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

PERFORMANCE AND ACCOUNTABILITY REPORT,

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

**FOR THE YEARS ENDED
SEPTEMBER 30, 2011 AND 2010**

**Prepared By
Brown & Company CPAs, PLLC
November 10, 2011**

U.S. OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011 AND 2010

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UNITED STATES OF AMERICA
OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

OFFICE OF THE CHAIRMAN

November 15, 2011

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 2011 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, 26 cases were resolved, and all three performance goals were met. Of particular note, the Commission succeeded in meeting its high priority goal of resolving all the "legacy" cases - a set of ten older, particularly complex cases - on its docket by the end of the fiscal year. The Administrative Law Judge (ALJ) function disposed of 2,813 cases, and met one of the two performance goals. Our ALJs have performed yeoman work despite facing a fifty percent increase in new cases over the past two years. The Office of the Executive Director met two of the three performance goals.

As Chairman, I remain committed to providing excellent 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.

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

Sincerely,

Thomasina V. Rogers

Thomasina V. Rogers
Chairman

Enclosure

1120 20TH STREET, NW, 9TH FLOOR, WASHINGTON, DC 20036-3457

Occupational Safety and Health Review Commission
FY 2011 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 a full Commission during the first seven months of FY 2011. For the remainder of the fiscal year, the Commission operated with only two Commissioners due to one Commissioner's term expiring in April.

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 40,648 inspections in FY 2011. 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 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. 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 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 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 2011, the Commission had 31 cases pending at the beginning of the year. It received 30 new cases and resolved 26 cases by year-end. Thus, the Commission entered FY 2012 with 35 cases pending review. Of particular note, by the end of fiscal year 2011, the Commission succeeded in meeting its high priority goal of resolving all the "legacy" cases on its docket, those cases docketed at the Commission level prior to 2008.

The Commission began FY 2011 with a full Commission. The Commission ended the year with only two Commissioners due to one Commissioner's term expiring in April.

New performance goals have been developed for fiscal years 2010 and 2011 to support the FY 2010 – 2015 Strategic Plan. The following table provides the performance goals and results for FY 2007 – FY 2011:

Outcome Goals	Performance Measures	FY 2007 Actual (Target)	FY 2008 Actual (Target)	FY 2009 Actual (Target)	FY 2010 Actual (Target)	FY 2011 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	32% Target not met (100%)	23% Target not met (100%)	18% Target not met (75%)	New Goal developed for FY 2010	New Goal developed for FY 2011
Reduce the length of time to resolve priority cases	Percent of priority cases disposed of within 6 months	100% Target met (100%)	100% Target met (100%)	100% Target met (100%)	New Goal developed for FY 2010	New Goal developed for FY 2011

Outcome Goals	**Performance Measures**	**FY 2007 Actual (Target)**	**FY 2008 Actual (Target)**	**FY 2009 Actual (Target)**	**FY 2010 Actual (Target)**	**FY 2011 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	New Goal developed to support FY 2010 – 2015 Strategic Plan	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)
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	New Goal developed to support FY 2010 – 2015 Strategic Plan	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)
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	New Goal developed to support FY 2010 – 2015 Strategic Plan	New Goal developed to support FY 2010 – 2015 Strategic Plan	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 2011. As noted, by the end of the fiscal year, the Commission succeeded in meeting its high priority goal of resolving all the "legacy" cases on its docket, those cases docketed at the Commission level prior to 2008.

The following table summarizes actual Commission case activity for fiscal years 2008, 2009, 2010, and 2011, and provides estimated case activity for fiscal years 2012 and 2013.

Commission Case Activity

	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY2011 Actual	FY 2012 Estimate	FY 2013 Estimate
New Cases:						
Cases Directed for Review:	11	16	24	24	24	24
Other New Cases:						
Interlocutory Appeals	0	0	0	6	3	3
Remands	2	6	0	0	2	2
Other	0	0	0	0	0	0
Total Other New Cases:	2	6	0	6	5	5
Total New Cases:	13	22	24	30	29	29
Case Inventory from Prior Year:	25	20	22	31	35	34
Total Caseload:	38	42	46	61	64	63
Dispositions:	18	20	15	26	30	30
Case Inventory, End of Year:	20	22	31	35	34	33

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 983 cases in its inventory and received 3,175 new cases during the year, for a total of 4,158 cases. A total of 2,813 cases were disposed of, leaving 1,345 cases in the inventory at the end of the fiscal year.

The following table provides the performance goals and results for this function for FYs 2007-2011.

Outcome Goals	Performance Measures	FY 2007 Actual (Target)	FY 2008 Actual (Target)	FY 2009 Actual (Target)	FY 2010 Actual (Target)	FY 2011 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.	99% Target met (97%)	99% Target met (99%)	98% Target met (98%)	98% Target met (98%)	98% Target 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.*	97% Target not met (98%)	99% Target met (99%)	98% Target exceeded (95%)	89% Target not met (95%)	84% Target not met (95%)

*Note: For FY 2007 – 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.

Although Review Commission ALJs met their target goal for resolution of non-complex cases within one year, the resolution of complex cases was more problematic. There were several reasons for this. First, the ALJs FY 2010 workload substantially increased over prior FYs, an increase that continued in fiscal year 2011. Indeed, the caseload at the ALJ level increased over fifty percent over the past two fiscal years, from 2,058 in FY 2009 to 2,565 in FY 2010 to 3,175 in FY 2011. In addition, this workload included a 60% increase in the number of cases disposed of with hearings. Hearings are necessarily time consuming, and this had an effect on case disposal. Finally, several long-serving ALJs retired midway through fiscal year 2011, leaving temporary vacancies as we recruited to fill the vacancies.

The following table provides actual Administrative Law Judge workloads for fiscal years 2008, 2009, 2010, and 2011, and estimated workloads for fiscal years 2012 and 2013.

	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY2011 Actual	FY 2012 Estimate	FY 2013 Estimate
OSHA Inspections*:	38,591	40,549	40,942	40,648	TBD	TBD
Administrative Law Judge Workload:						
a. Case Inventory, Start of Year	625	739	777	983	1,345	1,545
b. New Cases	1,962	2,058	2,565	3,175	3,250	3,350
c. Total Caseload	2,587	2,797	3,342	4,158	4,595	4,895
d. Disposals						
(1) With Hearing	69	67	107	111	130	150
(2) Without Hearing	1,779	1,953	2,252	2,702	2,920	3,050
e. Total Dispositions	1,848	2,020	2,359	2,813	3,050	3,200
Total Case Inventory, End of Year	739	777	983	1,345	1,545	1,695

*Provided by Directorate of Evaluation and Analysis, OSHA.

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 strategic planning and operational management for the organization. The Office of the Executive Director also includes: technology management, computer and information security, financial, and administrative services. The day-to-day work performed under the direction of the Executive Director includes:

- 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 (Target)**	**FY 2013 (Target)**
Invest in human capital by increasing staff development and training opportunities and increasing.	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.	.35% Target Partially Met* (.45% of basic payroll to training and 10 hours)	(.55% of basic payroll to training and 12 hours)	(.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 (Position identified)	(Insource position identified and identify additional positions to insource)	(Insource any additional positions identified)
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 mechanism used to evaluate all supervisors)	(Feedback mechanism used to evaluate all supervisors)

* $31,970, or .45 percent of basic payroll, was devoted to training in FY 2011. However, of the total amount obligated $24,822 was expensed. This is due in part to being under a continuing resolution the first six months of FY 2011, during which spending on training was severely constrained. The hourly goal will be implemented in FY 2012.

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 Resources Center (Bureau of the Public Debt – BPD), for accounting services. The Administrative Resources Center prepared the Review Commission's FY 2011 financial statements, which include comparative data for FY 2010. 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 has become more effective. This is due to improved budget management, higher payroll costs, the costs of improving our IT infrastructure, and higher costs for goods and services to maintain operations and fulfill our mission.

Analysis of the Balance Sheet

OSHRC's assets in fiscal year 2011 were $3,253,756 as of September 30, 2011. This represents an increase of $23,273 from fiscal year 2010. The Fund Balance with Treasury of $3,158,051 represents OSHRC's largest asset as of September 30, 2011. This is a decrease of approximately 1 percent from fiscal year 2010 and represents approximately 97 percent of the agency's total assets. General Property, Plant, and Equipment account for approximately 2.32 percent of OSHRC's total assets as of September 30, 2011. The net fixed asset value of $75,548 equals the cost less accumulated depreciation and represents the current book value of those assets.

OSHRC's liabilities in fiscal year 2011 totaled $1,252,650 as of September 30, 2011. This is a decrease of $46,284 from fiscal year 2010. The accounts payable balance at September 30, 2011, was $185,033, an increase of $45,325 from September 30, 2010. Unfunded annual leave decreased $89,816 in 2011 from 2010. Unfunded annual leave represents approximately 48 percent of total agency liabilities.

Net Position is the difference between total assets and total liabilities. The total net position for fiscal year 2011 increased by $69,557 from fiscal year 2010.

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 2011 was $12,141,226, a decrease of $379,366, or 3 percent less than the 2010 net cost of operations of $12,520,592.

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 $69,557 in 2011 from 2010, a change of approximately 3.6 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 2011, OSHRC had total budgetary resources of $12,777,068, which is $170,657 less than in 2010.

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 2011, two program reviews took place: an audit of FY 2011 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 FY 2010.

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 obligations 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 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 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.

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 FISMA audits have revealed one material weakness in policies and procedures. OSHRC is in the process of an infrastructure upgrade and will need to update its Certification and Authorization (C&A). OSHRC maintains updated security processes, and has a system security plan that complies with NIST standards. OSHRC tested its continuity of operations plan (COOP) during a June and September 2011 Department of Homeland Security exercise and is in the process of fine-tuning the plan to fully incorporate all newly adopted technologies.

The executive summary for the current (FY 2011) 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 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 2011, each of the 3,175 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.

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.

U.S. OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

Prepared By
Brown & Company CPAs, PLLC
November 10, 2011

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

We have audited the accompanying balance sheet of the U.S. Occupational Safety and Health Review Commission (OSHRC) as of September 30, 2011 and 2010 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). 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 audits in accordance with auditing standards generally accepted in the United States of America; 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*, as amended. Those standards and OMB Bulletin No. 07-04, as amended, 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, 2011 and 2010 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, as amended, we have also issued our reports dated November 10, 2011 on our consideration of the OSHRC internal control over financial reporting and its compliance with certain 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.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis (MD&A) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by OMB Circular A-136, *Financial Reporting Requirements*, as revised, that 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.

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 10, 2011

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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, 2011 and have issued our report thereon dated November 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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*, as amended.

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, as amended. 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 a significant deficiency or material weakness. Under standards issued by the American Institute of Certified Public Accountants and OMB Bulletin No. 07-04, as amended, 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 in internal control, 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. 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 a material weakness 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 10, 2011

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

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

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, 2011, and have issued our report thereon dated November 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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*, as amended.

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, as amended. 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 with laws and regulations disclosed no reportable instances of noncompliance with 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, as amended.

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.

Brown & Company
Largo, Maryland
November 10, 2011

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FINANCIAL STATEMENTS AND NOTES

U.S. OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION
BALANCE SHEET
AS OF SEPTEMBER 30, 2011 AND 2010
(In Dollars)

		2011		2010
Assets :				
Intragovernmental				
Fund Balance With Treasury (Note 2)	$	3,158,051	$	3,189,341
Accounts Receivable, Net (Note 3)		13,719		-
Total Intragovernmental		3,171,770		3,189,341
Accounts Receivable, Net (Note 3)		6,438		-
Property, Equipment, and Software, Net (Note 4)		75,548		41,142
Total Assets	$	3,253,756	$	3,230,483
Liabilities :				
Intragovernmental				
Accounts Payable	$	3,696	$	3,696
Other (Note 6)		80,499		79,379
Total Intragovernmental		84,195		83,075
Accounts Payable		181,337		136,012
Other (Note 6)		987,118		1,079,847
Total Liabilities	$	1,252,650	$	1,298,934
Commitments and Contingencies				
Net Position:				
Unexpended Appropriations - Other Funds		2,526,322		2,582,875
Cumulative Results of Operations - Other Funds		(525,216)		(651,326)
Total Net Position	$	2,001,106	$	1,931,549
Total Liabilities and Net Position	$	3,253,756	$	3,230,483

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

U.S. OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION
STATEMENT OF NET COST
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(In Dollars)

		2011		2010
Program Costs:				
Administrative Law Judge (Note 8)				
Gross Costs	$	5,299,556	$	5,458,978
Less: Earned Revenue		(5,981)		-
Net Program Costs	$	5,293,575	$	5,458,978
Commission (Note 8)				
Gross Costs	$	6,855,389	$	7,061,614
Less: Earned Revenue		(7,738)		-
Net Program Costs	$	6,847,651	$	7,061,614
Net Cost of Operations	$	12,141,226	$	12,520,592

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

U.S. OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(In Dollars)

	2011	2010
Cumulative Results of Operations:		
Beginning Balances	$ (651,326)	$ (550,571)
Budgetary Financing Sources:		
Appropriations Used	11,519,037	11,621,084
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources (Note 9)	748,299	798,753
Total Financing Sources	12,267,336	12,419,837
Net Cost of Operations	(12,141,226)	(12,520,592)
Net Change	126,110	(100,755)
Cumulative Results of Operations	$ (525,216)	$ (651,326)
Unexpended Appropriations:		
Beginning Balances	$ 2,582,875	$ 2,889,409
Budgetary Financing Sources:		
Appropriations Received	11,712,000	11,712,000
Other Adjustments	(249,516)	(397,450)
Appropriations Used	(11,519,037)	(11,621,084)
Total Budgetary Financing Sources	(56,553)	(306,534)
Total Unexpended Appropriations	$ 2,526,322	$ 2,582,875
Net Position	$ 2,001,106	$ 1,931,549

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

U.S. OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION
STATEMENT OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(In Dollars)

	2011	2010
Budgetary Resources:		
Unobligated Balance Brought Forward, October 1	$ 1,192,210	$ 1,460,066
Recoveries of Prior Year Unpaid Obligations	108,655	173,109
Budget Authority		
Appropriation	11,712,000	11,712,000
Change In Receivables From Federal Sources	13,719	-
Permanently Not Available	(249,516)	(397,450)
Total Budgetary Resources	$ 12,777,068	$ 12,947,725
Status of Budgetary Resources:		
Obligations Incurred (Note 11)		
Direct	$ 11,577,716	$ 11,755,515
Reimbursable	13,719	-
Subtotal	11,591,435	11,755,515
Unobligated Balance		
Apportioned	246,666	28,527
Unobligated Balance Not Available	938,967	1,163,683
Total Status of Budgetary Resources	$ 12,777,068	$ 12,947,725
Change in Obligated Balance:		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, October 1	$ 1,997,131	$ 1,987,577
Obligations Incurred Net	11,591,435	11,755,515
Gross Outlays	(11,493,774)	(11,572,852)
Recoveries of Prior Year Unpaid		
Obligations, Actual	(108,655)	(173,109)
Change In Uncollected Customer Payments		
From Federal Sources	(13,719)	-
	1,972,418	1,997,131
Obligated Balance, Net, End of Period		
Unpaid Obligations	1,986,137	1,997,131
Uncollected Customer Payments From		
Federal Sources	(13,719)	-
Total, Unpaid Obligated Balance, Net, End of Period	$ 1,972,418	$ 1,997,131
Net Outlays:		
Gross Outlays	$ 11,493,774	$ 11,572,852
Distributed Offsetting Receipts	(177,255)	(2,027)
Net Outlays	$ 11,316,519	$ 11,570,825

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

U.S. OCCUPATIONAL SAFETY & HEALTH REVIEW COMMISSION
STATEMENT OF CUSTODIAL ACTIVITY
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(In Dollars)

	2011	2010
Revenue Activity:		
Sources of Cash Collections:		
Miscellaneous	$ 177,255.00	$ 2,027.00
Total Cash Collections	177,255	2,027
Disposition of Collections:		
Transferred to Others (by Recipient)	177,255	2,027
Net Custodial Activity	$ -	$ -

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

U.S. OCCUPATIONAL SAFETY & 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, 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 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. Budgets and Budgetary Accounting

Congress usually enacts appropriations to permit The Review Commission to incur obligations for specified purposes. In fiscal years 2011 and 2010, The Review Commission was accountable for General Fund appropriations. The Review Commission recognizes budgetary resources as assets when cash (funds held by the U.S. Treasury) is made available through the Department of Treasury General Fund warrants.

D. 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 liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds.

E. Revenues & 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 are expended for capitalized property and equipment are recognized as expenses when an asset is consumed in operations.

The Review Commission recognizes as an imputed financing source the amount of accrued pension and post-retirement benefit expenses for current employees paid on our behalf by the Office of Personnel Management (OPM).

F. 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.

G. 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.

H. 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.

I. Property, Equipment, and Software

The Review Commission's property and equipment represent furniture, fixtures, equipment, and information technology hardware which are recorded at original acquisition cost and are depreciated or amortized 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 expensed as incurred. The Review Commission's capitalization threshold is $50,000 for individual purchases and $500,000 for bulk purchases. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property and equipment. The useful life classifications for capitalized assets are as follows:

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

J. 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.

K. Liabilities

Liabilities represent the amount of monies or other resources likely to be paid by The Review Commission as a result of transactions or events that have already occurred. Intragovernmental liabilities are claims against The Review Commission by other Federal agencies. 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 for which an appropriation has not been enacted or other funds received are, therefore, classified as not covered by budgetary resources. No liability can be paid, however, absent an appropriation or other funding. There is no certainty that the appropriation will be enacted. Additionally, the Government, acting in its sovereign capacity, can abrogate liabilities.

L. Accounts Payable

Accounts payable consists primarily of amounts owed to other Federal agencies and the public for contracts for goods or services, such as leases, utilities, telecommunications and consulting and support services.

M. 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. Nonvested 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 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 FY2010 and 100% in 2014.

N. 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. A liability is recorded for actual and estimated future payments to be made for workers' compensation pursuant to the FECA. 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.

O. 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's 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. FERS offers a savings plan to which The Review Commission automatically contributes one percent of pay and 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.

P. Other Post-Employment Benefits

The Review Commission employees eligible to participate in the Federal Employees Health Benefit 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.

Q. 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 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.

R. 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 2011 and 2010 to the extent directed by OMB.

S. Contingencies

The Review commission recognizes contingent liabilities when a past event or exchange transaction has occurred, a future outflow or other sacrifice of resources is probable, and the future outflow or sacrifice of resources is measurable. 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.

T. 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.

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2011 and 2010 were as follows:

	2011	2010
Fund Balances:		
Appropriated Funds	$ 3,158,051	$ 3,189,341
Total	$ 3,158,051	$ 3,189,341
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	$ 246,666	$ 28,527
Unavailable	938,967	1,163,683
Obligated Balance Not Yet Disbursed	1,972,418	1,997,131
Total	$ 3,158,051	$ 3,189,341

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 cash 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, 2011 and 2010 were as follows:

		2011		2010
Intragovernmental				
Accounts Receivable	$	13,719	$	-
Total Intragovernmental Accounts Receivable	$	13,719	$	-
With the Public				
Accounts Receivable		6,438		-
Total Public Accounts Receivable	$	6,438	$	-
Total Accounts Receivable	$	20,157	$	-

Accounts receivable consists of one receivable due from reimbursable services and employee receivables.

Historical experience has indicated that most of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2011 and 2010.

NOTE 4. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2011

Major Class		Acquisition Cost		Accumulated Amortization/ Depreciation		Net Book Value
Furniture & Equipment	$	441,237	$	365,689	$	75,548
Total	$	441,237	$	365,689	$	75,548

Schedule of Property, Equipment, and Software as of September 30, 2010

Major Class		Acquisition Cost		Accumulated Amortization/ Depreciation		Net Book Value
Furniture & Equipment	$	361,344	$	320,202	$	41,142
Total	$	361,344	$	320,202	$	41,142

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for The Review Commission as of September 30, 2011 and 2010, 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.

		2011		2010
Intragovernmental – Unemployment Insurance	$	4,550	$	-
Unfunded Leave		602,652		692,468
Total Liabilities Not Covered by Budgetary Resources	$	607,202	$	692,468
Total Liabilities Covered by Budgetary Resources		645,448		606,466
Total Liabilities	$	1,252,650	$	1,298,934

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 as of September 30, 2011:

		Current		Non Current		Total
Intragovernmental						
Unemployment Insurance Liability	$	4,550	$	-	$	4,550
Payroll Taxes Payable		75,949		-		75,949
Total Intragovernmental Other Liabilities	$	80,499	$	-	$	80,499
With the Public						
Payroll Taxes Payable	$	11,014	$	-	$	11,014
Accrued Funded Payroll and Leave		373,452		-		373,452
Unfunded Leave		602,652		-		602,652
Total Public Other Liabilities	$	987,118	$	-	$	987,118

Other Liabilities as of September 30, 2010:

		Current		Non Current		Total
Intragovernmental						
Payroll Taxes Payable	$	79,379	$	-	$	79,379
Total Intragovernmental Other Liabilities	$	79,379	$	-	$	79,379
With the Public						
Payroll Taxes Payable	$	11,791	$	-	$	11,791
Accrued Funded Payroll and Leave		375,588		-		375,588
Unfunded Leave		692,468		-		692,468
Total Public Other Liabilities	$	1,079,847	$	-	$	1,079,847

NOTE 7. OPERATING LEASES

The Review Commission occupies office space under a 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
Washington DC	60 months	04/23/2013
Atlanta, GA	59 months	01/31/2014
Denver, CO	120 months	09/30/2018

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
2012	$ 1,304,658
2013	849,493
2014	124,520
2015	95,770
2016	96,604
Thereafter	195,787
Total Future Payments	$ 2,666,832

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

NOTE 8. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

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 and revenue are summarized as follows:

	2011	2010
Administrative Law Judge		
Intragovernmental Costs	$ 1,784,469	$ 1,719,053
Public Costs	3,515,087	3,739,925
Total Program Costs	5,299,556	5,458,978
Intragovernmental Earned Revenue	(5,981)	-
Net Program Costs	5,293,575	5,458,978
Commission		
Intragovernmental Costs	2,308,350	2,223,730
Public Costs	4,547,039	4,837,884
Total Program Costs	6,855,389	7,061,614
Intragovernmental Earned Revenue	(7,738)	-
Net Program Costs	6,847,651	7,061,614
Total Intragovernmental costs	4,092,819	3,942,783
Total Public costs	8,062,126	8,577,809
Total Costs	12,154,945	12,520,592
Total Intragovernmental Earned Revenue	(13,719)	-
Total Net Cost	$ 12,141,226	$ 12,520,592

NOTE 9. 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 fiscal years ended September 30, 2011 and 2010, respectively, imputed financing was as follows.

	2011	2010
Office of Personnel Management	$ 748,299	$ 798,753
Total Imputed Financing Sources	$ 748,299	$ 798,753

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

The President's Budget that will include FY11 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2012 and can be found at the OMB Web site: *http://www.whitehouse.gov/omb/*. The 2012 Budget of the United States Government, with the Actual column completed for 2010, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

NOTE 11. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred and reported in the Statement of Budgetary Resources in 2011 and 2010 consisted of the following:

	2011	2010
Direct Obligations, Category A	$ 11,577,716	$ 11,755,515
Reimbursable Obligations, Category A	13,719	-
Total Obligations Incurred	$ 11,591,435	$ 11,755,515

Category A apportionments distribute budgetary resources by fiscal quarters.

NOTE 12. 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 fiscal years ended September 30, 2011 and 2010, undelivered orders amounted to the following:

	2011	2010
Undelivered Orders	$ 1,340,688	$ 1,390,664
Total Undelivered Orders	$ 1,340,688	$ 1,390,664

NOTE 13. CUSTODIAL ACTIVITY

The Review Commission is an administrative agency collecting for the General Fund. The Review Commission reports cash collections and refunds as custodial activity. The type of cash collected primarily consists of Freedom of Information Act fees. However, during fiscal year 2011, The Review Commission received a large custodial receipt for a refund of tenant improvement allowance. 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 $177,255 and $2,027 for the fiscal years ended September 30, 2011, and 2010, 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.

	2011	2010
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	$ 11,591,435	$ 11,755,515
Spending Authority From Offsetting Collections and Recoveries	(122,374)	(173,109)
Offsetting Receipts	(177,255)	(2,027)
Net Obligations	11,291,806	11,580,379
Other Resources		
Imputed Financing From Costs Absorbed By Others	748,299	798,753
Net Other Resources Used to Finance Activities	748,299	798,753
Total Resources Used to Finance Activities	12,040,105	12,379,132
Resources Used to Finance Items Not Part of the Net Cost of Operations	52,417	41,034
Total Resources Used to Finance the Net Cost of Operations	12,092,522	12,420,166
Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:	48,704	100,426
Net Cost of Operations	$ 12,141,226	$ 12,520,592