

GAO Highlights

Highlights of [GAO-17-280](#), a report to congressional committees

Why GAO Did This Study

MARAD, an agency within the Department of Transportation, maintains and operates the NDRF. The NDRF comprises merchant-type vessels that can be activated for defense and other specified purposes. MARAD has the authority to scrap or sell certain vessels that no longer warrant preservation. Proceeds from these sales are deposited in the VORF. Applicable law states that the proceeds in the VORF must be made available (allocated) to designated recipients for specified purposes. The Maritime Administrator determines the timing of disbursements of VORF funds (actual payments) to designated recipients.

The Coast Guard Authorization Act of 2015 included a provision for GAO to conduct an audit of VORF funds since fiscal year 2005. In this report, GAO assesses the extent to which (1) MARAD's accounting for and allocation of the proceeds in the VORF were consistent with applicable law and (2) MARAD's disbursement of those proceeds was consistent with applicable law. GAO recalculated the allocation of proceeds against requirements, examined support for VORF payments related to NPS and the maritime academies, and tested a statistical sample of VORF-funded MARAD and NDRF expenses.

GAO is not making recommendations. In comments on this report, the Department of Transportation stated that MARAD, as steward of taxpayer dollars, exercises management, oversight, and control over its VORF to ensure that proceeds are used consistent with applicable law.

View [GAO-17-280](#). For more information, contact William J. Cordrey at (404) 679-1873 or cordreyw@gao.gov

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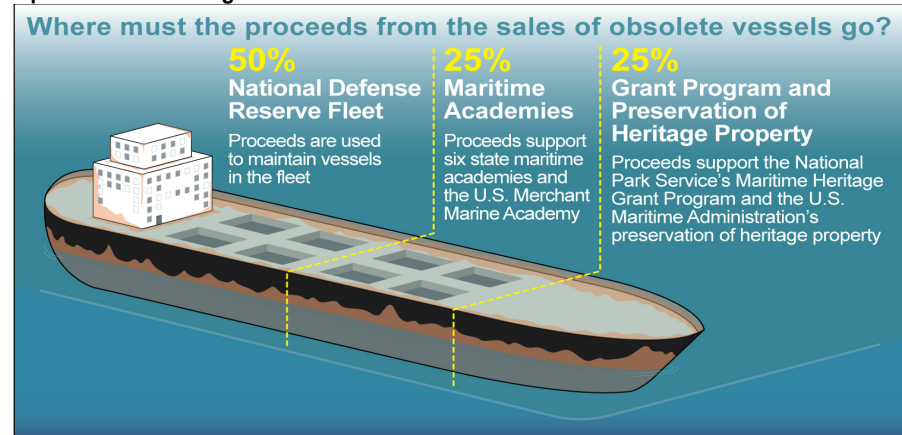
MARITIME ADMINISTRATION

Proceeds from the Sale of Obsolete Vessels Were Accounted for, Allocated, and Disbursed Consistent with Applicable Law

What GAO Found

The Maritime Administration (MARAD) accounted for and allocated about \$75.9 million in proceeds from the sale of 90 obsolete vessels from the National Defense Reserve Fleet (NDRF) in fiscal years 2005 through 2015 in the Vessel Operations Revolving Fund (VORF) consistent with applicable law.

Required Allocation of Proceeds from the Sale of Obsolete Vessels Maintained in the Vessel Operations Revolving Fund



Source: 54 U.S.C § 308704. | GAO-17-280

GAO also found that MARAD's disbursements from the VORF—of approximately \$52.6 million in fiscal years 2005 through 2015—were consistent with applicable law. Specifically, the amount of MARAD's disbursements from fiscal years 2005 through 2015 to the six state maritime academies and the National Park Service (NPS) were properly supported and consistent with applicable law. GAO also verified that MARAD's disbursements to vendors on behalf of the U.S. Merchant Marine Academy from fiscal years 2011 through 2015 were consistent with applicable law. Finally, GAO verified, based on a statistical sample, that MARAD's disbursements from the VORF from fiscal years 2011 through 2015 for the NDRF vessels and for preservation and presentation of heritage property were supported and used for purposes consistent with applicable law.

Vessel Operations Revolving Fund Proceeds and Disbursements, Fiscal Years 2005-2015

Dollars in millions

	National Defense Reserve Fleet	Maritime academies	National Park Service's National Maritime Heritage Grant Program	Maritime Administration's preservation of heritage property	Total
Proceeds from vessel sales	\$37.93	\$18.96	\$10.32	\$8.64	\$75.86
Less: Disbursements	(30.37)	(15.82)	(4.84)	(1.52)	\$(52.56)
Remaining balances as of September 30, 2015	7.56	3.14	5.48	7.12	\$23.30

Source: GAO analysis of Maritime Administration data. | GAO-17-280

Note: Numbers may not add to totals because of rounding.