



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-GEER-24-14

(U) What OIG Audited

(U) From February through December 2022, the Bureau of International Security and Nonproliferation (ISN) administered more than \$82 million in grants, cooperative agreements, contracts, and interagency agreements to support Ukraine and neighboring countries affected by Russia's invasion. Among other things, the funding has been obligated for border security; advisory services; and critical equipment and training across the chemical, biological, radiological, nuclear, and explosive spectrum.

(U) The Office of Inspector General (OIG) conducted this audit to determine whether ISN administered its assistance programs and efforts in Ukraine in accordance with federal law and Department of State (Department) requirements. To perform the audit, OIG judgmentally selected for detailed review 15 implementing vehicles administered by ISN to aid Ukraine. The selected implementing vehicles were associated with a total of \$64 million in obligations during the period.

(U) What OIG Recommends

(U) OIG made four recommendations to ISN to improve risk assessments and monitoring of its assistance to Ukraine. Based on management's response to a draft of this report (see Appendix C), OIG considers all four recommendations resolved, pending further action. A synopsis of management's comments on the recommendations offered and OIG's replies follow each recommendation in the Audit Results section of this report.

(U) March 2024

(U) OFFICE OF AUDITS

GLOBAL EMERGENCIES AND EMERGING RISKS

(U) Audit of the Bureau of International Security and Nonproliferation Administration of Assistance to Ukraine

(U) What OIG Found

(U) In administering its Ukrainian assistance programs, ISN generally complied with applicable requirements by performing required vetting and other due diligence, assessing and accepting risks, and using alternative methods for monitoring its assistance where in-person monitoring was not feasible. However, OIG noted ways in which ISN's administration of its assistance to Ukraine in two of these areas—risk assessment and monitoring—could be improved.

(U) First, ISN based the risk assessments for its Ukraine activities on some subjective considerations and conditions that have since changed. To the extent ISN continues to provide support for Ukraine—including the provision of sensitive technologies—ISN should reassess risks to safeguard against over reliance on subjective considerations and to account for changes to the risk environment. Provided this updated assessment, ISN would be in a better position to apply appropriate mitigation measures in response to identified risks.

(U) Second, given non-permissive conditions and staffing limitations at Embassy Kyiv, ISN employed alternative methods for monitoring its assistance in Ukraine. For instance, ISN required end users to certify receipt of equipment and report on its use and status but were unable to travel to visit end users in-person to verify the accuracy of information reported by recipients. In line with identified risk mitigation plans for grants and cooperative agreements, ISN should explore other options for providing in-person monitoring.

(U) OIG also observed that ISN relied on the review of award recipients' progress reports to support its program monitoring efforts; however, those reports lacked comparisons of accomplishments to program objectives. ISN could improve monitoring efforts by requiring and enforcing terms and conditions for performance reports that include comparative information to facilitate an assessment of progress against program objectives.