latest pay rates and unused hours of leave. To the extent current or prior year appropriations are not available to fund annual leave and other types of vested leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of nonvested leave are expensed when used.

M. Accrued Workers' Compensation

A liability is recorded for actual and estimated future payments to be made for workers' compensation pursuant to the Federal Employees' Compensation Act (FECA). The actual costs incurred are reflected as a liability because The Review Commission will reimburse the Department of Labor (DOL) two years after the actual payment of expenses. 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.

N. Retirement Plans

The Review Commission's employees participate in the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). FERS was established by the enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired before January 1, 1984 elected to join either FERS and Social Security or remain in CSRS.

**U.S. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Retirement Plans (continued)

All employees are eligible to contribute to the Thrift Savings Plan (TSP). For those employees participating in the FERS, a TSP account is automatically established and The Review Commission makes a mandatory one percent contribution to this account. In addition, The Review Commission makes matching contributions, ranging from one to four percent, for FERS eligible employees who contribute to their TSP accounts. Matching contributions are not made to the TSP accounts established by CSRS employees.

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 Office of Personnel Management.

O. Use of Estimates

Management has made certain estimates when reporting assets, liabilities, revenue, and expenses, and in the note disclosures. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. Net Position

Net position is the residual difference between assets and liabilities and is comprised of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent the amount of unobligated and unexpended budget authority. Unobligated balances are the amount of appropriations or other authority remaining after deducting the cumulative obligations from the amount available for obligation. The cumulative results of operations is the net result of The Review Commission's operations since inception.

**U.S. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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 2008 and 2007 to the extent directed by the OMB.

R. Contingencies

A contingency is an existing condition, situation or set of circumstances involving uncertainty as to possible payment by The Review Commission. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. For pending, threatened or unasserted litigation, a liability/cost is recognized when a past transaction or event has occurred, a future outflow or other sacrifice of resources is probable, and the related future outflow or sacrifice of resources can be reasonably estimated. There are no commitments or contingencies that require disclosure.

S. Expired Accounts and Cancelled Authority

Unless otherwise specified by law, annual authority expires for incurring new obligations at the beginning of the subsequent fiscal year. The account in which the annual authority is placed is called the expired account. For five fiscal years, the expired account is available for expenditure to liquidate valid obligations incurred during the unexpired period. Adjustments are allowed to increase or decrease valid obligations incurred during the unexpired period but not previously reported. At the end of the fifth expired year, the expired account is cancelled.

T. Reclassification

Certain fiscal year 2007 balances may have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

**U.S. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2008 and 2007 were:

	2008	2007
Fund Balances		
Appropriated Funds	\$ 2,703,914	\$ 4,053,230
Total	\$ 2,703,914	\$ 4,053,230
 Status of Fund Balance with Treasury		
Unobligated Balance		
Available	\$ 97,759	\$ 78,050
Unavailable	1,089,417	1,873,928
Obligated Balance not yet Disbursed	1,516,738	2,101,252
Total	\$ 2,703,914	\$ 4,053,230

Restricted 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.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Net accounts receivable balances as of September 30, 2008 and 2007 were \$825 and \$200, respectively.

NOTE 4. GENERAL PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment account balances as of September 30, 2008 and 2007 were as follows:

Description	Acquisition Cost	Accumulated Depreciation	Net Book Value
<u>September 30, 2008</u>			
ADP/Office Equipment	\$ 420,691	\$ 261,725	\$ 158,966
Total	\$ 420,691	\$ 261,725	\$ 158,966
Description	Acquisition Cost	Accumulated Depreciation	Net Book Value
<u>September 30, 2007</u>			
ADP/Office Equipment	\$ 423,313	\$ 202,865	\$ 220,448
Total	\$ 423,313	\$ 202,865	\$ 220,448

**U.S. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities on The Review Commission's Balance Sheet as of September 30, 2008 and 2007, include liabilities not covered by budgetary resources, which are liabilities for which 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. FECA liability is an intragovernmental liability not covered by budgetary resources. Unfunded FECA liabilities are \$178 and \$391 as of September 30, 2008 and 2007, respectively. Other liabilities not covered by budgetary resources consist of unfunded leave. Unfunded leave balances are \$607,291 and \$635,051 as of September 30, 2008 and 2007, respectively.

NOTE 6. OTHER LIABILITIES

The accrued liabilities for The Review Commission are comprised of program expense accruals, payroll accruals, and unfunded annual leave earned by employees. Program expense accruals represent expenses that were incurred prior to year-end but were not paid. Similarly, payroll accruals represent payroll expenses that were incurred prior to year-end but were not paid. Accrued annual leave represents an unfunded liability.

Schedule of Other Liabilities

	<u>2008</u>	<u>2007</u>
Intragovernmental		
Employer Contributions and Payroll Taxes Payable	\$ 56,631	\$ 53,036
FECA Liability	178	391
Total Intragovernmental	<u>\$ 56,809</u>	<u>\$ 53,427</u>
Accrued Payroll	\$ 377,088	\$ 350,024
Employer Contributions and Payroll Taxes Payable	7,277	16,913
Unfunded Annual Leave	<u>607,291</u>	<u>\$ 635,051</u>
Total Nongovernmental	<u>\$ 991,656</u>	<u>\$ 1,001,988</u>
Total Other Liabilities	<u>\$ 1,048,465</u>	<u>\$ 1,055,415</u>

All liabilities are current liabilities.

**U.S. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

NOTE 7. OPERATING LEASES

The Review Commission occupies office space under lease agreements that are accounted for as operating leases. The leased office space is in Washington, DC, Atlanta, Georgia, and Denver Colorado. 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 terms commence on April 2008 and February 2004, for a period of 60 months each, and the final lease commences on October 2008, and will run for a period of 120 months. Lease payments are increased annually based on the adjustments for operating cost and real estate taxes.

Schedule of Future Operating Lease Payments

<u>Fiscal Year</u>	<u>Totals</u>
2009	\$ 1,216,695
2010	1,195,071
2011	1,205,828
2012	1,216,902
2013	761,138
Thereafter	483,116
Total Future Payments	<u>\$ 6,078,750</u>

NOTE 8. INTRAGOVERNMENTAL COSTS

Intragovernmental costs represent goods and services exchange transactions made between two reporting entities within the Federal government, and are in contrast to those with non-federal entities (the public). Such costs are summarized as follows:

	<u>2008</u>	<u>2007</u>
Administrative Law Judge		
Intragovernmental Costs	\$ 1,783,752	\$ 1,729,018
Public Costs	<u>3,404,618</u>	<u>3,239,611</u>
Total Administrative Law Judge Costs	<u>\$ 5,188,370</u>	<u>\$ 4,968,629</u>
Commission		
Intragovernmental Costs	\$ 2,215,692	\$ 2,147,703
Public Costs	<u>4,229,055</u>	<u>4,024,092</u>
Total Commission Costs	<u>\$ 6,444,747</u>	<u>\$ 6,171,795</u>

The Review Commission had no earned revenues.

**U.S. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

NOTE 9. OPERATING/PROGRAM COSTS

Costs by major budgetary object classification as of September 30, 2008 and 2007 are as follows:

<u>Budgetary Object Classifications</u>	<u>2008</u>	<u>2007</u>
Personnel and Benefits	\$ 8,409,723	\$ 8,088,201
Benefits to former employees	-	21,101
Travel and Transportation	202,201	179,586
Rents, Communication & Utilities	1,338,379	1,357,071
Printing and Contractual Services	1,109,534	1,168,112
Supplies and Materials	22,811	63,166
Equipment	550,430	263,173
Interest and dividends	39	14
Total	<u>\$ 11,633,117</u>	<u>\$ 11,140,424</u>

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, the Office of Personnel Management (OPM). For the years ended September 30, 2008 and 2007, respectively, imputed financing from OPM were \$558,696 and \$594,243.

NOTE 11. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

As of September 30, 2008, The Review Commission has \$10,648,140 of direct obligations incurred against amounts apportioned under Category A funds, and \$10,637,007 at September 30, 2007. Category A apportionments distribute budgetary resources by fiscal quarters. The Review Commission has no reimbursable obligations incurred or any balance in exempt from apportionment.

NOTE 12. EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE UNITED STATES GOVERNMENT

Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, calls for explanations of material differences between amounts reported in the Statement of Budgetary Resources (SBR) and the actual balances published in the Budget of the United States Government (President's Budget). However, the President's Budget that will include FY08 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2009 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb>. The 2009 Budget of the United States Government, with the Actual column completed for 2007, has been reconciled to the Statement of Budgetary Resources and there are no material differences.

**U.S. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

NOTE 13. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, states that the amount of budgetary resources obligated for undelivered orders at the end of the period should be disclosed. For the years ended September 30, 2008 and 2007, Undelivered Orders amounted to \$958,217 and \$1,491,405 respectively.

NOTE 14. CUSTODIAL ACTIVITY

The Review Commission is an administrative agency collecting for another entity of the General Fund. As a collecting entity, The Review Commission measures and reports cash collections and refunds. The type of cash collected is for Freedom of Information Act fees. Amounts collected from and distributed to others for the periods ending September 30, 2008 and 2007 were \$2,535 and \$1,206, respectively.

U.S. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

NOTE 15. RECONCILIATION OF NET COST TO BUDGET

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

	<u>2008</u>	<u>2007</u>
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations incurred	\$ 10,648,140	\$ 10,637,007
Less: Spending Authority From Offsetting Collections and Recoveries	<u>139,790</u>	<u>638,016</u>
Obligations Net of Offsetting Collections and Recoveries	<u>10,508,350</u>	<u>9,998,991</u>
Net Obligations	10,508,350	9,998,991
Other Resources		
Imputed Financing From Costs Absorbed By Others	<u>558,696</u>	<u>594,243</u>
Net Other Resources Used to Finance Activities	<u>558,696</u>	<u>594,243</u>
 Total Resources Used to Finance Activities	 <u>11,067,046</u>	 <u>10,593,234</u>
 Resources Used to Finance Items Not Part of the Net Cost of Operations		
Change In Budgetary Resources Obligated For Goods, Services and Benefits Ordered But Not Yet Provided	(533,188)	(534,167)
Resources That Fund Expenses Recognized In Prior Periods	27,974	(1,700)
Resources That Finance the Acquisition of Assets	<u>3,500</u>	<u>92,617</u>
 Total Resources Used to Finance Items Not Part of Net Cost of Operations	 <u>(501,714)</u>	 <u>(443,250)</u>
 Total Resources Used to Finance the Net Cost of Operations	 <u>11,568,760</u>	 <u>11,036,484</u>
 Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period		
Components Requiring or Generating Resources in Future Periods		
Increase In Annual Leave Liability	-	42,917
Other	<u>-</u>	<u>391</u>
Total Components of Net Cost of Operations That Will Require or Generate Resources In Future Periods	<u>-</u>	<u>43,308</u>
Components Not Requiring or Generating Resources:		
Depreciation and Amortization	64,982	60,632
Other	<u>(625)</u>	<u>-</u>
Total Components of Net Cost of Operations That Will Not Require or Generate Resources	<u>64,357</u>	<u>60,632</u>
 Total Components of Net Cost of Operations That Will Not Require or Generate Resources In The Current Period	 <u>64,357</u>	 <u>103,940</u>
 Net Cost of Operations	 <u>\$ 11,633,117</u>	 <u>\$ 11,140,424</u>

Occupational Safety and Health Review Commission FY 2008 Performance 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 just and expeditious resolution of disputes involving the Department of Labor's 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 timely contests an OSHA citation for alleged violations of the Act or failure to abate such alleged violations. The first level affords an opportunity for a hearing before a Review Commission Administrative Law Judge (ALJ) for employers and affected employees who have filed a timely notice of contest. The judge's decision becomes final unless the Commission chooses to review the decision. The second level is a discretionary appellate review of the judge's decision by the Commission members. 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, each of whom is appointed by the President and confirmed by the Senate, and serves a six-year term. 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 Administration 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.

OSHRC's continuing vision is to 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 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 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 trials 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. 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. As a result, action on important issues may be postponed and issuance of some pending cases will be delayed.

The Review Commission operated during FY 2008 with two Members, and one vacancy (one Commissioner's term ended on April 27, 2007 and no replacement has been confirmed to date).

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 more a greater number of complex cases, and more extensive pretrial and trial processes. Consequently, the complexity and size of the cases at both the Administrative Law Judge and Commission levels has increased steadily in recent years.

OSHA conducted close to 40,000 inspections in FY 2008. 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.

Under Commission Rule 2200.120, where the parties consent thereto, the Chief Administrative Judge may assign a Settlement Judge to a pending proceeding to aid the parties in disposing of cases. 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 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 Commission in disposing of some extremely complex cases, with the approval of all parties.

The Simplified Proceedings process (formerly E-Z Trial) 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 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 assuring that due process requirements will be maintained. Under this process, a business, with or without counsel, can present its case before a Review Commission 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

The Review Commission's strategic goal is to provide fair, just, and expeditious adjudication of disputes brought before the Commission and its judges. The Review Commission's Strategic Plan and associated Outcome Goals for the period FY 2006 through FY 2011 reflect objectives for the Commission and Administrative law functions that support this goal. The public service goal for the Review Commission is: To ensure fair, just and expeditious adjudication of disputes brought before the Review Commission and its Judges.

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 public service goal.

In FY 2008, the Commission had 25 cases pending at the beginning of the year. It received 13 new cases and issued 18 cases by year-end. Thus, the Commission entered FY 2009 with 20 cases pending on review.

The Commission began FY 2008 with two Commissioners and one vacancy (one Commissioner's term ended on April 27, 2007). Nevertheless, the two Commissioners issued 18 cases during the fiscal year.

The following table provides the performance goals and results for this function for FYs 2005-2008.

Performance Goals	Performance Indicators	FY 2005 Actual (Target)	FY 2006 Actual (Target)	FY 2007 Actual (Target)	FY 2008 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	52% Target not met (100%)	22% Target not met (100%)	32% Target not met (100%)	23% Target not met (100%)
Reduce the length of time to resolve priority cases	Percent of priority cases disposed of within 6 months	<u>100%</u> <u>Target met</u> (100%)	<u>100%</u> <u>Target met</u> (100%)	<u>100%</u> <u>Target met</u> (100%)	<u>100%</u> <u>Target met</u> (100%)

Administrative Law Judge Function

The function of the Review Commission's Administrative Law Judge Division is to conduct formal hearings and related proceedings in a fair, just, and expeditious manner, consistent with OSHRC's public service goal.

The Administrative Law Judge function began the fiscal year with 625 cases in its inventory and received 1,962 new cases during the year, for a total of 2,587 cases. A total of 1848 cases were disposed of, leaving 736 cases at the end of the fiscal year.

The following table provides the performance goals and results for this function for FYs 2005-2008.

<i>Performance Goals</i>	<i>Performance Indicators</i>	<i>FY 2005 Actual Target</i>	<i>FY 2006 Actual Target</i>	<i>FY 2007 Actual Target</i>	<i>FY 2008 Actual Target</i>
<i>Increase the percent of non-complex cases at the ALJ level that are resolved in less than one year</i>	<i>Percent within 365 days</i>	98% Target exceeded (93%)	99% Target exceeded (94%)	99% Target met (97%)	99 % Target met. (99%)
<i>Increase the percent of complex cases at the ALJ level that are resolved within 18 months</i>	<i>Percent within 540 days</i>	98% Target exceeded (93%)	99% Target exceeded (94%)	97% Target not met. (98%)	99% Target met (99%)

Office of Administration Function

The Office of Administration provides administrative services to support the Review Commission in fulfilling its mission.

The Administration function provides strategic planning and operational management for the organization. Administration also includes, technology management, computer and information security, financial, and administrative services. The day-to-day tasks performed under the direction of the Director include:

- Supporting the development and implementation of the Agency’s strategic goal;
- Maintaining and enhancing a website to provide the public with greater access to Review Commission information;
- Providing support agency-wide in the areas of finance, budget, procurement, 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.

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. 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 Treasury Franchise Fund, Administrative Resource Center, for accounting services. The Administrative Resources Center prepared the Review Commission's FY 2008 financial statements, which include comparative data for FY 2007. The principal financial statements include the Balance Sheet, Statement of Net Cost, Statement of Net Position, and Statement of Budgetary Resources. The Statement of Financing is now part of the Notes to the financial statements.

The changes described in the analyses below generally indicate that OSHRC has been more efficient in the obligation of the funds available. This is due to higher payroll costs, both rising costs and filling critical positions, as well as higher costs for goods and services to maintain operations and fulfill our mission.

Analysis of the Balance Sheet

OSHRC's assets in fiscal year 2008 were \$2,863,705 as of September 30, 2008. This represents a decrease of \$1,410,392 from fiscal year 2007. The Fund Balance with Treasury of \$2,703,914 represents OSHRC's largest asset as of September 30, 2008. This is a decrease of approximately 33.2 percent from fiscal year 2007 and represents approximately 94.4 percent of the agency's total assets. General Property, Plant, and Equipment accounts for approximately 5.5 percent of OSHRC's total assets as of September 30, 2008. The net fixed asset value of \$158,966 equals the cost less accumulated depreciation and represents the current book value of those assets.

OSHRC's liabilities in fiscal year 2008 totaled \$1,165,989 as of September 30, 2008. This is a decrease of \$79,519 from fiscal year 2007. Accounts payable balance at September 30, 2008, was \$117,524, a decrease of \$72,569 from September 30, 2007. Unfunded annual leave decreased \$27,760 in 2008 from 2007. Unfunded annual leave represents approximately 52 percent of total agency liabilities.

Net Position is the difference between total assets and total liabilities. The total net position for fiscal year 2008 decreased by \$1,330,873 from fiscal year 2007.

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 2008 was \$11,633,117, an increase of \$492,693, or 4.42 percent, over the 2007 net cost of operations of \$11,140,424.

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 decreased \$1,330,873 in 2008 from 2007, a change of approximately 44 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 2008 OSHRC had total budgetary resources of \$11,835,316, which is \$753,669 less than in 2007.

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.

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 2008, two program reviews took place: an audit of FY 2008 financial statements, and an audit of computer and information security.

The Review Commission has had biennial, and more recently, annual audits of its financial statements, 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 FY 2007.

With regard to financial management, the National Finance Center (NFC) provided payroll services, and the Bureau of Public Debt (BPD) 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 BPD.

In addition to the practices and procedures of the NFC and BPD, 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, BPD 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 payments and conducts periodic reviews of internal systems including travel, payroll, and procurement.

The 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 biennial, and more recently, annual audits of its financial statements, 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 Public Debt (BPD)), 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 BPD and the National Finance Center have established practices and procedures that assure appropriate internal controls. The two agencies' internal control systems are evaluated independently.

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.

As a follow-up to the FY 2007 audit, as well as the current one, both of which revealed no material weakness in policies and procedures as OSHRC has completed its Certification and Authorization (C&A), updated all security processes, the system security plan and security plan to comply with NIST standards. OSHRC tested its continuity of operations plan (COOP) during the May 2008 DHS exercise and is in the process of fine-tuning the plan to fully incorporate its newly adapted technologies.

The executive summary for the current (FY 2008) FISMA Program Review Report reveals that the Review Commission continues to take steps to enhance its computer security posture.

The provisions of the security policy directive apply to all Review Commission 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 2008, each of the 1,962 new cases filed 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 goal and improve management.

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.