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Review of the Bureau of International Narcotics and Law Enforcement Affairs' Property Donations to Ukraine

BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS

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SUMMARY OF REVIEW

Since Russia's full-scale invasion of Ukraine in February 2022, the U.S. government has provided approximately \$67 billion in security assistance to Ukraine, as of March 2025. Of this amount, the Department of State (Department), Bureau of International Narcotics and Law Enforcement Affairs (INL) committed almost \$1 billion in training and assistance, representing the largest inventory of INL property worldwide and including more than 146,000 donated items that were subject to end-use monitoring (EUM) requirements and more than one million donated items that were not subject to EUM, as of July 2024.

Kearney & Company, P.C. (Kearney), acting on the Office of Inspector General's (OIG) behalf, conducted a review of the Department's INL property donations to Ukraine to: (1) describe the number and acquisition value of property acquired and donated to Ukrainian government entities, and (2) determine the extent to which INL complied with applicable Department and INL property management standards throughout the property lifecycle for commodities and equipment provided to Ukraine.

Kearney found that INL lacked processes to maintain complete and accurate data for assets that it acquired and donated to the Ukrainian government. Specifically, the Department system INL used to manage its property donations lacked acquisition costs for items INL identified as either retired or disposed. Additionally, data available for INL-donated items not subject to EUM requirements was incomplete and inaccurate. Without accurate data regarding the items INL donated to Ukraine, staff charged with overseeing the property may lack visibility into key metrics associated with the bureau's assistance to Ukraine, potentially resulting in misinformed decisions or inaccurate information provided to responsible parties.

Despite the inaccurate data, Kearney found that INL generally complied with property management standards for the items donated to Ukraine. Kearney reviewed a statistically significant sample of 145 donated items subject to EUM requirements and identified 6 discrepancies between the data contained in INL's official system of record and the transfer documentation supporting the donation. Similarly, Kearney reviewed a non-statistically significant sample of 78 donated items not subject to EUM and identified 7 errors in the official system of record.

Kearney made four recommendations to improve the Department's ability to oversee and track INL's donated property, including items subject to EUM requirements. In its comments on the draft report, the Department concurred with all four recommendations. OIG considers all four recommendations resolved. The Department's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The Department's formal written responses are reprinted in their entirety in Appendix B.

BACKGROUND

Federal law requires that U.S.-origin defense articles and services furnished as military assistance be furnished solely for internal security and for legitimate self-defense.¹ As of March 2025, the U.S. government has provided approximately \$67 billion in civilian and military security assistance to the government of Ukraine since Russia's full-scale invasion of Ukraine on February 24, 2022, an increase from the approximately \$2.7 billion cumulatively provided from 2014 to 2021. The Department has broad interagency policy responsibilities for the continuous supervision and general direction of exports of U.S.-origin defense articles and services, including an EUM program.² INL provides security assistance to the Ukrainian government, including by supplying equipment subject to EUM requirements.³

INL conducts a broad range of activities, including foreign assistance, bilateral diplomacy, and multilateral engagement. One of INL's core lines of effort involves providing foreign assistance to combat transnational crime and promote global stability.⁴ Since Russia's full-scale invasion of Ukraine, INL has committed nearly \$1 billion in assistance to Ukrainian partners, including training and equipment, to strengthen the capacity of Ukraine's law enforcement and border security agencies to respond in conflict and immediate post-conflict environments. INL's equipment donations include personal protective equipment, medical supplies, field gear, tactical equipment, and vehicles. INL classifies this equipment as either subject to EUM requirements or not subject to EUM requirements (non-EUM). According to INL, Ukraine holds the largest INL property inventory worldwide, with donations of EUM assets increasing from 12,000 in January 2022 (prior to the full-scale Russian invasion) to over 146,000 assets as of July 2024.

¹ See 22 United States Code (U.S.C.) § 2302.

² The Department requires certain property purchased with foreign assistance funds be monitored to ensure it is used for its intended purposes, known as end-use monitoring. For instance, INL equipment valued at more than \$10,000 or items designated as defense articles, munitions, or dual-use items are subject to this requirement, which posts are obligated to review and follow. See INL Standard Operating Policy/Procedure for End Use Monitoring, Sections 6.3.2 and 6.3.3, December 12, 2023. End-use monitoring fulfills the requirements of Section 484(b) of the Foreign Assistance Act of 1961, as amended, and Chapter 3A, Section 40A of the Arms Export Control Act. See 22 U.S.C. § 2291c(b) and 22 U.S.C. § 2785.

³ For more information on INL's cooperation with Ukraine, see: Department of State, "Bureau of International Narcotics and Law Enforcement Affairs: Ukraine," <https://2021-2025.state.gov/bureau-of-international-narcotics-and-law-enforcement-affairs-work-by-country/ukraine-summary/>.

⁴ For more information on INL's mission, leadership, key topics, remarks, releases, reports, and work conducted by country, see: Department of State, "About Us – Bureau of International Narcotics and Law Enforcement Affairs," <https://2021-2025.state.gov/about-us-bureau-of-international-narcotics-and-law-enforcement-affairs/>.

INL Roles and Responsibilities

The INL Assistant Secretary oversees INL personnel, including regional and executive Deputy Assistant Secretaries. The bureau's Executive Office⁵ (INL/EX) is located in Washington, D.C. and works directly with INL Kyiv (INL-Kyiv) leadership to procure, donate, and monitor security assistance to Ukraine. According to INL, INL/EX receives budget authorization through congressional notifications and receives congressional approval for key lines of effort that can be supported by designated streams of funding. INL/EX then compiles Annual Program Concept Notes (APCN) to determine priority procurements for the year, while reserving the right to approve additional projects with need for immediate action. Upon receipt of equipment requests from Ukrainian partners, the INL-Kyiv director reviews the request for validity and feasibility⁶ prior to granting approval. Once approval is granted, the procurement request is assigned to a contracting officer's representative,⁷ who compiles and delivers the applicable procurement package based on the requirements of the utilized procurement office. The contracting officer's representative manually updates a procurement tracker with details regarding current projects in progress and closes out the contract upon receipt of procured assets.

Procured assets are received via land deliveries, charter flights, or ocean charters. INL coordinates shipment and receipt of assets via land deliveries to the INL-Kyiv warehouse where Embassy Kyiv staff or, at the time of this review, members of the Department of Justice's International Criminal Investigative Training Assistance Program received them.⁸ In addition, assets subject to EUM are given tracking tags.⁹ For charter flights and ocean charters, assets are received at designated destinations in Poland, tagged by staff, and are shipped to the INL-Kyiv warehouse for further distribution.¹⁰ Once assets are received, INL drafts transfer letters that are signed by Ukrainian partners and the INL-Kyiv director to confirm the date of transfer and the quantity and description of the assets. The INL-Kyiv support team manually updates a transfer letter tracker reflecting the transaction and enters assets subject to EUM into the

⁵ In 2025, after the start of this review, INL underwent a bureau reorganization and renamed its Executive Office as the Office of Security Assistance and Operations (INL/SAO). Throughout this review, the office is still referred to as INL/EX.

⁶ Determination of validity and feasibility of procurement requests involves reviewing the APCN and considering the following factors: donor overlap, intended asset usage, foreign policy goals, and asset sustainability.

⁷ INL assigns contracting officer's representatives based on their developed portfolios which include their experience and expertise over categories such as drones, aviation, information technology, vehicles, weapons, ammunition, etc.

⁸ INL designated the International Criminal Investigative Training Assistance Program as an implementing partner for EUM to support INL compliance with EUM guidance in a non-permissive environment, including supporting INL's receipt of assets via land deliveries, ocean charters, and charter flights.

⁹ Assets subject to EUM are tagged by INL-Kyiv and the International Criminal Investigative Training Assistance Program upon receipt to facilitate future monitoring. Asset tags display a unique asset identifier and are placed onto the asset prior to being recorded in the ILMS INL-EUM module.

¹⁰ Mine-resistant ambush protected vehicles are not sent to the INL-Kyiv warehouse and are instead deployed to the frontlines of combat, or other priority locations, once received and tagged.

Department's Integrated Logistics Management System (ILMS) INL-EUM Module for further tracking. ILMS is used by the Department to monitor property acquisition, transfer, and disposal activity. INL inputs and tracks EUM asset data in the ILMS INL-EUM module as the source record of data for INL. The INL-EUM module contains asset condition codes and comments regarding the status of in-service EUM assets. The INL-Kyiv EUM Coordinator Lead oversees data entry, reviews data input for accuracy, and runs queries to analyze EUM asset data.

INL End-Use Monitoring Requirements

Property valued above the micro-purchase threshold of \$10,000,¹¹ defense articles,¹² 600-series items,¹³ dual-use items,¹⁴ canines,¹⁵ and specifically designated items are tracked and reported as a part of INL's EUM program.¹⁶ Assets classified as an EUM item are subject to inspection, monitoring, and reporting for the duration of their useful life.¹⁷ The typical EUM cycle, conducted throughout a calendar year, involves monitoring assets to confirm their operating condition, ensuring they are operating within their intended use, and verifying the intended recipient is actively using the assets. INL annually approved a Ukraine-specific EUM plan developed between INL-Kyiv and INL/EX, which detailed staff responsibilities, inspection criteria, inspection schedules, security guidance and recommendations, and Ukraine-specific INL EUM standard operating policies and procedures (SOPP). Throughout the year, INL is required to follow the annual Ukraine-specific EUM plan to conduct on-site inspections of EUM assets and make update to data entries in ILMS to reflect accurate asset conditions, serial numbers,¹⁸ location, and other relevant asset details. Once all EUM activities conclude for the year, the INL-Kyiv operations team uses ILMS to generate a final report.

Due to security concerns and restricted access to combat zones, the INL Assistant Secretary designated Ukraine as a non-permissive environment in 2022, 2023, and 2024.¹⁹ Due to the

¹¹ The micro-purchase threshold for EUM assets increased from \$2,500 to \$10,000 in 2023 due to policy changes related to working in non-permissive environments.

¹² Per the U.S. Munitions List (22 CFR 121), defense articles include the following asset types: aircraft, armored vehicles, certain types of cameras, electronic surveillance equipment, encrypted radios, explosives and energetic materials, firearms and ammunition, gas masks, certain clothing, certain filters (including tear gas and riot control agents), geospatial trackers, optical equipment, personal protective equipment, rifle scopes, and surface vessels of war.

¹³ 600-series items are given specific asset identifiers to classify them and can include aircraft, batons, ballistic vests, plates, shields, belts, metal detectors, cell phone and tablet analyzers, fingerprint equipment, long-range acoustic devices, polygraph equipment, and narcotics and explosive trace detectors.

¹⁴ Dual-use items are defined as those capable of being used in both commercial and military applications.

¹⁵ INL considers canines as property designated for EUM. Given the nature of canines being live assets, INL is required to follow enhanced EUM procedures detailed in the INL EUM standard operating policies and procedures. At the time of this review, INL had not provided Ukraine with any canines.

¹⁶ Specifically designated items include pieces of equipment that INL determined to have a higher risk of theft or misuse. At the time of this review, INL had not donated any specifically designated items to Ukraine.

¹⁷ Defense articles are monitored until disposal or destruction.

¹⁸ INL replaces serial numbers if they are missing, damaged, or otherwise illegible.

¹⁹ A non-permissive environment is an area in which uncertainty, instability, inaccessibility, or insecurity constrains the Department's ability to operate safely and effectively. The non-permissive environment designation is valid for

challenge of conducting EUM in a non-permissive environment, INL developed a risk-based approach to monitoring EUM assets. As part of this approach, INL classified high-risk assets, such as defense articles, as prioritized assets for inspections. While INL policies prefer annual on-site inspections, due to the non-permissive environment, INL used both in-person inspections as well as inspections via secondary means including photographic evidence and virtual inspections with Ukrainian partners to inspect most prioritized EUM assets,²⁰ including defense articles and 600-series items located in cities that INL could not travel to. Under this process, Ukrainian partners received asset listings for secondary means inspections and submitted photographs of the assets and their corresponding tag numbers, as well as the condition of the assets. INL then confirmed the names and titles of Ukrainian partner personnel who were using the assets. INL-Kyiv operations staff then added the secondary inspection data received by Ukrainian partners into ILMS.²¹

During the scope of this review (February 1, 2022, to September 30, 2024), the INL Acting Assistant Secretary issued annual action memoranda. These action memoranda documented the amount of assets inspected, including assets that were deemed a priority for the upcoming calendar year. Given the nature and operating environment in Ukraine during the scope period, the INL Acting Assistant Secretary also implemented new recommendations through the annual action memoranda to focus on high-risk assets, such as prioritized assets, and to remove low-risk assets from the end-use monitoring process.

Assets subject to EUM are monitored for the duration of their useful lives, except for defense articles, which are monitored until destruction.²² The end of an asset's useful life, or the destruction of a defense article, requires the asset to be marked as "disposed" in the ILMS INL-EUM module. At the end of an asset's useful life, or when the condition of the asset is identified as destroyed during an inspection, INL or Ukrainian personnel notify the INL-Kyiv operations team, who in turn make the applicable update in ILMS. INL notes as missing any assets not identified during on-site or secondary means inspections, and INL inquires with Ukrainian partners to determine if the asset was relocated to a different unit or was destroyed in combat. Any unidentified assets post-investigation are deemed "disposed" in the ILMS INL-EUM module with an applicable comment regarding details of its status. If an asset is relocated, its status is reinstated in ILMS, and typical EUM activities are resumed.

a calendar year and must be renewed when establishing the annual EUM plan. When non-permissive environment status is no longer applicable, INL must resume regular EUM procedures. Section 8, INL SOPP for EUM, revision date December 12, 2023.

²⁰ Photographic evidence is obtained during secondary-means inspections unless there are additional security concerns for INL and/or Ukrainian partners. Live virtual inspections are conducted via WhatsApp or Microsoft Teams unless there are additional security concerns for INL and/or Ukrainian partners. Inspections via secondary means are typically not acceptable for defense articles.

²¹ According to the 2024 INL Kyiv EUM Inspection Plan.

²² In accordance with DoD Manual 4160.28 Vol. 3 DEMIL Manual and DoD Manual 4060.28 Vol. 2 DEMIL Manual.

FINDINGS

INL Lacked Processes for Maintaining Complete and Accurate Data for Assets Acquired and Donated to the Ukrainian Government

Kearney found that INL lacked processes and controls to ensure that data associated with assets donated to the Ukrainian government were complete and accurate. Kearney assessed the number and acquisition value of property acquired and donated to the Ukrainian government from February 2022 through September 2024 through review and analysis of INL-provided data and read-only access to ILMS. Initial EUM and non-EUM data that INL provided for Kearney’s review included almost 1.1 million items with a total acquisition value of almost \$428.7 million. However, Kearney found that INL’s asset listings contained various errors. After Kearney questioned INL about transfer dates, receipt dates, and inconsistent quantities and valuations within the data, INL provided updated data that increased the number of assets by 96,091 and the acquisition cost by \$111.9 million, resulting in a total acquisition cost of almost \$540.6 million as shown in Table 1.

Table 1: Number and Acquisition Values of INL Assets Donated to the Ukrainian Government

Data Focus (by year)	Number of Assets	Acquisition Value
2022 In-Service EUM	7,588	\$69,590,340.97
2022 Retired/Disposed EUM	74,036	27,332,813.59
2022 Non-EUM	638,894	16,407,854.68
2023 In-Service EUM	7,856	89,695,314.11
2023 Retired/Disposed EUM	45,730	12,037,911.85
2023 Non-EUM	130,760	21,879,512.82
2024 In-Service EUM	17,293	170,526,040.16
2024 Retired/Disposed EUM	1	400,816.83
2024 Non-EUM	272,957	132,720,156.93
Total	1,195,115	\$540,590,761.94

Source: Generated by Kearney from data provided by INL. Specifically, Kearney used EUM queried data from February 1, 2022, to September 30, 2024, from the ILMS-EUM Module, ILMS Support, and the 2022, 2023, and 2024 transfer letter trackers.

As detailed below, Kearney experienced several challenges in obtaining complete and accurate data related to both EUM assets and non-EUM assets and because of that, determined the integrity of data maintained for the acquisition and donation of items to the Ukrainian government could be improved.

ILMS Data Lacked Acquisition Costs or Inspection Data for Retired and Disposed Assets

Kearney noted that certain data fields from the EUM data file were missing from ILMS-queried reports, including the “acquisition cost” data field. Kearney identified assets recorded in ILMS with a zero-dollar acquisition cost, creating a challenge when calculating the total value of

assets acquired and donated to Ukraine. According to INL officials, once an asset in the ILMS INL-EUM module has a status of “disposed” they are unable to obtain cost or inspection data from any ILMS-queried reports, as that data is no longer available within the system.

According to the INL EUM SOPP,²³ “records are to be kept for no less than 10 years and made available to INL Washington upon specific request. Defense article records are to be kept until granted disposal authorization from INL Washington.” INL officials were able to eventually recover data through ILMS support, but since this data was no longer within ILMS, it was not readily available and does not appear on ILMS-queried reports or on the ILMS Dashboard.²⁴ As a result, it limits the visibility of these key data fields and overall reliability of data for interested parties and those individuals responsible for operations of this mission. Without reliable data that contains key data fields, such as acquisition costs and inspection data, key officials may make misinformed decisions or provide inaccurate data to interested responsible parties.

Recommendation 1: The Bureau of Diplomatic Technology, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs (INL), should update the Integrated Logistics Management System’s INL –End-Use Monitoring Module to ensure that acquisition costs and inspection data for assets that are retired or disposed are readily available to end-users for purposes of analyses and informed decision making. (Action: DT, in coordination with INL)

Data for Non-EUM Assets Acquired and Donated to the Ukrainian Government Was Incomplete and Inaccurate

Kearney found that data related to non-EUM assets was not retained in ILMS or any other system capable of managing property; rather, non-EUM data was tracked manually via annual transfer letter trackers (TLTs). Examples of non-EUM assets include socks, first-aid kits, and portable power stations. INL officials confirmed that the TLTs were populated manually in real-time via Microsoft Excel, based on transfer letters issued throughout each calendar year. Based on reviews and analyses of the 2022, 2023, and 2024 TLTs, Kearney identified the following various types of inconsistent and erroneous entries:

- 4 assets listed as transferred in 2022 but received in 2023.
- 1 asset listed as transferred in 2023 but received in 2024.
- 7 assets listed as transferred in 2023 but received more than 12 months prior.
- 3 assets listed as transferred in 2024 but recorded in the 2023 TLT.
- 6 assets listed as transferred in 2024 but received in 2025.
- 13 assets listed as transferred in 2025 but recorded in the 2024 TLT.
- 2 records with differing quantities listed depending on the data field.
- 2 records with inconsistent values listed for the same type and quantity of assets procured within similar timeframes.

²³ Section 6.9.2, INL SOPP for EUM, revision date December 12, 2023.

²⁴ The ILMS Dashboard provides comprehensive management and tracking solutions for logistics operations.

INL officials informed Kearney that the misaligned transfer dates were due in part to the security situation in Ukraine, which at times required both U.S. embassy and Ukrainian government personnel to relocate. Recorded transfer letter dates typically correspond to when hard copies of the letters are received at the time of asset transfer. However, because U.S. and Ukrainian staff were relocated, Ukrainian counterparts requested that the transfer letters remain undated as the appropriate personnel could not receive the hard copies simultaneously with asset transfer. Upon improvement of the security situation, personnel returned to their respective offices and dates were once again required on both the transfer letters and the TLTs. INL officials reviewed Kearney's analyses and confirmed the validity of the findings regarding incorrectly entered dates.

Further, Kearney identified that 50 receipt dates recorded within the TLTs were later than receipt dates recorded on the applicable transfer letters. The TLTs included summarized data within each transactional row; that is, one transactional record may include multiple assets and multiple quantities of each asset. In these instances, the receipt date documented in the TLT was consistent with the date that the final asset was provided. For example, one 2024 TLT record included a receipt date of January 30, 2025, but was listed on the December 26, 2024, transfer letter. According to INL officials, in this instance 9 of the 10 components were delivered in December 2024, but the final component was not delivered until January 30, 2025. Since all 10 components were recorded in a single transactional row within the TLT, only the date of the final delivery was retained. Additionally, INL officials indicated that delays with customs or overall shipping issues can cause the receipt date within a TLT to occur after the transfer letter date.

INL officials also confirmed various typographical errors within the TLTs regarding item descriptions and quantities. The transfer letters and TLTs are manually created, tracked, and updated, resulting in a high risk for human error. For example, Kearney identified one 2023 TLT record that included a transactional description of 200 pieces of soft body armor packages, whereas the true quantity was 2,000 pieces.

INL officials told Kearney that specific criteria and SOPPs related to data surrounding the acquisition and donation of non-EUM assets did not exist. Therefore, non-EUM data followed INL's overall Acquisition and Assistance Policies and Procedures (AAPP).²⁵ According to the AAPP, INL "is responsible for gathering, recording, and disseminating information concerning INL-financed procurements."²⁶ As a result of the numerous errors that Kearney identified and INL officials confirmed, INL performed a series of quality control checks over the non-EUM data. Specifically, they reviewed the list of potential errors, corrected all confirmed errors, searched for additional similar errors, reconciled transfer letters to TLTs, officially responded to Kearney on all errors, and subsequently revised the data populations. However, without defined policies and procedures for non-EUM acquisitions and donations that are consistently followed, INL is at

²⁵ INL AAPP, dated April 2010.

²⁶ Section XIV. Reports, INL AAPP, dated April 2010.

risk of having incomplete and inaccurate data that may result in misinformed decisions by those individuals responsible for operations and an overall loss of visibility into key metrics related to the bureau's assistance to Ukraine.

Recommendation 2: The Bureau of International Narcotics and Law Enforcement Affairs should define policies and procedures related to non-end-use monitoring acquisitions and donations, and then consistently follow those policies and procedures to ensure consistent and accurate updates of non-end-use monitoring data within transfer letter trackers.
(Action: INL)

INL Generally Complied With Property Management Standards for Assets Acquired and Donated to the Ukrainian Government, but Internal Control Processes Could Be Improved

Kearney found that certain processes and internal controls to ensure that assets acquired and donated to the Ukrainian government followed applicable property management standards were generally complied with but could be improved. Specifically, Kearney identified 13 instances across 223 sampled assets (EUM in-service assets, EUM disposed assets, and non-EUM assets) where policies and procedures were not followed (referred to as "errors" below). In total, 6 instances resulted in an actual overstatement of INL's recorded acquisition costs by \$10,648.85.²⁷ The remaining 7 instances resulted in an actual understatement of \$53,738.66.

Kearney reviewed a statistically significant sample of 72 EUM in-service items and 73 EUM retired/disposed items.²⁸ Kearney's review of the in-service sample identified four errors totaling an overstatement of INL's recorded acquisition cost by \$10,746.57. Similarly, Kearney's review of the retired/disposed sample identified two errors totaling an understatement of INL's recorded acquisition cost by \$97.72.

Kearney did not statistically sample non-EUM items due to the summarized records on the data file.²⁹ Instead Kearney randomly selected a sample of 78 non-EUM items. Kearney's review of the random sample identified an overstatement of INL's recorded quantity of non-EUM items by one and an understatement of INL's recorded acquisition costs by \$53,738.66.

²⁷ An overstatement (or understatement) refers to the misrepresentation of financial information. It typically involves reporting a higher (or lower) valuation of subject matter. In this instance, the subject matter is INL's recorded acquisition costs of items.

²⁸ Additional details regarding Kearney's sample selection methodology are found in Appendix A.

²⁹ Summarized records contain multiple assets on one accounting line, with data such as quantities, descriptions, and acquisition costs for all assets summarized into a single record. For example, all acquisition costs for a set of transferred assets would be aggregated into one value.

INL Generally Followed Property Management Standards Related to In-Service EUM Assets, But Certain Internal Control Processes Could Be Improved

Kearney statistically selected a sample of 72 EUM assets that were still in service at the time of this review to determine whether INL followed property management standards in the INL EUM SOPP throughout the assets' lifecycle. Kearney tested the following attributes for each of the 72 assets in the sample:

- Attribute A: Whether the appropriate INL personnel approved the procurement package (i.e., initial request, approval of request, obligating document, purchase order, etc.) associated with selected assets.
- Attribute B: Whether INL appropriately classified the selected assets as EUM assets based on required criteria.
- Attribute C: Whether INL prepared, signed, and retained official transfer letters to support the donation of selected assets.
- Attribute D: Whether INL retained invoices and receiving reports, or other relevant documentation, to support the purchase and receipt of selected assets.
- Attribute E: Whether INL tagged the selected assets in accordance with INL's policies and procedures.
- Attribute F: Whether INL chose and inspected selected assets based on annual EUM plans in accordance with INL's policies and procedures.
- Attribute G: Whether data within ILMS accurately reflected the selected assets' details (i.e., description, acquisition value, tag number, condition, etc.).

Kearney identified four errors based on this review as noted in Table 2 below.

Table 2: Results of In-Service EUM Statistical Sample

Attribute	Identified Errors	Valuation Impacts
A: Procurement package	0	\$0.00
B: EUM classification	0	0.00
C: Transfer letters	0	0.00
D: Invoices and receiving reports	0	0.00
E: Asset tagging	0	0.00
F: Inspections	3	10,121.57
G: ILMS data	1	625.00
Total	4	\$10,746.57

Source: Generated by Kearney based on review of 72 statistically selected EUM assets that INL acquired and donated from February 2022 through September 2024 and were still in service as of September 30, 2024.

Kearney determined that INL properly followed property management standards in the INL EUM SOPP for 68 of 72 in-service EUM assets that were sampled. Regarding the four errors, Kearney noted that 3 of 72 selected assets were categorized as "missing" or "destroyed" on their respective inspection report but not subsequently updated in ILMS as "disposed" in a timely manner (Attribute F), resulting in an overstatement of INL's recorded acquisition costs by

\$10,121.57. Finally, 1 of the 72 selected assets did not factor in a contract modification to reduce the quantity and acquisition cost of a purchase order within ILMS resulting in an overstatement of INL's recorded acquisition costs by \$625.

INL staff reviewed the four identified instances of inaccurate data and confirmed Kearney's findings. For the three untimely disposal instances (Attribute F), INL confirmed that assets will remain listed as "in service" in ILMS until INL completes the disposal reporting process with the Office of Regional Security and Arms Transfers.³⁰ Kearney understands that formal processes are required to be followed; however, per the Government Accountability Office's *Standards for Internal Control in the Federal Government*, "transactions [should be] promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event, from its initiation and authorization through its final classification in summary records." As such Kearney determined that these disposals were not promptly recorded in an efficient and timely manner. Two of the three identified instances were for assets that were inspected in December 2024 but were not updated in ILMS as of May 2025. The final instance resulted from an undated inspection report. As a result, Kearney could not make a conclusion regarding its timely disposition. For the only identified instance under Attribute G, INL confirmed that the vendor delivered 120 vehicles to the Ukrainian government. INL ordered the vehicles with accessories that the vendor did not include, so INL modified the contract to exclude the cost of the accessories. However, INL did not accordingly update the acquisition price in ILMS to remove the cost of the undelivered accessories.

According to the INL EUM SOPP,³¹ "the end use monitor shall submit a memo for approval by the INL EUM official at post requesting to 'retire' items in ILMS as a result of having surpassed their useful life, or as a result of becoming otherwise lost, damaged, or destroyed." The guidance also states that "the ILMS INL EUM Module is the required system for tracking and reporting property designated for EUM."³² However, the data within ILMS was not promptly updated to reflect missing assets or contract modifications in a timely manner as required by the Government Accountability Office's *Standards for Internal Control in the Federal Government*. Inaccurate and outdated data make it progressively more difficult to perform required EUM activities and monitor the program to ensure that key officials are making well-informed decisions (e.g., annual action memo recommendations). This issue is addressed below in Recommendation 3.

³⁰ Kearney confirmed through a review of cable 25 STATE 12092, "INL End Use Monitoring (EUM) Reminder to Notify the Office of Regional Security and Arms Transfers (RSAT) of Defense Article Change in End Usage for U.S.-origin Donated Equipment."

³¹ Section 6.9.3, INL SOPP for EUM, revision date December 12, 2023.

³² Section 6.2.1, *Ibid.*

INL Generally Followed Property Management Standards Related to Retired or Disposed EUM Assets, but Certain Internal Control Processes Could be Improved

Kearney statistically selected a sample of 73 EUM assets that were acquired and subsequently retired or disposed of between February 1, 2022, and September 30, 2024, to determine whether INL followed property management standards in the INL EUM SOPP throughout the assets' lifecycle. Kearney tested the following attributes for each of the 73 assets in the sample:

- Attribute A: Whether the procurement package (i.e. initial request, approval of request, obligating document, purchase order, etc.) contained approval from the appropriate INL personnel.
- Attribute B: Whether INL appropriately classified the selected assets as EUM assets based on required criteria.
- Attribute C: Whether INL prepared, signed, and retained official transfer letters to support the donation of selected assets.
- Attribute D: Whether INL retained invoices and receiving reports, or other relevant documentation to support the purchase and receipt of selected assets.
- Attribute E: Whether INL tagged the selected assets in accordance with INL's policies and procedures.
- Attribute F: Whether INL disposed of the selected assets in compliance with INL disposal policies and procedures.
- Attribute G: Whether data within ILMS accurately reflected the selected assets' details (i.e., description, acquisition value, tag number, condition, etc.).

Kearney identified two errors based on this review as noted in Table 3 below.

Table 3: Results of Retired/Disposed EUM Statistical Sample

Attribute	Identified Errors	Valuation Impacts
A: Procurement package	0	\$0.00
B: EUM classification	0	\$0.00
C: Transfer letters	0	\$0.00
D: Invoices and receiving reports	0	\$0.00
E: Asset tagging	0	\$0.00
F: Retirement/disposition	0	\$0.00
G: ILMS data	2	-\$97.72
Total	2	-\$97.72

Source: Generated by Kearney based on review of 73 statistically selected EUM assets that INL acquired between February 2022 and September 2024 and subsequently either retired or disposed.

Kearney determined that INL properly followed property management standards in the INL EUM SOPP for 71 of 73 retired or disposed EUM assets that were sampled. Regarding the two errors, Kearney found they involved minor variances between the assets' invoices and the data in the official system of record (the ILMS-EUM Module), resulting in an understatement of INL's recorded acquisition costs by \$97.72.

INL staff reviewed the two identified instances and confirmed the errors. For both instances, INL stated that a clerical error resulted in an inaccurate acquisition price within the ILMS-EUM Module. Specifically, the items cost INL \$558.26 per unit, but INL erroneously recorded them at a cost of \$509.40, representing an understatement of \$48.86 each, or combined \$97.72, in total recorded value.

According to the INL EUM SOPP,³³ “the ILMS INL EUM Module is the required system for tracking and reporting property designated for EUM.” However, the data within ILMS was not promptly updated to reflect the accurate price of the items in a timely manner as recommended by the Government Accountability Office’s *Standards for Internal Control in the Federal Government*. Inaccurate and outdated data make it progressively more difficult to perform required EUM activities and monitor the program to ensure that key officials are making well-informed decisions (e.g., annual action memo recommendations).

Recommendation 3: The Bureau of International Narcotics and Law Enforcement Affairs should revise its end-use monitoring standard operating policies and procedures to ensure timely and accurate recording of in-service end-use monitoring assets, retired assets, and disposals within the Integrated Logistics Management System. (Action: INL)

INL Generally Followed Property Management Standards Related to Non-EUM Assets, but Certain Internal Control Processes Could be Improved

Kearney randomly selected 78 non-EUM assets to determine whether INL followed throughout the assets’ lifecycle the property management standards in the INL Acquisition and Assistance Policies and Procedures. Kearney reviewed the following attributes for each of the 78 assets in the sample:

- Attribute A: Whether the appropriate INL personnel approved the procurement package (i.e., initial request, approval of request, obligating document, purchase order, etc.) associated with selected assets.
- Attribute B: Whether INL appropriately classified the selected assets as non-EUM based on required criteria.
- Attribute C: Whether INL prepared, signed, and retained official transfer letters to support the donation of selected assets.
- Attribute D: Whether INL retained invoices and receiving reports, or other relevant documentation to support the purchase and receipt of selected assets and are consistent with the TLTs.

Kearney identified seven errors based on this review as noted in Table 4 below.

³³ Section 6.9.3, INL SOPP for EUM, revision date December 12, 2023.

Table 4: Results of the Non-EUM Random Sample

Attribute	Identified Errors	Valuation Impacts
A: Procurement package	1	\$0.00
B: EUM classification	1	0.00
C: Transfer letters	1	0.00
D: Invoices and receiving reports	4	-53,738.66
Total	7	-\$53,738.66

Source: Generated by Kearney based on review of 78 randomly selected non-EUM assets that INL acquired and donated from February 2022 through September 2024.

Kearney determined that INL properly followed property management standards in the INL Acquisition and Assistance Policies and Procedures for 74 of 78 non-EUM assets that were sampled.³⁴ Regarding the seven errors, four resulted from an overstatement (by one sampled asset) in the quantity of non-EUM assets so there was an exception on all four attributes. The remaining three errors involved variances between invoices and TLTs, the official record of documentation for non-EUM assets, resulting in an understatement of INL's recorded acquisition costs by \$53,738.66.

INL staff reviewed the seven errors that Kearney identified and confirmed the findings. For the first instance related to an error in the quantity (exceptions for all four attributes), INL confirmed that the identified instance was an erroneous entry. Additionally, for the three identified errors related to invoicing and receiving reports, INL noted that clerical errors caused the issues, including an inaccurate acquisition price on documentation, inadvertent doubling of costs, and use of the wrong currency to record an item's cost. All four instances represented manually generated errors. Inaccurate and outdated data make it progressively more difficult to analyze overall contributions made through acquisitions and donations and monitor the program to ensure that key officials are making well-informed decisions (e.g., annual action memo recommendations).

Recommendation 4: The Bureau of International Narcotics and Law Enforcement Affairs should revise the end-use monitoring standard operating policies and procedures to ensure that data within the transfer letter trackers accurately reflect data for non-end-use monitoring assets. (Action: INL)

³⁴ Although there are seven identified errors listed in Table 4, they stemmed from four sampled assets. One sampled asset had four errors, and the other three sampled assets had one error each.

RECOMMENDATIONS

OIG provided a draft of this report to Department entities for their review and comment on the findings and recommendations. OIG issued the following recommendations to the Bureau of Diplomatic Technology and the Bureau of International Narcotics and Law Enforcement Affairs. The Department's complete responses can be found in Appendix B. The Department also provided technical comments that were incorporated into the report, as appropriate.

Recommendation 1: The Bureau of Diplomatic Technology, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs (INL), should update the Integrated Logistics Management System's INL –End-Use Monitoring Module to ensure that acquisition costs and inspection data for assets that are retired or disposed are readily available to end-users for purposes of analyses and informed decision making. (Action: DT, in coordination with INL)

Management Response: In its February 10, 2026, response, the Bureau of Diplomatic Technology concurred with this recommendation. The bureau noted an estimated completion date of June 2026.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Diplomatic Technology updated the ILMS' INL –End-Use Monitoring Module to ensure that acquisition costs and inspection data for assets that are retired or disposed are readily available to end-users for purposes of analyses and informed decision making.

Recommendation 2: The Bureau of International Narcotics and Law Enforcement Affairs should define policies and procedures related to non-end-use monitoring acquisitions and donations, and then consistently follow those policies and procedures to ensure consistent and accurate updates of non-end-use monitoring data within transfer letter trackers. (Action: INL)

Management Response: In its January 2, 2026, response, the Bureau of International Narcotics and Law Enforcement Affairs concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of International Narcotics and Law Enforcement Affairs defined policies and procedures related to non-end-use monitoring acquisitions and donations, and then consistently followed those policies and procedures to ensure consistent and accurate updates of non-end-use monitoring data within transfer letter trackers.

Recommendation 3: The Bureau of International Narcotics and Law Enforcement Affairs should revise its end-use monitoring standard operating policies and procedures to ensure timely and

accurate recording of in-service end-use monitoring assets, retired assets, and disposals within the Integrated Logistics Management System. (Action: INL)

Management Response: In its January 2, 2026, response, the Bureau of International Narcotics and Law Enforcement Affairs concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of International Narcotics and Law Enforcement Affairs revised its end-use monitoring standard operating policies and procedures to ensure timely and accurate recording of in-service end-use monitoring assets, retired assets, and disposals within the Integrated Logistics Management System.

Recommendation 4: The Bureau of International Narcotics and Law Enforcement Affairs should revise the end-use monitoring standard operating policies and procedures to ensure that data within the transfer letter trackers accurately reflect data for non-end-use monitoring assets. (Action: INL)

Management Response: In its January 2, 2026, response, the Bureau of International Narcotics and Law Enforcement Affairs concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of International Narcotics and Law Enforcement Affairs revised the end-use monitoring standard operating policies and procedures to ensure that data within the transfer letter trackers accurately reflect data for non-end-use monitoring assets.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This review was conducted by Kearney & Company (Kearney) on behalf of the Office of Inspector General (OIG) for the Department of State (Department) and U.S. Agency for Global Media (USAGM) from September 30, 2024, to September 29, 2025,¹ in accordance with the Quality Standards for Inspection and Evaluation, issued in 2020 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspections Handbook, issued by the OIG for the Department and USAGM.

Kearney's specific review objectives were to:

- 1) Describe the number and acquisition value of property acquired and donated to Ukrainian government entities.
- 2) Determine the extent to which the Bureau of International Narcotics and Law Enforcement Affairs (INL) complied with applicable Department and INL property management standards throughout the property lifecycle for commodities and equipment provided to Ukraine.

Kearney reviewed policies, procedures, internal controls, processes, and data related to INL's acquisition and donation of assets to the Ukrainian government from February 2022 to September 2024. Kearney used computer-processed data from the Department's Integrated Logistics Management System, which is the Department's property management system, as well as manually populated Microsoft Excel databases. As noted in the report, Kearney experienced data integrity issues that required INL to review and correct its data prior to sampling.

Kearney used the data described above to compile the number and value of assets acquired and donated to the Ukrainian government to achieve the first objective. Kearney sampled the data to determine whether INL followed property management standards to achieve the second objective. Specifically, Kearney selected three samples: (1) in-service EUM assets, (2) retired/disposed EUM assets, and (3) non-EUM assets. Table 8 details the sample selection methodologies.

Table 8: Detailed Sample Selection Methodologies

Area of Focus	Type of Sample	Population Count	Sampled Count	Population Value	Sampled Value
In-service EUM	MUS	32,737	72	\$329,811,695.24	\$11,365,664.33
Retired/disposed EUM	MUS	119,767	73	39,771,542.27	707,776.16
Non-EUM	Random	541	78	174,677,967.00	15,851,369.20
Total		153,045	223	\$544,261,204.51	\$27,924,809.69

¹ The issuance of this report was delayed due to the lapse in appropriations, which began October 1, 2025, and ended November 12, 2025.

Source: Generated by Kearney from INL data. Specifically, Kearney used EUM queried data from February 2022 through September 2024 from the ILMS-EUM Module and the 2022, 2023, and 2024 transfer letter trackers.

Because EUM data was retained within the ILMS-EUM Module at the individual transaction level, Kearney was able to select this data via statistical sampling. Kearney chose monetary unit sampling for both in-service EUM and retired/disposed EUM as few errors were expected in relation to valuation costs.² We used a high risk of material misstatement with a confidence level of 95 percent. However, non-EUM data was not retained within any financial system and was manually accounted for on transfer letter trackers (TLTs) in Microsoft Excel. The TLTs contained records that were summarized based on the corresponding transfer letter. For example, if there were five different items on a transfer letter, then all five items would be summarized on one record within the TLT, and its acquisition cost would be the sum of all five items. In certain instances, both EUM and non-EUM data would be summarized into the same record. Due to the nature of the TLTs, Kearney was unable to statistically select non-EUM data. Therefore, Kearney referred to the Government Accountability Office's Financial Audit Manual Section 450.09 for sample selection guidance.³ In total, there were quantities of 1,042,611 non-EUM items that were summarized into 541 records resulting in a sample size of 78. The total valuation of the 541 records was \$174.7 million, which included data for approximately \$3.7 million worth of EUM items included with the non-EUM data in summarized records.

Kearney remotely conducted most of the review and relied on audio- and video-conferencing tools to hold interviews with Department personnel. Kearney also reviewed pertinent records; compiled the results; and reviewed the substance of this report and its findings and recommendations with offices, individuals, and organizations affected by this review. Kearney used professional judgment and analyzed physical, documentary, and testimonial evidence to develop its findings, conclusions, and actionable recommendations.

² Monetary use sampling is a statistical sampling method used to determine if an account balance contains any misstatements. It treats each monetary unit (e.g., a dollar) as a separate sampling entity, allowing reviewers to select samples based on the monetary value of the items in the population.

³ Although this review is not an audit, the Financial Audit Manual provides guidance on attribute sampling for tests of controls. Per Section 450.09, Kearney selected a sample of 78 which allows for one deviation with a 90 percent confidence level.

APPENDIX B: MANAGEMENT RESPONSES



United States Department of State

Washington, DC 20520

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February 10, 2026

Read by _____

Info Memo for the Office of Inspector General Office of Inspections

FROM: Kelly E. Fletcher, Chief Information Officer

SUBJECT: Bureau of Diplomatic Technology Response to Recommendations from the Draft Report: Review of the Bureau of International Narcotics and Law Enforcement Affairs' Property Donations to Ukraine

(U) The Bureau of Diplomatic Technology provides the following update to recommendation 1 of the Draft Report: Review of the Bureau of International Narcotics and Law Enforcement Affairs' Property Donations to Ukraine.

Recommendation 1: The Bureau of Diplomatic Technology, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs (INL), should update the Integrated Logistics Management System (ILMS) INL–End-Use Monitoring Module to ensure that acquisition costs and inspection data for assets that are retired or disposed are readily available to end-users for purposes of analyses and informed decision making. (Action: DT, in coordination with INL).

Management Response (February 2026): The Bureau of Diplomatic Technology (DT) concurs with this recommendation and is coordinating with INL to improve data tracking for disposed assets in the ILMS INL–End-Use Monitoring Module.

The update will ensure the acquisition cost field is included in both the inventory report and the disposals export on the INL analytics dashboard. Implementation date is targeted for completion by Q3 FY2026.

Unclassified



United States Department of State
Washington, D.C. 20520

UNCLASSIFIED

January 2, 2026

**MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR LISA
RODLEY, ACTING**

FROM: INL- Lesley Ziman, PDAS

SUBJECT: Review of the Bureau of International Narcotics and Law
Enforcement Affairs' Property Donations to Ukraine

The Bureau of International Narcotics and Law Enforcement Affairs (INL) is providing an official response to the three recommendations in the subject report.

Response to the OIG's Recommendations

Recommendation 2: The Bureau of International Narcotics and Law Enforcement Affairs should define policies and procedures related to non-end-use monitoring acquisitions and donations, and then consistently follow those policies and procedures to ensure consistent and accurate updates of non-end-use monitoring data within transfer letter trackers. (Action: INL)

Response: **The Department concurs with the recommendation.** INL will undertake a comprehensive review of its acquisition and donation processes for non-end-use monitoring assets. INL will determine if revision of our non-EUM policies and procedures are required.

Recommendation 3: The Bureau of International Narcotics and Law Enforcement Affairs should revise its end-use monitoring standard operating policies and procedures to ensure timely and accurate recording of in-service end-use monitoring assets, retired assets, and disposals within the Integrated Logistics Management System. (Action: INL)

Response: **The Department concurs with the recommendation.** INL will review our standard operating policies and procedures for end-use monitoring to strengthen requirements for the timely and accurate recording of all asset

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statuses—including in-service, retired, and disposed assets—within the Integrated Logistics Management System (ILMS). INL will enhance internal controls and provide targeted training to staff responsible for ILMS data entry and management. Periodic reviews will be instituted to ensure compliance and data integrity.

Recommendation 4: The Bureau of International Narcotics and Law Enforcement Affairs should revise the end-use monitoring standard operating policies and procedures to ensure that data within the transfer letter trackers accurately reflect data for non-end-use monitoring assets. (Action: INL)

Response: The Department concurs with the recommendation. INL will review its end-use monitoring standard operating policies and procedures to ensure we are compliant with Department and federal regulations related to the EUM and non-EUM of all assets; including the requirements related to transfer letters. If non-compliant, INL will align data entry protocols and validation processes to ensure that information in the trackers is accurate and consistent with asset records and that discrepancies are updated.

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ABBREVIATIONS

AAPP	Acquisition and Assistance Policies and Procedures
APCN	Annual Program Concept Notes
ILMS	Integrated Logistics Management System
INL/EX	INL Executive Office
SOPP	Standard Operating Policies and Procedures
TLT	Transfer Letter Trackers



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