



A MESSAGE FROM THE DIRECTOR

I am pleased to present the National Science Foundation's (NSF) *Agency Financial Report* (AFR) for fiscal year (FY) 2011. NSF's mission is to promote and advance progress in science and engineering research and education in the United States. NSF has long been our nation's engine of innovation. It is the overarching source of federal support for fundamental research across all science and engineering fields. This support becomes even more crucial to innovation as multidisciplinary research becomes increasingly possible, productive, and prevalent. The relationship between technological innovation and fundamental research is well established. In fact, basic research, with its long-term perspective accompanied by a strong emphasis on disciplinary excellence and multi-disciplinary interactions, is a necessary foundation for a successful innovation ecosystem. In this time of economic uncertainty, there is a national need to support, nurture, and strengthen our long-term research and innovation ecosystem, which has been the fuel for our scientific and economic leadership as well as national security.



Through a world-renowned merit review process, NSF funds the best ideas and best people in all fields of science and engineering within a highly competitive environment. Under the *OneNSF* framework, the agency strives to work seamlessly in a well-integrated way across organizational and disciplinary boundaries guided by six underlying principles: Support fundamental research in every disciplinary area; address complex multidisciplinary challenges of national and global significance; spark greater innovation and opportunity for scientific discoveries in the NSF grantee community; create new networks and infrastructure for the nation to address complex scientific issues and grand challenges; improve organizational efficiency; and catalyze development and talent for the scientific and engineering workforce of the 21st century. During FY 2011, three notable efforts exemplify the important work being done at the Foundation:


- In July, NSF announced the NSF Innovation Corps (I-Corps) program to help develop scientific and engineering discoveries into useful technologies, products, and processes. I-Corps, a public-private partnership, will connect NSF-funded scientific research with the technological, entrepreneurial and business communities to help create an environment for innovation that couples scientific discovery with technology development and the needs of our society. The private sector will provide critical support by serving as mentor volunteers to share their knowledge and experience with NSF and I-Corps awardees.
- In September, NSF launched a Career-Life Balance Initiative to improve our ability to recruit and retain talented scientists and engineers here in our U.S. educational institutions. A set of forward-looking policies and practices have been designed to help increase the placement, advancement, and retention of the historically underrepresented talent of women, minorities, and persons with disabilities in science, technology, engineering, and mathematics (STEM), particularly women who are seeking tenure in academe. However, this initiative offers equal benefits to men and women developing careers. The Career-Life Balance Initiative is one strategy to broaden participation of those who are underrepresented especially in STEM, because it is essential to our future innovation, economic prosperity, and global leadership.

- This year, NSF also announced plans to convene a global Merit Review Summit in May 2012 to develop a foundation for international collaboration and elucidate acceptable merit review principles. As the world has become highly interconnected, global collaborations are inevitable. However, the most fundamental barriers to bilateral and multilateral international collaborations are disparate standards for scientific merit review and differences in the infrastructures that ensure professional ethics and scientific integrity. This Summit will provide a first-of-its-kind forum for addressing these challenges.

Enabling the success of our programmatic activities are the agency's financial and management activities, which is the focus of this report. I am pleased to report that NSF received its 14th consecutive unqualified opinion from an independent audit of its financial statements. The audit report identified no material weaknesses. In addition, NSF can provide reasonable assurance that the agency is in substantial compliance with the Federal Managers Financial Integrity Act of 1982 and the Federal Financial Management Improvement Act of 1996, and that internal control over financial reporting is operating effectively to produce reliable financial reporting. No material weaknesses were found in the design or operation of the internal controls.

As this report goes to press, NSF also can confirm achievement of the five annual performance goals for which results are available at this time. This includes the agency's longest-standing customer service goal ("dwell time"), which aims to provide timely notification of funding decisions to applicants for NSF awards. In keeping with the requirements of the Government Performance and Results Act, NSF will report the complete results of our FY 2011 performance goals, including the STEM workforce priority goal, in NSF's *Annual Performance Report (APR)* as part of the agency's *FY 2013 Budget Request to Congress*. The AFR, APR, and a *Performance and Financial Highlights* report are being prepared in lieu of an agency Performance and Accountability Report in accordance with guidance from the Office of Management and Budget. The APR and the *Highlights* report will be available in February 2012, at www.nsf.gov/about/performance. All NSF's GPRA performance data undergo a rigorous verification and validation review by an independent, external management consultant based on guidance from the General Accountability Office.

Thank you for your interest in the National Science Foundation.



Subra Suresh
Director

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