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AUDIT OF
THE IMMEDIATE EMERGENCY RELIEF TO
JAMAICA FOR HURRICANE GILBERT

AUDIT REPORT NO. 1-532-89-20
June 16, 1989

AGENCY FOR INTERNATIONAL DEVELOPMENT

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June 16, 1989

MEMORANDUM

TO: Director, OFDA/Washington, Julia V. Taft

FROM: RIG/A/T, Coinage N. Gothard, Jr.

SUBJECT: Audit of the Immediate Emergency Relief to Jamaica for Hurricane Gilbert

This report presents the results of the audit of the immediate emergency relief provided to Jamaica for Hurricane Gilbert. The report has been discussed with officials from USAID/Jamaica and the Office of U.S. Foreign Disaster Assistance (OFDA). Their comments have been considered in the preparation of this report. Please advise us within 30 days of the actions planned or taken to implement the report recommendations. We appreciate the cooperation and courtesy extended our staff during the audit.

BACKGROUND

Hurricane Gilbert developed on September 10, 1988. The hurricane skirted the southern coasts of Puerto Rico, the Dominican Republic, and Haiti before directly hitting Jamaica on September 12. Hurricane Gilbert was Jamaica's worst disaster in this century. Forty-six persons were killed according to Jamaica news reports, 40,000 to 60,000 were left homeless, and the homes of another 100,000 persons were severely damaged. Winds of up to 140 miles per hour struck the island cutting telephone and electric service, destroying roofs, and damaging the international airports. Water supplies were severely disrupted and heavy rains led to flash flooding and mudslides which damaged agriculture.

On September 12, 1988, the U.S. Ambassador to Jamaica declared the situation a disaster of sufficient magnitude to warrant U.S. Government assistance. OFDA responded by immediately sending emergency relief, valued at $1.5 million, to Jamaica to improve the condition of the disaster victims during the initial 60-day period following the hurricane.

AUDIT OBJECTIVES AND SCOPE

The 1989 Foreign Assistance Appropriations Act mandates the A.I.D. Inspector General to closely monitor the uses of Jamaica disaster assistance and to provide an accounting for the uses of the funds. This report covers the relief provided in the initial period following the hurricane of September 12, 1988. Separate reports will be issued on the review of the short-term Emergency Rehabilitation Project No. 532-0185.

The Office of the Regional Inspector General for Audit/Tegucigalpa performed a limited-scope financial related audit of the immediate emergency relief provided by OFDA. The specific objectives of this review were limited to: (1) account for the commodities and other assistance provided by OFDA to the Government of Jamaica (GOJ) and (2) determine whether assistance provided by OFDA reached disaster victims in Jamaica.

The audit covered about $1.5 million of emergency commodities and services and tested $888,000 of those items. We conducted the field work for this report from October 5, 1988, to February 22, 1989, in Jamaica. We examined records of OFDA and the GOJ and interviewed officials from those entities and from USAID/Jamaica. We also visited selected organizations involved with the disaster assistance. We limited the review of internal controls and compliance to the activities discussed in this report and performed the audit in accordance with generally accepted government auditing standards.

RESULTS OF AUDIT

The review showed that there was not an adequate accounting of the receipt and distribution of relief supplies provided by OFDA. Accordingly, we were not able to determine for tested items that the assistance provided by OFDA reached disaster victims in Jamaica.

A.I.D. responded quickly to the hurricane of September 12, 1988, with emergency relief supplies and services worth $1.5 million. Most of these supplies arrived in Jamaica during the first week of the disaster. USAID/Jamaica quickly identified the need to establish records of arriving relief goods since there was no obvious GOJ recordkeeping system in place for these supplies, and detailed staff and equipment to establish an inventory. USAID/Jamaica subsequently suggested to OFDA methods to improve accountability, which we generally endorse, based on the Hurricane Gilbert experience.

The audit disclosed that some relief supplies were distributed without being recorded in receipts/distribution records. Our report recommends that model monitoring and accounting systems and procedures be developed, appropriate A.I.D. Handbooks be amended and a training program be implemented to educate Mission and OFDA personnel about their roles and responsibilities in monitoring and accounting for disaster relief assistance.

Accountability Was Less Than Adequate

Some relief supplies were distributed without being recorded in receipts/distribution records. This occurred because of the pressure on Jamaican and United States officials to quickly respond to the needs of disaster victims and also because A.I.D. had not clearly defined roles and responsibilities nor developed model systems and procedures for monitoring and accounting for disaster relief that could be put in place immediately following a disaster. As a result, there was not an adequate accounting, as required by our system of government, of the receipt and distribution of the OFDA relief assistance.

Discussion - OFDA assembled a rapid response team consisting of staff from A.I.D. and the Dade County (Florida) Fire and Rescue Department to assess what was needed to provide immediate relief for the disaster victims in Jamaica. This assessment began on September 13, 1988. A result of this assessment was that OFDA provided commodities and communication, transportation, and technical services to the GOJ for immediate emergency relief at a cost of about $1.5 million. Of this, approximately $130,000 was for relief supplies such as tents and blankets (see exhibit 1). Most OFDA-funded supplies arrived during the first week of the disaster.

The following three subsections will summarize: 1) the recordkeeping system for the disaster relief, 2) the Price Waterhouse audit of all disaster assistance to Jamaica, and 3) RIG/A/T's review of OFDA disaster relief.

Recordkeeping - The OFDA in-country team prepared receiving reports for OFDA commodities, however, there was no obvious GOJ recordkeeping system in place for these supplies, or for any others arriving from many donors. In response to this deficiency, the Government of Jamaica, Office of Disaster Preparedness (GOJ/ODP) with the assistance of USAID/Jamaica designed and installed a computerized tracking system which USAID/Jamaica personnel, based at the airport, operated for about two days. The system was then turned over to and operated by personnel from GOJ/ODP.

The GOJ/ODP, with the assistance of the Jamaica Defense Force (the Defense Force), was responsible for receiving, recording, and distributing most of the relief supplies which arrived in Jamaica following Hurricane Gilbert. Under the supervision of the GOJ/ODP, Defense Force personnel unloaded aircraft and recorded items received on a daily receipts/issue summary. Documents which accompanied shipments were retained by the Defense Force. Issue vouchers were prepared by Defense Force personnel for items distributed and were summarized on a daily basis on the receipts/issue summary. Copies of issue vouchers and receipts/issue summaries were sent to the GOJ/ODP office and were used to compile a summary report of receipts and distributions of donations.

Price Waterhouse Audit - A few weeks after the disaster, the GOJ arranged for the firm of Price Waterhouse to conduct an audit of all disaster assistance provided to Jamaica from all sources. As part of this audit,

Price Waterhouse reviewed the relief activities of the GOJ/ODP. Price Waterhouse's preliminary report indicated that it was unable to express an opinion as to whether relief supplies received and distributed by the GOJ/ODP were as reflected in their records because of the following findings.

> During September, when the summary report of receivals [receipts] and distributions was being compiled at the Norman Manley Airport [Kingston] there were items entered in the report which could not be traced to any of the daily receipts/issues summaries even though there were summaries for each day of the period.
>
> Information contained in the receipts/issues summaries was often incomplete as to the donor of relief supplies. In many instances, also, information as to the recipient of relief supplies distributed was incomplete.
>
> While tracing from receipts/issues summaries to the summary report of receivals [receipts] and distributions, it was observed that some information contained in the daily summaries had been omitted from the consolidated summary.
>
> We [Price Waterhouse] observed that quantities of items issued differed from quantities received in many instances, with issues exceeding receivals [receipts] more often than not.
>
> The record maintained by the GOJ/ODP is almost entirely in respect of the operations at Norman Manley Airport. A record of the operations at the Donald Sangster Airport [Montego Bay] commenced on October 20, 1988, however, we [Price Waterhouse] did not see documentation in support of any activities which took place after that date nor were there any entries in the GOJ/ODP summary report.

Incomplete and Inaccurate Records - We compared OFDA's listing of the immediate emergency relief it provided for the hurricane relief effort with the GOJ/ODP's record of receipts and issues of hurricane relief supplies received from external donors. The OFDA and GOJ/ODP records agreed on some items, and differed on other items.

For example, the GOJ/ODP had no record that it received ten chain saw kits which were provided to the GOJ at a cost of $2,700 according to OFDA records. Also, according to OFDA records the U.S. Government provided eighteen 5,000-gallon water tanks; however, the GOJ/ODP recorded the receipt of fourteen water tanks. The difference represented a cost of $9,600. Conversely, GOJ/ODP records indicated that it received more

blankets and more water jugs than OFDA sent (see exhibit 1). We selected two locations that received tents and traced tent distribution to the receiving organizations, with the following results.

According to GOJ/ODP records, the GOJ received 1,153 tents from the U.S. Government and private U.S. donors, 614 of which were from OFDA. A GOJ/ODP official told us that all of the tents from the U.S. were sent to the Ministry of Social Security (the Ministry) for distribution; however, we were unable to verify this because records of receipts were incomplete. We reviewed the receiving and distribution reports at the Central Food Organization, a Ministry warehouse. These records showed that 964 tents, including the 614 OFDA-provided tents, had been received from the U.S., which represented a shortage of 169 tents. Of the 964 tents, 662 had been distributed, and 302 remained in stock at the warehouse. The tents that remained in stock were individual tents which were considered less useful than the 6-person tents provided by OFDA. USAID/Jamaica and the GOJ did not want to create tent cities in Jamaica. Instead, the GOJ apparently successfully encouraged many homeless persons to move in with their friends or relatives until they could rehabilitate their own homes. When the number of people in temporary shelters such as schools had been reduced as much as possible, tents were issued to those remaining.

We visited three organizations in St. Thomas and St. Andrew Parishes where the Ministry records showed they had distributed 56 tents, which represented eight percent of all the tents that had been distributed. The six tents received by two organizations in St. Andrew agreed with Ministry records and were in use. However, we were advised by the Minister of the church in St. Thomas that was named as recipient of 50 tents that he did not in fact receive any tents as shown in Ministry records.

According to a USAID/Jamaica RHUDO official, OFDA shipped 590 tons of zinc roofing and associated supplies such as nails to the GOJ. GOJ/ODP records indicated that the roofing material had been received by the Jamaica Commodity Trading Corporation (the Trading Corporation). We were not able to confirm that this exact quantity of roofing material was received by the Trading Corporation. The Trading Corporation records showed that 90,500 sheets of zinc roofing had been received from OFDA, which approximates 750 metric tons of zinc, using the Trading Corporation's estimate of 120 sheets of roofing per metric ton.

Approximately twenty-three percent of the roofing had been sold to distributors of hardware supplies; the balance remained in the Trading Corporation's warehouse. Sales of this shipment of roofing had been slow primarily because the specifications of these supplies were different from what Jamaicans were accustomed. For example, the roofing sheets were a thinner guage of steel than the sheets that Jamaicans usually purchased. Also, the hurricane ties funded by OFDA were 8 to 12 inches longer than the ties to which Jamaicans were accustomed. USAID/Jamaica is working to resolve the sales problem by trying to locate users for the OFDA-funded roofing material.

In summary, the above three subsections show that although there was some recordkeeping employed, it was not adequate enough for Price Waterhouse to express an opinion as to whether relief supplies received and distributed by the GOJ/ODP were as reflected in their records. Also, RIG/A/T's review disclosed that GOJ/ODP records agreed with OFDA records for some commodity items of relief assistance and differed for others. We visited two of the organizations that received OFDA-provided supplies and found that their records differed with GOJ ODP records. We visited three organizations that, according to Ministry records, had received 56 tents, but we could only locate 11 percent of these tents.

There were several reasons why the accounting of the immediate emergency relief supplies provided by OFDA was not adequate. Three of the most important reasons were that local and U.S. Government officials were under enormous pressure to quickly respond to local needs following the hurricane, there was no standardized system or procedures to control the supplies, and responsibilities were not clearly defined. The first airplane of relief supplies to arrive was from OFDA. According to the USAID/Jamaica Director, in a disaster situation officials do not hold up the distribution of relief pending the establishment of distribution mechanisms. But inevitably this means that adequate tracking will be impossible unless standardized controls and defined responsibilities are in place.

USAID/Jamaica identified the necessity to establish records of arriving relief goods and on the fifth day following the disaster, detailed staff and equipment to the airport to establish an inventory of all arriving supplies from all sources on behalf of the GOJ. USAID/Jamaica staff prepared this inventory for a few days and then turned the activity over to the GOJ/ODP. The inventory, however, was not accurate because of the reasons discussed here and, as described earlier, differences existed between OFDA and GOJ/ODP records.

Additionally, according to Price Waterhouse the records of the GOJ/ODP do not include activities which took place in the initial days after the hurricane, a period when responsibility for coordination of emergency relief supplies was temporarily reassigned from the GOJ/ODP to another GOJ office. This was confirmed by the OFDA Regional Advisor in a December 5, 1988, report to USAID/Jamaica and also by USAID/Jamaica and GOJ/ODP officials in discussions with us.

Finally, in our opinion A.I.D. Handbook 8, U.S. Foreign Disaster Assistance, does not clearly define which A.I.D. office is responsible to define the extent of the accounting that is to be done for relief supplies shipped immediately after a disaster, or who is directly responsible for ensuring that it is done. USAID Jamaica's position was that in this instance it was the responsibility of OFDA to account for the relief because OFDA allocated the relief assistance funds. A.I.D. Handbook 19, however, states that: "All relief materials shipped are consigned to the U.S. Ambassador to the country where the disaster occurred, except when other arrangements are made with OFDA. The U.S. Mission is responsible for examining and counting the items upon arrival,

and for notifying OFDA by telegram the quantity (and condition if damaged) of each line item received." USAID/Jamaica staff were not aware of Handbook 19 requirements regarding disaster assistance and were confused as to whether USAID/Jamaica or OFDA was responsible to monitor the relief assistance. OFDA belives that many U.S. Missions are not fully aware of the different roles and responsibilities of field-based and U.S.-based staff in carrying out the monitoring and accounting activities for relief assistance provided by OFDA following each disaster. OFDA believes that a training program for Mission and OFDA personnel would greatly improve the understanding of roles and responsibilities during a disaster.

We concluded that the system for accounting of the OFDA relief assistance was not adequate. Further, without determining before a disaster and before shipping relief supplies the responsibility and procedure to account for the relief assistance, future accountability is almost impossible.

We also concluded that due to the inadequacy of the records and the fact that the disaster relief effort involved multiple donors, it would not be cost-effective to reconcile differences between OFDA and GOJ/ODP records. Accordingly, we do not recommend that action be taken to investigate and reconcile those differences.

Recommendation No. 1

We recommend that the Office of U.S. Foreign Disaster Assistance:

a. with appropriate and adequate support from the Directorate for Program and Management Services, develop a model system and procedures for the receipt, storage, distribution and end-use monitoring of the Office of U.S. Foreign Disaster Assistance-funded relief supplies;

b. with appropriate support from the Directorate for Program and Management Services, amend appropriate A.I.D. Handbooks to include the model system and procedures, as well emphasizing the clear definition of the roles and responsibilities for both the Office of U.S. Foreign Disaster Assistance and the field Mission in monitoring and accounting for relief supplies; and

c. issue a communication or directive as a standard declaration immediately after each disaster to the field Mission which operationalizes the requirements of the appropriate A.I.D. Handbooks regarding monitoring and accounting for relief supplies.

Recommendation No. 2

We recommend that the Office of U.S. Foreign Disaster Assistance provide the technical contents to the Bureau for Personnel and Financial Management/Office of Personnel Management/Training Division for a training program to educate U.S. Mission and Office of U.S. Foreign Disaster Assistance personnel about their roles and responsibilities in

monitoring and accounting for disaster relief assistance. The Office of U.S. Foreign Disaster Assistance shall be responsible for training its own personnel and for working with the Bureau for Personnel and Financial Management/Office of Personnel Management/Training Division to ensure that such training is made available to U.S. Mission personnel.

Management Comments

OFDA agreed with the findings and the intent of the recommendations in our draft report. However, OFDA was concerned that they did not have sufficient resources to implement the recommendations in a timely fashion. OFDA's complete comments are presented in appendix 1.

Office of Inspector General Comments

We believe that the OFDA concerns about implementing the recommendations in a timely fashion are valid. Consequently, we have modified the recommendations contained in our draft report to make them more actionable.

EXHIBIT 1

OFDA FUNDING FOR HURRICANE GILBERT

Item	Quantity Provided by OFDA	Quantity Received by ODP 2/	Estimated Cost (U.S. $)
Blankets	9,600	9,610	$ 37,920
Plastic Sheeting	294	221	85,231
3,000-Gallon Water Tanks	18	14	43,200
5-Gallon Water Jugs	3,815	3,013	5,265
Chain Saw Kits	10	0	2,700
Tents	614	614	257,880
Zinc Sheeting	590 tons 3/	750 metric tons 4/	603,243
Cost & Transport of Radio Items & Technician	N/A	N/A	34,000
Use of Satellite Communications System	N/A	N/A	20,500
DOD Airlifts of Assessment Team & Emergency Items	N/A	N/A	114,000
DOD Airlift of 320 Tents	320	320	22,000
Transport & Initial Assessment Costs of Florida P&L Team	N/A	N/A	110,620
Transport of Portable Hospital 1/	N/A	N/A	33,000
Airlift of Zinc Sheeting	N/A	N/A	100,000
Travel & Living Expenses of Assessment Team	N/A	N/A	12,000
TOTAL			$1,486,559

1/ The portable field hospital was a donated item from the State of North Carolina. Its estimated value is $1 million.

2/ Office of Disaster Preparedness of the Government of Jamaica

3/ USAID/Jamaica/RHUDO estimate

4/ Jamaica Commodity Trading Corporation estimate

EXHIBIT AND APPENDICES

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D.C. 20523

May 16, 1989

MEMORANDUM

TO: AIG/A/T, Coinage W. Gothard, Jr

FROM: Barry N. Heyman, LAC Assistant Director/OFDA

SUBJECT: Comments on Audit of Emergency Relief to Jamaica for Hurricane Gilbert

Per your request, attached are the comments of OFDA on the audit report on emergency relief to Jamaica.

If you have any questions regarding the attached recommendations, please do not hesitate to contact me. I am willing to discuss these the recommendations with you at any time.

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D.C. 20523

Memorandum

May 15 1984

TO: RIG/A/T, Coinage N. Gothard, Jr

FROM: OFDA/OD, Julia V. Taft

SUBJECT: Audit of Emergency Relief to Jamaica for Hurricane Gilbert

OFDA reviewed subject audit and found that it generally is an accurate representation of the events in Jamaica associated with Hurricane Gilbert. We appreciate the changes which you made based on the results of your meeting with OFDA staff.

We also concur that the intent of the audit recommendations will impact positively in how post-disaster assistance can be accounted for in the future. Our only concern regarding the recommendations is that they do not adequately recognize that OFDA has a small staff, with limited resources and that for the recommendations to be carried out staff resources from other offices will be necessary. Without the support from these offices, OFDA will be hard pressed to implement the recommendations in a timely fashion. We also do not have all the required technical expertise.

Therefore, I would like to suggest that the recommendations be modified as follows:

Recommendation: No. 1

We recommend that OFDA:

a. with appropriate and adequate support from M/SER/OP, develop a model system and procedures for the receipt, storage, distribution and end-use monitoring of OFDA-funded relief supplies. It is the responsibility of the affected U.S. Mission to familiarize itself with the system and procedures and, following a disaster, to implement them to ensure that relief supplies are adequately monitored and accounted for;

b. with appropriate support from M/SER, amend appropriate A.I.D. Handbooks to include the model system and procedures, as well emphasizing the clear definition of the roles and responsibilities for both OFDA and the field Mission in monitoring and accounting for relief supplies; and

With regard to subsection b., we concur with the statement as to

Recommendation No. [illegible]

We recommend that OFDA provide the technical contents to PFM PM/TD for a training program to educate U.S. Mission and OFDA personnel about their roles and responsibilities in monitoring and accounting for disaster relief assistance. OFDA shall be responsible for training its own personnel. U.S. missions shall be responsible for their personnel. PFM PM/TD will provide the necessary support to ensure that such training is made available to U.S. Mission personnel.

drafted BNHeyman/bnh ;audit;5/15/89

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