



Highlights of [GAO-06-600T](#), a testimony before the Committee on Government Reform, House of Representatives

Why GAO Did This Study

In response to Hurricane Katrina, countries and organizations donated to the United States government cash and in-kind donations, including foreign military assistance. The National Response Plan establishes that the Department of State (DOS) is the coordinator of all offers of international assistance. The Federal Emergency Management Agency (FEMA) within the Department of Homeland Security (DHS) is responsible for accepting the assistance and coordinating its distribution. GAO's testimony covers (1) the amount and use of internationally donated cash and (2) the extent to which federal agencies with responsibilities for international in-kind assistance offered to the United States had policies and procedures to ensure the appropriate accountability for the acceptance and distribution of that assistance.

What GAO Recommends

In its related report, ([GAO-06-460](#)) GAO made six recommendations designed to improve the policies, procedures, planning, and oversight of international cash and in-kind donations to the U.S. government in response to disasters. In comments on the draft report, DOD and DHS generally agreed with GAO's recommendations and cited actions being taken to further refine processes and procedures for managing international disaster donations to the United States.

www.gao.gov/cgi-bin/getrpt?GAO-06-600T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Davi M. D'Agostino, (202) 512-5431, or McCoy Williams, (202) 512-9095.

HURRICANE KATRINA

Policies and Procedures Are Needed to Ensure Appropriate Use of and Accountability for International Assistance

What GAO Found

Because the U.S. government had not received such substantial amounts of international disaster assistance before, ad hoc procedures were developed to accept, receive and distribute the cash and in-kind assistance. Understandably, not all procedures would be in place at the outset to provide a higher level of accountability. The Administration recognized the need for improvement in its recent report on lessons learned from Hurricane Katrina.

GAO was able to track the cash donations received to designated U.S. Treasury accounts or disbursed. In the absence of policies, procedures, and plans, DOS developed an ad hoc process to manage \$126 million in foreign cash donations to the U.S. government for Hurricane Katrina relief efforts. As cash donations arrived, a National Security Council (NSC)-led interagency working group was convened to make policy decisions about the use of the funds. FEMA officials told GAO they had identified and presented to the working group a number of items that the donated funds could be spent on. The NSC-led interagency working group determined that use of those donated funds, once accepted by FEMA under the Stafford Act, would be more limited than the wider range of possible uses available if the funds were held and then accepted under the gift authorities of other agencies. In October 2005, \$66 million of the donated funds were spent on a FEMA case management grant, and as of March 16, 2006, \$60 million remained undistributed in the DOS-designated account at the Treasury that did not pay interest. Treasury may pay interest on funds accepted by FEMA under the Stafford Act. According to DOS, an additional \$400 million in international cash donations could arrive. It is important that cash management policies and spending plan options are considered and in place to deal with the forthcoming donations so that the purchasing power of the donated cash is maintained for relief and reconstruction.

FEMA and other agencies did not have policies and procedures in place to ensure the proper acceptance and distribution of in-kind assistance donated by foreign countries and militaries. In-kind donations included food and clothing. FEMA and other agencies established ad hoc procedures. However, in the distribution of the assistance to FEMA sites, GAO found that no agency tracked and confirmed that the assistance arrived at their destinations. Also, lack of procedures, inadequate information up front about the donations, and insufficient coordination resulted in the U.S. government agreeing to receive food and medical items that were unsuitable for use in the United States and storage costs of about \$80,000. The procedures also allowed confusion about which agency was to accept and provide oversight of foreign military donations. DOD's lack of internal guidance regarding the DOS coordinating process resulted in some foreign military donations that arrived without DOS, FEMA, or DOD oversight.