

Why GAO Did This Study

In accordance with Public Law 110-329, GAO is required to audit the use of funds reimbursed to the Red Cross for relief and recovery services provided in response to 77 disasters that occurred in 2008 and were declared by the President of the United States to be major disasters. These disasters were due to flooding, tornadoes, and severe storms, including three major hurricanes that made landfall in the United States (Dolly, Gustav, and Ike). The objectives of GAO's audit were to determine if (1) FEMA established criteria and defined allowable expenditures to ensure that reimbursement claims paid to the Red Cross that met the requirements of the law, (2) funding had not been made available by other federal sources for reimbursements paid to the Red Cross, (3) reimbursements were paid only for Red Cross expenses related to 2008 disasters declared by the President, (4) reimbursement claims were supported by sufficient documentation, and (5) administrative costs charged to the appropriation by FEMA were appropriate and did not exceed statutory monetary limits.

To fulfill its audit responsibilities, GAO examined documentation supporting FEMA's reimbursements to the Red Cross for 2008 disasters and verified that they were for costs incurred for purposes allowed by law, and that administrative costs incurred by FEMA were appropriate and within statutory monetary limits.

GAO is not making any recommendations in this report.

View [GAO-12-877](#). For more information, contact Steven J. Sebastian at (202) 512-3406 or sebastians@gao.gov

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DISASTER RELIEF

Reimbursements to the American Red Cross for Certain 2008 Disaster Assistance

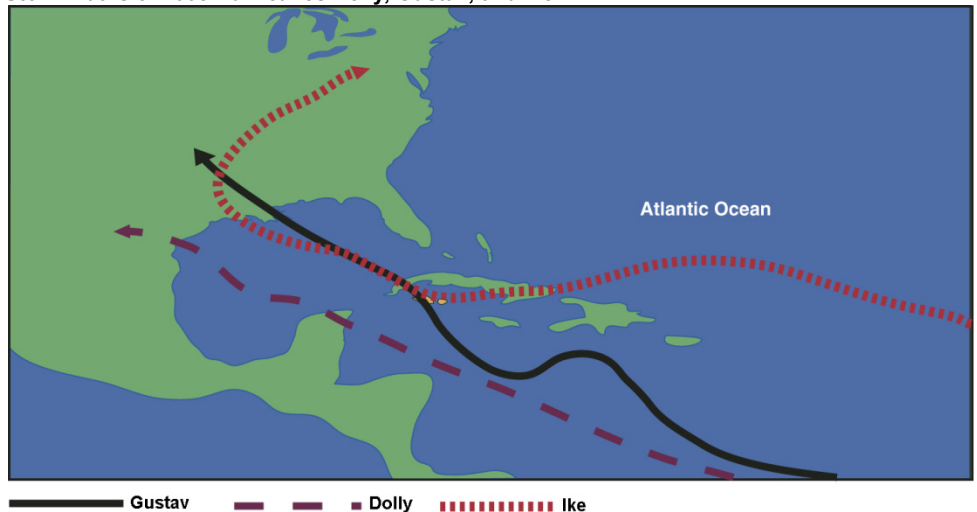
What GAO Found

GAO's review of the reimbursements the Federal Emergency Management Agency (FEMA) made to the American Red Cross (Red Cross) related to the 77 presidentially declared major disasters in 2008 found

- FEMA established criteria for the reimbursements that was consistent with the law,
- no evidence that funding from other federal sources had been made available for the costs that FEMA reimbursed,
- FEMA only reimbursed the Red Cross for the costs of disasters that occurred in 2008 and were declared by the President to be major disasters,
- claims for reimbursement submitted by the Red Cross were supported by sufficient documentation, and
- administrative costs charged to the appropriation by FEMA were for appropriate purposes and within the dollar limits permitted by law.

GAO's review encompassed \$78.8 million in claims for 2008 disaster-related direct costs the Red Cross submitted to FEMA for reimbursement from 2009 through 2011. FEMA reviewed the documentation provided by the Red Cross to support its claims to determine if they related to presidentially declared 2008 major disasters, related to allowable expenses, and were supported by sufficient documentation. Based on the results of its review, FEMA determined that \$61.6 million of the claims were valid and reimbursed the Red Cross. The remaining claims, totaling \$17.2 million, were denied by FEMA either because the basis of the claim was not considered appropriate or supporting documentation was not considered to be sufficient. FEMA also reimbursed the Red Cross for \$16.5 million in indirect overhead costs.

Storm Paths of 2008 Hurricanes Dolly, Gustav, and Ike



Source: GAO compiled from National Oceanic and Atmospheric Administration (NOAA) storm track data.

Note: For NOAA hurricane tracks, see <http://csc.noaa.gov/hurricanes/#>.