BUILDING A MORE EFFECTIVE MANAGEMENT/OIG WORKING RELATIONSHIP: NATIONAL SCIENCE FOUNDATION (NSF) EXAMPLE

September 29, 2010

AGA Audio Conference on Cooperative Audit Resolution

Purpose and Outcomes

- Purpose of Today's Presentation
  - Share how NSF identified and addressed barriers to productive collaboration

- Outcomes
  - Thoughts, practices, and techniques for improving the agency/OIG relationship in service of improved stewardship

Agenda

- Background
- The Challenge
- Approach
- What Worked
- Results
- Lessons Learned

Overview of NSF

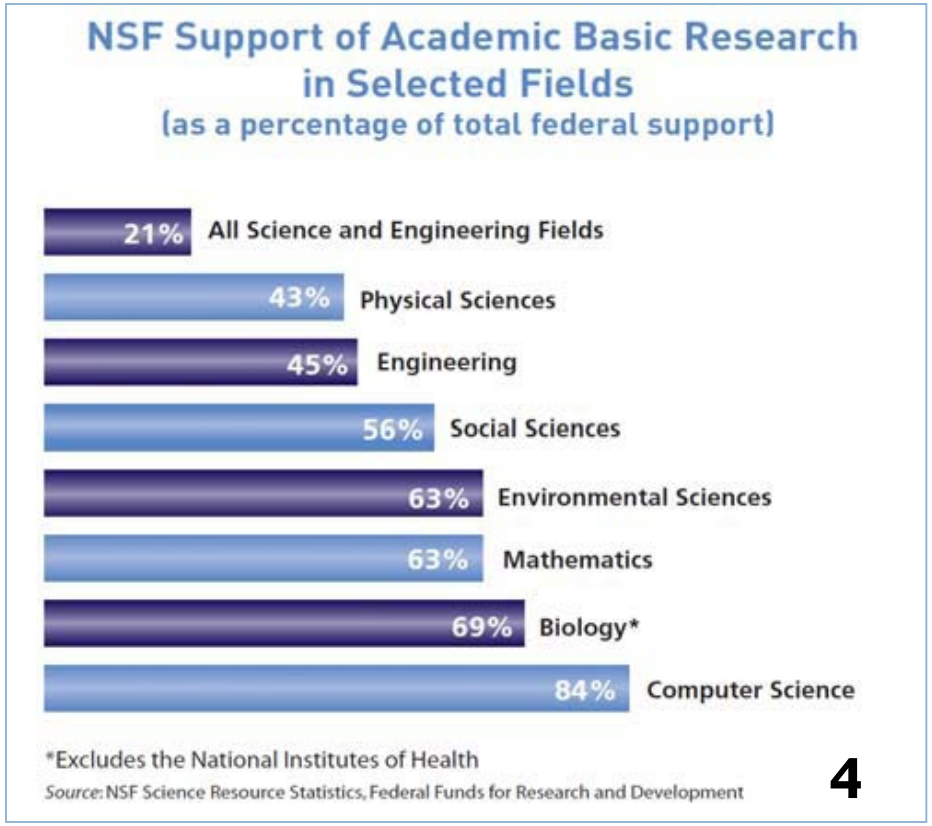
NSF is an independent federal agency created by Congress in 1950:

- to promote the progress of science
- to advance the national health, prosperity, and welfare
- to secure the national defense

NSF goals:

- Discovery
- Learning
- Research Infrastructure
- Stewardship

NSF fulfills its mission and goals by issuing awards that have been judged the most promising by a rigorous and objective merit-review system.



NSF OIG

- By statute, independent from the agency, with the IG reporting directly to the National Science Board and the Congress.
- Conducts independent and objective audits, investigations, and other reviews to support NSF in its mission by promoting the economy, efficiency, and effectiveness and safeguarding the integrity of NSF programs and operations.
- Staffed with auditors, investigators, attorneys, scientists, and other specialists.
- Close working relationships with NSF and its awardees help us focus our efforts on priority areas and facilitate our proactive educational efforts.

Background

- In December 2009, the OIG issued an audit report of NSF's audit resolution function
- In January 2010, joint OIG and NSF Audit Resolution Working Group formed to uncover the root cause of challenges.
- In May 2010, an Audit Resolution Management Team was created to address these challenges

The Challenge

Audit Resolution Working Group overall finding:

"The ineffective, adversarial, and overly formal relationship between NSF management and OIG is the biggest negative impact to effective audit resolution."

State of the Relationship

- Both organizations saw themselves as the victim.
- We threw paper at each other instead of talking.
- It was us versus them. We were not presenting the perspective of one government.
- Each side had different expectations and definitions of success.

State of the Relationship

- There was little attempt to explain or understand the realities that impact management decision-making.
- The structure and writing of audit reports could be a barrier to easy resolution.
- We ignored the underlying problem with the working relationship, so ended up fighting the same battles over and over.

Approach

- Top down
  - Clear expectations set by highest levels of NSF leadership - Director and IG
  - Confirmed commitment to our shared goal of stewardship
- General to specific
  - Described how we want to work together
  - Moved to commitments, agreements, and actions
  - Documented our agreements in policy

Approach

- Bottom up
  - Working group consisted of professionals at all levels
  - Draft agreements and policies were reviewed by staff throughout the development process
  - NSF Director and IG presented key elements of the policy at a joint meeting, which also included an interactive activity for collecting input and feedback

What Worked

- This effort was a priority - management dedicated time to make it work
- Leadership was “in the room” through proxies
- A structured and disciplined approach
- Strong meeting management with a focus on accountability
- Operating principles in the room
- Verifying the concern - “What I heard you say was. . .”
- Check-ins with sponsors

Operating Principles

- **Improve Communication –** Create opportunities for open dialogue
- **Develop Understanding –** Establish an open environment so that participants develop an understanding of each other's issues
- **Foster Collaboration –** Leverage the knowledge and experience of all participants
- **Promote Trust –** Recognize our common goal of stewardship
- **Enhance Performance –** Ensure that institutions are positioned to exercise effective stewardship of NSF funds

(*These principles are incorporated into policy*)

Examples of Agreements

- Separate the issue from the person.
- Solve issues at the lowest possible level.
- Communicate as you escalate - let your counterpart know that you're escalating to the next level.
- Be more open to OIG direct access to staff (trust building).
- Provide more context to data requests (e.g., include date when info is needed).

Examples of Actions

- OIG will give agency audit resolution staff notification of upcoming audits (copy on engagement letter).
- OIG will balance the need to communicate a full story in its audit reports, while also making it easy to locate findings and recommendations
- NSF management will always forward official awardee responses to OIG.
- A joint approach will be developed to deal with audits that require substantial OIG review time during resolution.
- The agency will develop a "courtesy letter" to awardees emphasizing the importance of timely response to audit requests for documentation.

Example of Process Revision

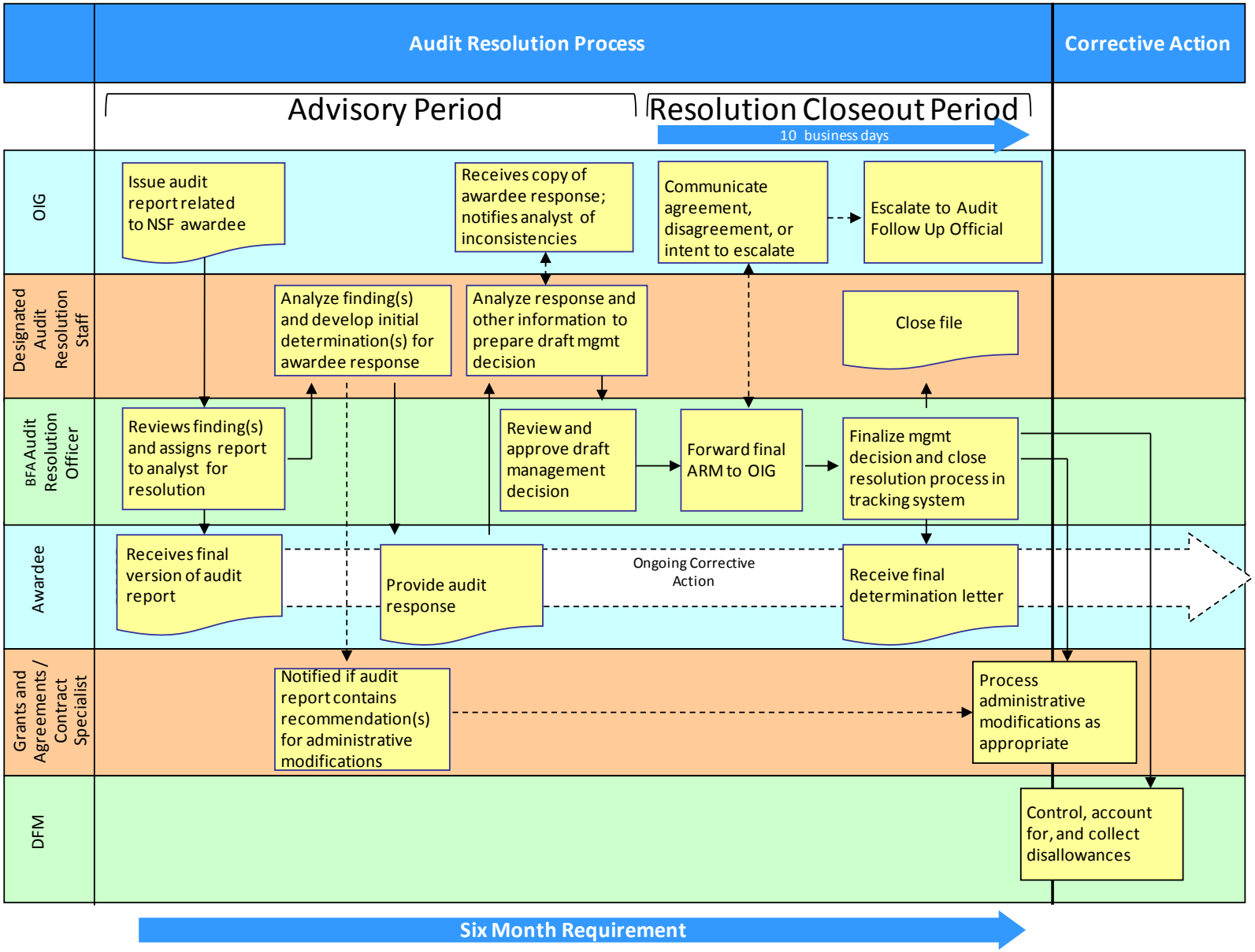
Advisory Period

The purpose is for the OIG to support NSF management, as needed, in its data gathering and analysis activities for developing its management decision. It is also to allow for dialogue on areas of interpretation, and provide access to information and background knowledge that the OIG has on the awardee.

Closeout Period

The OIG has up to 10 days after receiving the Audit Resolution Memorandum from NSF management to document its position: agreement; disagreement with rationale; or intent to escalate to the Audit Follow Up Official.

Revised Audit Resolution Process



On-Going Commitment

Establish Stewardship Collaborative

- Purpose

Monitor and improve the audit resolution process, and address emerging and outstanding issues. The anticipated outcome is the achievement of our shared mission of proper stewardship of the taxpayers' investment in science, engineering, and education.

- Scope

Issues affecting the NSF and OIG relationship. The initial focus is on issues related to the audit resolution process, specifically external audits.

Our Bottom Line

- We are all professionals that care about what we do
- We have a common goal of stewardship
- We are committed to working together in a respectful, professional manner to achieve our common goal
- We will disagree sometimes – that will not change how we work together

Consideration of CAROI

- NSF used the AGA's CAROI guide as a best practice on the audit resolution process.
  - Accepted as a neutral party (not belonging to OIG or agency management)
  - Cooperative operating principles addressed desired qualities of an effective working relationship – how we wanted to work together.
  - Improving program performance and accountability is part of the CAROI title, and our shared goal

Lessons Learned

- Time spent uncovering the root causes is invaluable
- Leadership involvement – have champions at the top
- Dedicate resources for making it work
- Include new perspectives
- Give people that work on audit resolution every day an opportunity to be involved with it
- Commit to regular meetings to deal with the issues