

3. The Absence of a Structured Process to Address Budget Issues led to a Lack of Transparency Regarding the NWS Budget and to Mistrust in the Budget Process

Several witnesses interviewed by the inquiry team expressed frustration over the lack of transparency that existed over NWS budget issues, which led to a mistrust of

, believes that “the lack of a more transparent budget formulation process within NWS hinders a more systemic and proactive approach to addressing . . . budget shortfalls.” (Exhibit 32). does not even know how funds were made available to address operational shortfalls within OOS in FY 2011 or prior years. (Exhibit 32). If OOS was short of funds at the end of the year, would give OOS a charge code to use for charging expenses without explanation. (Exhibit 32).

Similarly, feels that there was not an environment within the NOAA CFO’s Office that was conducive to being open and candid with respect to raising concerns or issues. (Exhibit 1). also says that there was a lack of communication “due to impatience with details”, resulting in decisions being made with incomplete information. (Exhibit 1).

says that “would like to see more transparency in the NWS budgeting process” because feels like “does not know what is going on” and was never told “how the budget works.” (Exhibit 13).

In FY 2011, the Corporate Board made a decision to remove dollars from OST budget allocations before they became available to the program. notes that “[i]t was not 100% clear at the time that the funds held back were part of the annual percentage taken to support front office operations,” although decided that this is what it must have been for. (Exhibit 13). More money was taken out of OST later, assumed that “the additional dollars were needed to pay NWS labor bills,” although was never told.” (Exhibit 13).

██████████ made clear that “the program managers were not informed where and how the re-allocated budget was expended.” (Exhibit 14). ██████████ further noted that “the AWIPS Program (and other programs too) was not informed about how and where these withheld funds were used, even after several requests to the OCFO for information.” (Exhibit 14).

██████████, is even more pointed in ██████████ remarks, stating that “frankly, we feel like we are being asked to obfuscate or obscure the movement of money in this organization . . . [t]he OCFO puts very little in writing and most communication from them, is not in writing.” (Exhibit 18). ██████████ repeats this assertion, stating that “The OCFO does a lot ‘verbally’; they don’t document these decisions to us.” (Exhibit 22). ██████████ also notes that “██████████ tends to not put things concerning these reallocations and funding manipulations in writing . . . CFO staff will come down and talk to us about funding manipulations ██████████ want us to do and avoid the emails.” (Exhibit 38). ██████████ concurs, noting that “██████████ are hard pressed to put anything in writing (email).” (Exhibit 27).

These examples point to significant communication and transparency problems regarding budget issues within the NWS, which led to frustration and mistrust on the part of program and financial managers. Ultimately, it falls upon the ██████████ to make sure that appropriate budget information is provided to staff and that the budget process is open and transparent. *See NOAA Finance Office Handbook*, § 6-04 (NOAA management is responsible for establishing internal controls that promote information sharing and communication).

G. NOAA, DOC, and the OIG Did Not Take Timely Action When Notified of Alleged Improprieties Within the NWS CFO’s Office

Although hindsight is 20-20, it is clear that NOAA Officials, DOC Office of the Chief Financial Officer, and the Inspector General’s Office were all made aware that there were allegations of significant problems within the NWS CFO’s Office throughout 2010 and 2011, but failed to act in time to stop the activity until the very end of FY 2011.

1. Early Complaints

In early 2010, ██████████ received an anonymous letter complaint that alleged, *inter alia*, that “[i]n each of the last several years, ██████████ has moved appropriated funds around from program to program, PAC to ORF, into labor etc. to pay for unanticipated, underfunded, underestimated, or mismanaged programs, actions, etc.” (Exhibit 43). At the time, ██████████ remembers not taking the letter seriously, because ██████████ assumed that the writer did not understand the flexibility of the NWS budget that might allow for such transfers. ██████████ has no record of when ██████████ received this letter or what ██████████ did with it, but believes that ██████████ sent the letter to the IG’s Office and Congress, since they were listed as “cc’s” on the letter, along with ██████████ (Exhibit 17). Clearly, the complaint ended up in the hands of ██████████