



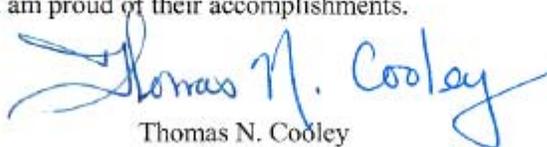
A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

I am pleased to report NSF received a clean audit opinion in FY 2006, maintaining our record of excellence in financial management. This is a testament to our outstanding staff. A firm working with NSF for the first time, Clifton Gunderson LLP, performed an independent audit and issued NSF's ninth consecutive unqualified audit opinion. The audit report repeated two prior year reportable conditions: post-award monitoring and contract monitoring. Over the past year, significant progress has been made in both, and we will enhance our efforts to complete the activities highlighted in their respective corrective action plans.

NSF's longstanding commitment to organizational excellence and sound financial management practices continues to serve us well. Notable achievements of the past year include:

- Maintaining "Green" ratings for both the Financial Performance and the Budget and Performance Integration initiatives on the President's Management Agenda scorecard. NSF has successfully sustained a "Green" rating for Financial Performance for 18 consecutive quarters.
- Moving from an annual to a three-year reporting cycle for improper payments with OMB approval, as a result of the low improper payment rates reported in our FY 2004 and FY 2005 Performance and Accountability Reports.
- Recovering \$3.19 million in excess cash held by grant recipients, and reducing erroneous program income reporting by grantees from \$3.99 million to \$0.77 million through the post-award monitoring efforts.
- Providing flat rate travel reimbursements through our new Guest Travel System to our numerous merit review panelists in 16 days, on average.
- Receiving a League of American Communications Professionals Honors Award for our *FY 2005 Performance Highlights* report. NSF is proud to be the only federal agency to be honored for five consecutive years of distinction in its annual reports - a recognition that reflects the agency's continuing commitment to be accountable to our stakeholders and the public for sound stewardship of the public's resources.

Sound innovative financial management enables NSF to pursue critical investments in science and engineering research and education that ultimately help ensure the nation's security, prosperity, and well being. NSF's commitment to managing programs in an informed and fiscally responsible manner, to ensuring resources are used efficiently and effectively, and to accountability and transparency reflect the dedication and diligence of a premier staff. I am proud of their accomplishments.


Thomas N. Cooley

November 7, 2006

