



Highlights of [GAO-13-83](#), a report to the Ranking Member, Committee on Foreign Relations, U.S. Senate

Why GAO Did This Study

The proliferation of weapons of mass destruction and advanced conventional weapons poses significant threats to U.S. and international security. State's NDF began operating in 1994 to help combat such threats by funding a variety of nonproliferation and disarmament projects. NDF's legal authorities provide it significant flexibility to perform its work and it has initiated high-profile projects in locations that are significant to U.S. interests. Nonetheless, questions have been raised about how NDF has used its authorities, including its authority to carry over balances into future fiscal years, and the extent to which NDF is effectively implementing its activities. This report examines (1) State's use of NDF authorities in developing and implementing NDF projects and (2) the extent to which State has conducted a program evaluation of NDF and used this information to improve program performance. To conduct this review, GAO analyzed NDF program and project data and documentation, analyzed a sample of NDF project close-out documents, and interviewed NDF and other U.S. officials.

What GAO Recommends

GAO recommends that State (1) develop a methodology for determining the amount of carryover reserves needed to meet program requirements, (2) develop guidance for determining when inactive NDF projects should be closed out, (3) conduct periodic program evaluations of NDF, and (4) establish requirements for the types of information to be included in project close-out reports. State agreed with the recommendations.

View [GAO-13-83](#). For more information, contact Thomas Melito at (202) 512-9601 or melitot@gao.gov.

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NONPROLIFERATION AND DISARMAMENT FUND

State Should Better Assure the Effective Use of Program Authorities

What GAO Found

The Department of State's (State) Nonproliferation and Disarmament Fund (NDF) has several key authorities that provide it significant operational flexibility; however, it has not determined its needed carryover balances and it has taken years to close out many of its projects in the absence of guidance for closing them. Annual appropriations bills have consistently provided NDF with three key authorities that it has used to carry out its activities. First, NDF has the authority to undertake projects notwithstanding any other provision of law. NDF has used this authority to fund projects in countries, such as North Korea, where U.S. assistance is prohibited by U.S. sanctions and other legal restrictions. Second, NDF has the authority to undertake projects globally. NDF has used this authority to fund projects in numerous regions around the world, in contrast with other U.S. nonproliferation programs, which have historically focused on countries in the former Soviet Union. Third, NDF's appropriations do not expire within a particular time period, enabling NDF to carry over balances from year to year not designated for specific projects. However, NDF has not determined appropriate levels for these balances, which increased significantly in the past few years. Additionally, NDF has sometimes taken many years to close projects, including those where work was never started or was suspended, and has not established criteria to determine when inactive projects should be closed and unexpended resources made available for other projects. As a result, NDF funds may be tied up for years in inactive projects, precluding the funds' use for other projects.

State has never conducted a program evaluation of NDF. In February 2012, State developed a policy requiring bureaus to evaluate programs, projects, and activities, and outlined the requirements for these evaluations. As part of this policy, State required bureaus to submit an evaluation plan for fiscal years 2012 through 2014 that identified the programs and projects they plan to evaluate. However, the Bureau of International Security and Nonproliferation (ISN), which oversees NDF, did not include NDF in its fiscal years 2012 through 2014 evaluation plan. State currently lacks information that could be used to conduct a program evaluation and to improve NDF's management of the program. Project close-out reports are critical to the process of closing out a project and identifying lessons learned, but NDF project close-out reports do not contain information that could enable NDF to better manage its program. For example, not all close-out reports address the results of the project. NDF uses e-mails and face-to-face meetings to communicate lessons learned without documenting them. Established standards suggest that these should be transferred to a database of lessons learned for use in future projects and activities, an action State officials said they are considering taking. NDF has also produced a project management guide to encourage project managers to use standard procedures and write close-out reports, but does not require the use of this guide. In addition, the guide does not detail a format for project managers to use in preparing their close-out reports or list the information that project managers must address. NDF officials said they plan to develop standard operating procedures to address these issues, but had not done so as of November 2012.