



(U) Results in Brief

(U) The DoD and Department of State OIG Joint Audit of U.S. Assistance Provided in Support of Ukraine Through the Foreign Military Financing Program

September 26, 2025

(U) Objective

(U) The objective of this joint audit was to determine whether the Department of Defense (DoD) and Department of State (State) appropriately administered and managed foreign military financing (FMF) provided in response to Russia's war against Ukraine.

(U) Background

(U) The FMF program is part of the security assistance authorized by the Arms Export Control Act that enables eligible partner nations to purchase U.S. defense articles (such as weapons and other equipment), services, and military training. The FMF program follows the Foreign Military Sales (FMS) process. FMF is a source of financing provided to a partner nation through the issuance of a grant (non-repayable) or direct loan. FMF funds are transferred to a U.S.-controlled account maintained on behalf of the foreign partner and executed by the U.S. Government.

(U) Since Russia's 2022 invasion of Ukraine, Congress approved Ukraine to use FMF as a source of financing for FMS cases. Specifically, in FY 2022 and FY 2023, Congress appropriated \$4.24 billion in FMF funds for Ukraine and those countries affected by the war in Ukraine.

(U) Findings

(U) The DoD and State generally administered and managed FMF funds for the 4 Ukraine FMF cases we reviewed, valued at \$243 million,

(U) Findings (cont'd)

(U) from a total of 11 cases, valued at \$282 million, in accordance with established processes. Although the FMS process can typically take multiple years to complete based on the complexity of the case, the DoD and State generally executed FMF cases for Ukraine in a shorter timeframe. This occurred because the DoD and State modified standard processes and procedures to execute FMF funds to Ukraine during contingency operations. However, these modified procedures were not documented within existing DoD and State guidance. In addition, we identified opportunities to improve and enhance the FMF program between the two Departments, such as establishing a joint FMF case documentation repository and developing an interagency agreement for administering and managing FMF funds.

(U) The DoD and State could increase efficiency in the overall execution and oversight of the FMF program by incorporating the modified procedures into policies and procedures.

(U) Recommendations

(U) We recommend that the Assistant Director for the Office of Strategy, Plans, and Policy, Defense Security Cooperation Agency, and the Assistant Secretary, Bureau of Political-Military Affairs, Department of State, review the FMS process and update their respective FMF guidance to incorporate efficiencies identified while supporting a contingency environment in Ukraine that could improve the overall FMS process, including unique circumstances or exceptions to requirements needed during contingency operations.

(U) We recommend that the Assistant Secretary, Bureau of Political-Military Affairs, Department of State, in coordination with the Assistant Secretary of Defense, Strategy, Plans, and Capabilities, Office of the Under Secretary of Defense for Policy, develop and implement an interagency agreement between State and the DoD that governs the administration and management of FMF funds.



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(U) Management Comments and Our Response

(U) The Acting Assistant Secretary of Defense, Strategy, Plans, and Capabilities, Office of the Under Secretary of Defense for Policy; Acting Assistant Director for the Office of Strategy, Plans, and Policy, Defense Security Cooperation Agency; and the Bureau of Political-Military Affairs, Department of State, agreed with the recommendations; therefore, they are resolved, but will remain open, pending further action. We will close these recommendations once management provides documentation showing that the actions are complete.