

OVERSIGHT, TRANSPARENCY, AND ACCOUNTABILITY OF UKRAINE ASSISTANCE

HEARING BEFORE THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

March 29, 2023

Serial No. 118-11

Printed for the use of the Committee on Foreign Affairs



Available: <http://www.foreignaffairs.house.gov/>, <http://docs.house.gov>,
or <http://www.govinfo.gov>

U.S. GOVERNMENT PUBLISHING OFFICE
52-399PDF WASHINGTON : 2023

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OVERSIGHT, TRANSPARENCY, AND ACCOUNTABILITY OF UKRAINE ASSISTANCE

Wednesday, March 29, 2023

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:04 a.m., in room 210, House Visitor Center, Hon. Michael McCaul (chairman of the committee) presiding.

Chairman McCaul. The Committee on Foreign Affairs will come to order.

The purpose of this hearing is to assess the accountability mechanisms that ensure American taxpayer money is being spent as intended in Ukraine.

I now recognize myself for an opening statement.

It has been a year since Vladimir Putin launched his unprovoked war of aggression in Ukraine. And in response, Europe has provided significant aid, but must continue to do more to keep the government of Ukraine from defaulting and ensure it is able to prosecute the war.

Additionally, Congress has also provided a significant amount of assistance to Ukraine to ensure Putin's aggression is stopped at Ukraine's border and that a NATO ally is not next.

I have supported U.S. assistance because a victory by Putin in Ukraine would further embolden America's adversaries—from Chairman Xi in Beijing to the Ayatollah in Tehran, to Kim Jong-un in North Korea.

However, it is imperative that the American people know about the existing accountability mechanisms, including third-party monitors such as Deloitte and the robust oversight being conducted by Congress, and, in particular, this committee.

When Republicans took the majority, we made it very clear that accountability will be paramount to continued assistance in Ukraine. This is just the first of many hearings and briefings I will hold to ensure the assistance we are providing is being used as intended.

Of the \$113 billion appropriated across four supplementals, approximately 60 percent is going to American troops, American workers, and in modernizing American stockpiles. In fact, only 20 percent of funding is going directly to the Ukrainian government in the form of direct budgetary assistance.

As required by law, these funds are only disbursed to Ukraine following verification that the money is spent on approved items and activities. All funds are also subjected to external third-party monitoring by Deloitte. They are conducting randomized spot-checks to verify the use of this assistance. Additionally, they are

working with Ukraine's Ministry of Finance to review its monitoring, transparency, verification, and reporting systems and procedures.

Today, we have the opportunity to question the independent Inspectors General from the Department of State, the USAID, and the Department of Defense. This is the first time all three of you have appeared together before any committee to discuss your oversight role in the 64 planned and ongoing audits and reviews of U.S. assistance to Ukraine.

Your work is a critical component to ensure that Congress is being good stewards of the taxpayers' money, and it is necessary to prevent waste, fraud, or abuse, and if need be, investigate and resolve any incidents.

Congress has also been exercising oversight. Through the passage of several bills, we have ensured that there have been 39 accountability provisions passed into law. And since day one as chairman of this committee, I have been actively exercising my constitutionally guaranteed responsibility to pursue stringent oversight as well.

My first committee meeting was a classified briefing on the U.S. response to Russia's full-scale invasion of Ukraine, and last month I led a congressional delegation to Ukraine and Poland to conduct in-person oversight of U.S. aid to Ukraine. I saw firsthand the process is working and delivered a clear message, not only to our embassy team, but also to President Zelenskyy, about the importance that U.S. aid be spent appropriately to guarantee continued support. In short, every dollar counts.

The Biden Administration should expect this committee to continue to be vigilant in demanding transparency and accountability for U.S. assistance to Ukraine. To be clear, I do not conduct this oversight to undermine or question the importance of support for Ukraine, but, rather, to the contrary, oversight should incentivize the Administration and Ukraine to use funds from Congress with the highest degree of efficiency and effectiveness.

And while there is strong bipartisan support on this committee and in Congress for the continued support of Ukraine, transparency and accountability are critical to ensure the aid we are providing is being used as intended and it advances U.S. national security interests. The American taxpayer wants and deserves accountability. They want to, and deserve to, know where their money is going.

And, in closing, I just want to say, as I met with all three of you, as the first supplemental was passed, I know, speaking with the State Department, with Samantha Powers at USAID, with the Department of Defense, with our Ambassador to Ukraine, I stressed to them the importance of putting mechanisms early in place, from day one, to ensure we had accountability in place. And I think we are going to hear from you how that has actually been working. It is always better to be in right at the beginning, rather than later on, when something wrong has happened.

So, I really, really appreciate you being here today, and I look forward to your testimony.

And with that, I will recognize the ranking member.

Mr. MEEKS. Thank you, Mr. Chairman.

And thank you to our witnesses.

As we all know, Russia's brutal war against Ukraine grinds into its second year, and Congress and the American people will continue to stand with the brave Ukrainians who are defending their rights and freedom. Ukrainians did not ask for this unjust war of aggression. They are only asking for our support as they defend their home and their sovereignty. And it is in our national interest to provide that support to Ukraine, so it may win this war, which it will.

Our effort isn't just about Ukraine and its citizens. This struggle is for democracies around the world and free people standing up to brutal autocrats, like Putin, to reinforce the notion that might does not make right.

You know, when I was chairman and served as chair, I was proud to lead congressional delegations to Ukraine, Poland, Moldova, NATO Headquarters, and other critical neighboring countries in a bipartisan fashion before and after the February 24th full-scale invasion. And we were together on many of those trips.

And I believe bipartisan unity strengthens our coalition of allies and partners. And I want to thank the chairman, who traveled with me to many of those places, and we worked very collectively in that regard, as we continue to do here.

So, on those visits, and in the hearings and briefings that we have held over the years, we have had the opportunity to see firsthand the impact that American assistance to Ukraine has had on the trajectory of this war. And we have also had the opportunity to regularly engage with the Administration on its diplomatic and military strategy, as well as the unprecedented oversight the Administration and the offices of our witnesses here today are undertaking.

Which is why, to be frank—and it is not the chairman—I disagree with the premise cited by some others on the other side of the aisle who are falsely claiming that support for Ukraine is, and I quote, “a blank check.” This is simply not based in fact, and either reveals a lack of understanding of the safeguards that are already in place on our assistance to Ukraine or, worse, an effort to mislead the public to undermine the assistance in Ukraine's defense against Russia's invasion.

Embedded in our country's support for Ukraine are strict oversight mechanisms. Every dollar and shipment of U.S. security assistance provided is audaciously tracked by an integrated, whole-of-government effort led by the Departments of State and Defense. These mechanisms aren't new. They span across agencies and coalesce in the interagency effort that has regularly been briefed to Congress, including the Administration's interagency effort entitled, “The U.S. Plan to Counter Illicit Diversion of Certain Advanced Conventional Weapons in Eastern Europe.”

Members of this committee have received multiple briefings on this very effort and have available to them scores of documents detailing the exact types of assistance provided to Ukraine and the timing of that assistance. In addition to the Administration's own efforts to ensure utmost monitoring and accountability of our assistance to Ukraine, three Inspectors General, overseeing the State Department, Defense Department, and USAID, developed an inte-

grated response and accountability investigatory approach called, "The Joint Strategic Oversight Plan for Ukraine."

In January of this year, our witnesses traveled together—and we thank you for that—to Ukraine, underscoring the seriousness with which the Administration is taking your work as Inspectors General. Your trip is just one facet of a sustained oversight over the humanitarian, economic, and military aid to Ukraine and to neighboring countries affected by the war.

But the United States does more than provide defense and humanitarian assistance. We are providing global leadership. When Putin gave the order to invade Ukraine, he did so under the false assumption that the West would be divided, and that the United States and our partners and allies would not meet this historic moment. And I want to commend the Biden Administration for leading global efforts to push back against Russian aggression and for cultivating unity against Russia's actions in Ukraine.

Now, the world is watching us. And unfortunately, some of my friends on the other side of the aisle who happen to be MAGA Republicans are putting Putin exactly what he wants—are giving him exactly what he wants, even at times repeating Kremlin talking points. We cannot allow those efforts to compromise the U.S. leadership in places like the United Nations, where our diplomats sit across from their Russian counterparts on a regular basis to dispel Russian propaganda and work with our global allies and continue the isolation of war, of the criminal war criminal, Mr. Putin.

And so, I want to thank our witnesses, and I want to thank our chairman for his standing up and fighting to make sure that we continue to give the Ukrainian people what they need to make sure that they are able to win this war. He has been stand-up. We have been working side by side on that, and I want to make sure that it is clear that I appreciate the actions and the movement of the chairman and I. And we will continue to work together.

And thank you for the work that you do to assure the American that we know where every dime is.

And with that, I yield back.

Chairman McCaul. The gentleman yields back.

I really appreciate your comments, sir. I think this is a necessary step to build confidence with the Congress that the money is being accounted for.

And so, other members of the committee are reminded that opening statements may be submitted for the record.

We are pleased to have a distinguished panel of witnesses before us today.

Ms. Diana Shaw is Deputy Inspector General, who is currently performing the duties of the Inspector General of the Department of State.

Ms. Nicole Angarella is the Acting Deputy Inspector General, who is currently performing the duties of Inspector General at the U.S. Agency for International Development.

And Mr. Robert Storch is the Inspector General at the Department of Defense.

I want to thank all of you for being here today.

Your full statements will be part of the record, and I ask that you each keep your spoken remarks to 5 minutes.

I now recognize Ms. Shaw for her opening statement.

**STATEMENT OF DIANA SHAW, DEPUTY INSPECTOR GENERAL,
U.S. DEPARTMENT OF STATE**

Ms. SHAW. Good morning, Chairman McCaul, Ranking Member Meeks, and distinguished members of the committee.

Thank you so much for inviting me to discuss the Department of State Office of Inspector General's oversight of the U.S. Government response to the war in Ukraine.

I'm very pleased today to be joined by my counterparts from our primary oversight partners in this space: the U.S. Agency for International Development and Department of Defense OIGs.

To date, Congress has appropriated more than \$100 billion to fund a vast array of activities in support of the U.S. response to the war in Ukraine, and we in the oversight community recognize that it is vitally important to our stakeholders, including all of you and the American people, that those precious resources reach their intended beneficiaries and accomplish intended goals.

Fraud, waste, and inefficiency cannot be allowed to taint that effort, which is why we take our oversight role incredibly seriously and have each made oversight of the U.S. response to the war in Ukraine our No. 1 priority.

The State, USAID, and DoD OIGs are particularly well-positioned to take on this critical interagency overwork, oversight work, given our long history of collaborating on overseas contingency operations. Leveraging that history and the deep relationships that we have forged with each other and others in the oversight community over many years, we established a Ukraine Oversight Interagency Working Group nearly a year ago, consisting of professionals from 20 U.S. Government accountability organizations. The closely coordinated work of that group is resulting in agile, integrated, and comprehensive oversight of the sizable U.S. enterprise, as reflected in the Joint Strategic Oversight Plan for Ukraine that we published earlier this year.

This plan and a report issued this week expanding on the plan present the full range of the working group's Ukraine-related work, amounting to nearly 90 completed, ongoing, and planned projects. The plan and recent report detail three strategic areas of oversight that cover the waterfront of the U.S.-Ukraine response effort. These are security assistance and coordination, non-security assistance and coordination, and management and operations.

State OIG has carefully designed its work to contribute in important ways in each of these three areas. Our work, which is described in more detail in my written testimony and on the State OIG website, is expected to culminate in more than two dozen products that explore a range of topics within each of these strategic areas, including end-use monitoring of U.S.-origin defense articles and other equipment; how the Department is deploying aid to address humanitarian needs; whether the Department has developed a strategy for the billions of dollars of foreign assistance flowing to Ukraine, and Embassy Kyiv operations—from its shutting in February 2022 to its reopening in May, to its current operating status.

In addition to this important work, we also recognize the need to be proactive, especially as it relates to our anti-fraud and corruption efforts. On that front, we are working with our OIG counterparts to disseminate products that will increase fraud awareness and reporting, and we are also expanding our investigative data analytics capacity to help identify trends in the Ukraine-related fraud reporting, as well as common criminal schemes.

I am confident that our completed, ongoing, and planned work, when taken together with that of our partners on the working group, will provide an end-to-end account of how the vast resources appropriated in this context are being utilized.

We have made an excellent start, but I recognize that there is a potentially long road ahead. And to that end, we have been thinking strategically about how best to further this important work. This was at the forefront of our minds when we traveled together to Ukraine and the surrounding region earlier this year. There, my counterparts and I directly communicated to U.S. and Ukrainian officials the message that U.S. assistance must be transparently accounted for and that corruption affecting U.S. assistance will not be tolerated.

That message was well-received at the time, but we recognize that continuous in-person engagement and direct observation will be needed to ensure that the necessary controls are in place. Accordingly, we are working closely with the Department to secure positions at Embassy Kyiv, which we believe will help us better deliver the independent oversight on which our stakeholders rely.

Thank you for your interest in our work and the opportunity to discuss our commitment to timely, objective, comprehensive U.S.-Ukraine oversight. And I look forward to addressing the committee's questions.

[The prepared statement of Ms. Shaw follows:]



Office of Inspector General
United States Department of State

**OVERSIGHT, TRANSPARENCY, AND ACCOUNTABILITY
OF UKRAINE ASSISTANCE**

STATEMENT BY

DIANA R. SHAW

DEPUTY INSPECTOR GENERAL*

(*PERFORMING THE DUTIES OF THE INSPECTOR GENERAL)
FOR THE U.S. DEPARTMENT OF STATE AND THE U.S. AGENCY FOR
GLOBAL MEDIA

BEFORE THE HOUSE FOREIGN AFFAIRS COMMITTEE

MARCH 29, 2023

Introduction

Good morning, Chairman McCaul, Ranking Member Meeks, and distinguished Members of the Committee. Thank you for inviting me to appear before you to discuss the Department of State Office of Inspector General's (OIG) ongoing oversight of the U.S. response to the war in Ukraine. Given the level of assistance flowing to Ukraine, the breadth of the response effort, and its attendant risks, this oversight is our top priority.

Congress appropriated more than \$113 billion in supplemental funds for Ukraine response efforts, including security and economic and humanitarian assistance. The overwhelming majority of that funding (95 percent) has gone to the Department of State, the Department of Defense (DoD), and the U.S. Agency for International Development (USAID). As a result, I am pleased to be joined today by my counterparts from DoD OIG and USAID OIG as we discuss oversight of this expansive response effort.

Oversight Approach

State OIG has taken a strategic, agile, and coordinated approach to Ukraine response oversight. Our team has closely monitored the evolving situation, engaging early and often to identify leading challenges to Department programs and operations. We have developed workplans that target major risks and strategic areas of focus, while continuing to adjust our oversight plans when necessary.

Building on our own internal efforts and the early recognition that the U.S. government response to the war in Ukraine would be an interagency affair, we, in collaboration with DoD and USAID OIGs, established the Ukraine Oversight Interagency Working Group in June 2022 to ensure a whole-of-government approach to oversight. Similar to the model developed for overseas contingency operations, this approach has proven effective at driving collaboration and coordination across the many oversight agencies doing work in this space. At the working level, our auditors, investigators, inspectors, and other oversight professionals regularly collaborate to develop work plans that are complementary, avoid duplication of effort, and employ a risk-based approach. At the principal level, I meet on a regular basis with my fellow witnesses on this panel to discuss developments in Ukraine and the related oversight mission. We also participate regularly in joint engagements, including trips to the region.

During our most recent trip, we spent a day in Kyiv where we met with various Ukrainian officials and civil society representatives, focusing on accountability. Our unified message that every dollar of U.S. assistance must be utilized transparently and that fraud and corruption affecting such assistance will not be tolerated was uniformly well received. I believe we successfully demonstrated that we are bringing a laser focus to the situation in Ukraine and that we expect full, sustained cooperation—including timely and transparent information sharing—in support of our oversight work.

Earlier this year, our organizations issued a [Joint Strategic Oversight Plan](#) (JSOP) that reflects the work plans of various oversight offices that participate in the working group. In developing the JSOP, we identified three strategic areas for oversight: security assistance and coordination, non-security assistance and coordination, and management and operations. Across these areas, the JSOP lays out an extensive list of oversight projects that working group members plan to conduct throughout the year to ensure accountability for every dollar of U.S. assistance to Ukraine.

As with any oversight plan, the JSOP, which is publicly available on our websites, reflects our best assessment of where the leading challenges and risks are and where our oversight work can add the most value. After our recent trip to the area, I am confident that our current plans are addressing the highest risk, highest priority areas. However, given that the war in Ukraine is a dynamic situation, we in the oversight community recognize the need to take an adaptive approach. We are routinely refining our workplans based on what we learn from ongoing projects. Accordingly, my DoD and USAID colleagues and I, along with our respective teams, will update the JSOP as necessary to ensure our oversight is comprehensive and relevant, and that it is communicated to Congress and the public in a timely manner.

Department of State Oversight

For our part at State OIG, about one-third of our workforce—more than 100 staff members—is supporting Ukraine oversight efforts, with 43 staff assigned to work on Ukraine oversight projects full time. To date, we have received \$13.5 million in dedicated funding for Ukraine response oversight, with a period of availability through FY 2024. As I hope this testimony makes clear, we are developing aggressive plans to build our Ukraine oversight capacity, and we expect to fully use these funds over the course of the eight quarters they are available. Our current work plan details more than two dozen Ukraine-related oversight products covering the waterfront of our strategic oversight areas; we have already completed five projects. With respect to our ongoing work, per our professional standards and policies we cannot preview findings until our work is completed. We are confident that we will have timely and relevant findings and we will share those findings with Congress and our other stakeholders as soon as they are available.

Now I would like to highlight some key examples of how State OIG is contributing in each of our three strategic oversight areas: security assistance and coordination, non-security assistance and coordination, and management and operations. I will also describe some of the proactive efforts we are taking related to detecting and investigating fraud and corruption allegations.

Security Assistance and Coordination

We are focusing oversight resources on the Department's programs and operations related to security assistance as it represents a substantial portion of the U.S. government's response. For example, we are currently reviewing the Department's end-use monitoring of U.S.-origin defense articles and other equipment in Ukraine.

The risk of diversion and misallocation is elevated given the volume and speed of assistance and the wartime operating environment. Accordingly, our review will summarize the responsibilities of the three Department bureaus that are responsible for end-use monitoring: the Bureaus of Political-Military Affairs, International Narcotics and Law Enforcement Affairs, and International Security and Nonproliferation. The review will also look at adaptations the bureaus have made to conduct end-use monitoring under wartime conditions and explore steps the Department can take to strengthen its programs and reduce diversion risks.

Additionally, in the next month we will issue our inspection of the U.S. Mission to the North Atlantic Treaty Organization (USNATO), which focuses on USNATO's coordination with other entities that are playing roles in coordinating lethal, non-lethal, and humanitarian assistance. We also expect soon to publish our inspection of the U.S. Mission to the European Union, which also focuses on coordination issues, particularly between the U.S. and the European Union, on a wide-ranging agenda related to energy and financial sanctions, humanitarian relief, war crimes prosecutions, and security assistance.

Non-security Assistance and Coordination

Non-security assistance, including economic and humanitarian assistance, and related coordination activities are also taking place on a large scale and, accordingly, represent an important focus of our work. In January we published a mandated report assessing the Department's process for certifying and reporting to Congress on direct financial support oversight mechanisms and safeguards, which we found were conducted and completed as required. As part of the same mandate, USAID OIG focused on the seven key safeguards and monitoring mechanisms of USAID's direct financial support to Ukraine. USAID OIG assessed that identified safeguards and monitoring mechanisms aligned with GAO federal internal control principles.

In this area, we are also conducting an audit of humanitarian assistance to Ukraine. The war in Ukraine has resulted in increased economic insecurity and limited access to basic services for the people of Ukraine. According to the United Nations, there were 17.7 million Ukrainians in need of urgent humanitarian assistance as of December 2022. The purpose of this audit is to describe the Department's humanitarian assistance response for people impacted by the war in Ukraine and to determine whether the Department has implemented Ukraine-related humanitarian assistance in accordance with Department policies, guidance, and award terms and conditions to ensure funds achieve the intended objectives.

Additionally, we are finalizing a review of the agency charged with providing accurate and timely international reporting and broadcasting—the U.S. Agency for Global Media's (USAGM)—response to the situation in Ukraine. Our forthcoming report examines such topics as how USAGM and its broadcasting networks addressed program content and delivery, personnel security, and strategic planning challenges associated with Russia's invasion of Ukraine.

Finally, given the Department's critical role in coordinating non-security assistance, we are conducting a review to determine whether the Department has established a strategy to inform and guide foreign assistance programs for Ukraine and whether it is exercising all required foreign assistance coordination and monitoring responsibilities.

Management and Operations

Recognizing that effective management and operations are fundamental to the Department's ability to perform basic diplomatic and administrative functions and engage, as needed, in Ukraine, we are focusing significant oversight efforts in this area. In December, we published an information brief drawing on our past work and that of other federal oversight bodies that detailed observations and lessons learned from other contexts that the Department should consider as it executes Ukraine response programs and operations.

For example, in the brief we noted that Embassy Kyiv's dispersed operations, in which some essential functions are simultaneously based in Poland and Ukraine, present a distinct set of leadership and management challenges that are similar to those faced by remote missions we assessed in past work. We highlighted effective practices for addressing such challenges, including using memoranda of understanding to document agreed-upon roles and responsibilities across distinct units that support common operations and establishing supplementary management supervision arrangements for remote operating units.

In the brief, we also noted the challenge of conducting official activities in Ukraine where there are significant security restrictions. Although this makes monitoring and evaluation activities difficult, we shared practices from past work that have been successful in addressing such circumstances, including establishing third-party monitoring contracts to increase visibility on the ground and properly documenting monitoring and evaluation practices.

Another component to our oversight in this area is our work to examine the Department's progress in reestablishing operations in Embassy Kyiv, focusing on facilities, security, and staffing issues critical to continuity of operations. The Department and other agencies depend on the embassy as a platform to carry out their vital work supporting Ukraine in countering Russian aggression, alleviating human suffering, and overseeing billions of dollars in programs. However, the embassy faces wartime security conditions and has encountered a very challenging operating environment since reopening in May 2022. We recently issued a classified management alert identifying Embassy Kyiv technical security challenges and providing time-sensitive recommendations to help ensure the embassy has the operational capacity to perform essential functions while safeguarding national security. We expect this work and future reports in this area to assist the Department and Congress in understanding progress to date and identifying additional challenges as the situation on the ground continues to evolve.

Fraud and Corruption Efforts

An important and cross-cutting aspect to our oversight work is our anti-fraud and counter-corruption efforts. Ukraine has historically struggled with corruption, ranking among the most corrupt countries in Europe, according to Transparency International's [corruption perceptions index](#). Reports of dismissals and arrests of Ukrainian officials for fraud and misconduct in the last few months have underscored the ongoing risk in this area. During our recent trip to the region, we stressed the importance of identifying and calling out corruption and delivered the message directly to Ukrainian officials that every dollar of U.S. assistance must be accounted for in a transparent manner. Although our message was well-received, we in the oversight community know that the real test will be whether Ukraine can establish controls and enforce accountability in practice.

We are executing a proactive oversight approach by working with our OIG counterparts to increase fraud awareness and reporting by disseminating joint hotline posters in both [English](#) and [Ukrainian](#), resulting in an increased number of reports to our respective hotlines. In addition, we issued an [alert](#)—and will soon issue a companion video—that details common fraud schemes that could compromise the Department's Ukraine response efforts, as well as practices for mitigating fraud vulnerabilities. Furthermore, we recently began research for an audit of the Department's anticorruption programs in the region, and we are increasing our investigative data analytics capacity to help identify trends in fraud reporting and common criminal schemes affecting response efforts.

Moreover, to assist with investigating any fraud allegations we may receive related to direct support to the government of Ukraine, we have engaged with Ukrainian law enforcement and prosecutorial entities to set the stage for future information sharing. In collaboration with Department of Justice counterparts, we plan additional outreach to, and exchange with, Ukrainian authorities to build the relationships we will need to deliver maximum accountability when fraud arises related to U.S. assistance.

Priorities

I have great confidence in the quality of the Ukraine-related oversight work we have performed to date. Leveraging technology and practices acquired and honed throughout the disruption of the pandemic, State OIG has a proven ability to conduct effective oversight in the hybrid context currently demanded by the situation in Ukraine. We have maximized the use of virtual interviews and strategically arranged for meetings with Embassy Kyiv staff when they rotate out from post, as well as on highly focused site visits to Kyiv. Moreover, we have audit and investigative staff in Frankfurt, Germany, that can quickly deploy to the region on temporary trips when needed.

That said, a major priority for State OIG involves pursuing a permanent presence for some of our oversight professionals at Embassy Kyiv. In-person engagement and direct observation in situations where large scale assistance programs and operations are underway, as is the case in

Ukraine, are undoubtedly important to the performance of effective oversight. As a result, we are working closely with Embassy Kyiv management on a phased approach to maintaining a routine OIG presence at the embassy. As part of this effort, we have initiated the formal request process for establishing three OIG positions at Embassy Kyiv and are awaiting the final decision from Embassy Kyiv and Department officials.

One major challenge to executing our oversight plan is securing additional quality professionals to meet increasing oversight demands. I am fortunate to lead an organization with dedicated and talented staff members who have quickly pivoted to support our ambitious slate of Ukraine-related work. However, we cannot let the increased focus on Ukraine keep us from meeting our overall oversight mission, which spans the globe. We will need to ramp up staffing to fulfill our broad oversight mandate.

The chief obstacle we face in ramping up staffing is that the current selection and appointment requirements add months to the onboarding process for new hires, which not only delays our ability to meet our Ukraine-related staffing needs, but also makes effectively deploying our supplemental funding difficult. To address this challenge and meet the critical hiring needs associated with Ukraine-related oversight, we are starting the necessary conversations to secure selection and appointment flexibilities consistent with direct hire authority. Additionally, we are seeking a legislative solution that would give us the same flexible hiring authorities we have in overseas contingency operation environments, allowing us to retain personnel on a temporary basis in the context of our Ukraine-related oversight.

Conclusion

Thank you for the opportunity to testify and elaborate on the vitally important work that State OIG is performing related to U.S. Ukraine response efforts. We appreciate the committee's interest in our work. I will continue to work with my DoD OIG and USAID OIG counterparts who join me today, as well as the other members of the oversight community, to advance quality oversight in this context and keep you and the public up to date on our efforts.

Chairman McCaul. Thank you, Ms. Shaw.
I now recognize Ms. Angarella for her opening statement.

STATEMENT OF NICOLE L. ANGARELLA, ACTING DEPUTY INSPECTOR GENERAL, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Ms. ANGARELLA. Good morning, Mr. Chairman, Ranking Member Meeks, and distinguished members of the committee.

I appreciate the opportunity to appear before you today to discuss the U.S. Agency for International Development Office of Inspector General's oversight of assistance to the government and people of Ukraine. I'm honored to be sitting here today with my close partners, IG Storch and Deputy IG Shaw.

My testimony will describe USAID OIG's oversight response efforts, including a summary of our recent, planned, and ongoing work overseeing USAID's economic and humanitarian assistance to Ukraine.

I want to clearly State that providing timely, independent, and objective oversight of USAID's Ukraine response is my office's top priority. I appreciate the support from members of this committee, providing \$13 million in supplemental funding to our office to conduct this important work.

Since the start of Russia's invasion, USAID has been the primary agency providing non-security assistance to Ukraine. This includes \$22.9 billion appropriated in direct budget support, more than \$1.4 billion in humanitarian assistance, and more than \$800 million in development assistance. This support requires proportionate levels of independent oversight.

To provide this oversight, USAID OIG has more than 60 staff supporting its Ukraine portfolio. Over the last 9 months, we issued eight products, including a Joint Strategic Oversight Plan with our IG partners.

Our first advisory report drew from our previous work and experience providing oversight of USAID's programming in other complex environments. Each of these responses presented unique challenges for USAID, but they shared common risks that we highlighted for the agency as it initiated programming in Ukraine.

Next, we issued a fraud alert identifying common schemes likely to affect USAID programming. Following its issuance, a major USAID contractor in Ukraine reported to us an allegation of collusive bidding which they identified prior to making a subaward. We immediately issued a second fraud alert warning the aid sector working in Ukraine to look for and to report similar schemes.

In addition, our investigators have provided more than 20 fraud awareness briefings to nearly 1,000 individuals supporting USAID programs in Ukraine. We worked closely with our colleagues at State and DoD to issue joint hotline materials in both Ukrainian and English. Since broadcasting our joint message to report fraud to the IGs, my office has received 178 reported related to Ukraine. This is a 556 percent increase in reports from the previous 11-month period.

To date, we have no serious criminal findings associated with USAID assistance to Ukraine. This increase in reporting, however,

shows that our outreach is working, and that individuals know how and who to report potential misuse of USAID funds to.

We also issued three products related to USAID's direct budget support, an information brief that described the three different World Bank Trust Funds and their oversight mechanisms. We found the oversight mechanisms align with GAO's Federal standards for internal controls. In a future report, we will assess the effectiveness of those established mechanisms.

Our work is also enhanced by longstanding partnerships and MOUs with our oversight counterparts at U.N. agencies, the World Bank, and bilateral donor countries. With the current limitations on U.S. Government personnel in Ukraine, these relationships offer a front-row seat to what is happening on the ground. This collaboration also sends a powerful message that we are united and that we will use our collective resources to ensure donor assistance reaches its intended recipients.

Looking forward, USAID OIG has 22 planned and ongoing oversight projects related to Ukraine. This work aligns with USAID's major programs, objectives, and funding in Ukraine.

Internally, in furtherance of our oversight work, we are recruiting surge capacity staff, enhancing our data analytics program, working to add permanent IG positions in Kyiv, and we are continuing to develop products that will provide timely information to policymakers.

As the head of USAID's Office of Inspector General, Congress and the American people have my commitment to independent, transparent, and timely oversight of USAID's Ukraine response. Further, I am committed to helping lead, with Diana and Rob, our Interagency Working Group. Together, we will ensure a comprehensive, efficient, and whole-of-government approach to our work.

Thank you for your support of USAID OIG. I look forward to your questions and the discussion today.

[The prepared statement of Ms. Angarella follows:]



OFFICE OF INSPECTOR GENERAL
U.S. Agency for International Development

Statement of

Nicole L. Angarella

Acting Deputy Inspector General, performing the duties of the Inspector General
United States Agency for International Development

Before the House Committee on Foreign Affairs
Hearing Entitled, "Oversight, Transparency, and Accountability of Ukraine Assistance"

March 29, 2023

Good morning, Chairman McCaul, Ranking Member Meeks, and distinguished members of the Committee. I appreciate the opportunity to appear before you today to discuss the United States Agency for International Development (USAID) Office of Inspector General's (OIG) oversight of assistance to the government and people of Ukraine. First, I'd like to acknowledge the partnership with my Inspector General (IG) counterparts: IG Storch from the Department of Defense (DoD) and Deputy IG Shaw from the Department of State. Having been part of the IG community since 2010, I can confidently say that the level of coordination and cooperation among our OIGs in overseeing the United States' Ukraine response is extraordinary.

My testimony today will describe USAID OIG's oversight response efforts, including a summary of our recent, planned, and ongoing oversight of USAID's economic and humanitarian assistance to Ukraine. I want to be clear that providing timely, impactful, and independent oversight of USAID's Ukraine response is my office's top priority. We appreciate the support from members of this Committee in providing \$13 million to date in supplemental funding for us to conduct this important work.

Recent Ukraine Oversight Work

Since the start of Russia's invasion in February 2022, USAID has been the primary agency providing non-security assistance to Ukraine. This includes \$22.9 billion obligated for Direct Budget Support to the government of Ukraine, more than \$1.4 billion in humanitarian assistance, and more than \$800 million in development programs. A response of this magnitude requires proportionate levels of independent oversight.

To provide this independent oversight, USAID OIG has more than 60 staff supporting our Ukraine work. Over the last 9 months, we have issued 8 products, as well as a Joint Strategic Oversight Plan with our State Department and DoD IG partners. Our first Advisory report to USAID Administrator Power, dated July 22, 2022, entitled "[Key Considerations to Inform USAID's Response in Ukraine](#)," drew from our previous work and experience providing oversight of USAID's programming in other complex emergency environments, such as Afghanistan, Iraq, and Syria. Each of these responses presented unique challenges for USAID programs, but they shared risks that we highlighted for the Agency as it initiated programming in Ukraine. These risks included:

- Procurement fraud schemes such as bid-rigging, bribery, and kickbacks, especially at the subaward level;
- Fraud within cash-assistance programs;
- Sexual exploitation and abuse, and trafficking of vulnerable populations within USAID-funded programs; and
- Challenges in oversight and monitoring of programs in emergency environments.

Following the Advisory, we issued a fraud alert, in both [English](#) and [Ukrainian](#), identifying common schemes likely to affect USAID programming and how to detect, deter, and mitigate them. This alert was widely distributed across organizations and United Nations (U.N.) agencies seeking or receiving USAID dollars. Following issuance of the first alert, a major USAID contractor in Ukraine detected and reported to USAID OIG an allegation of collusive bidding, which they identified prior to awarding a subcontract. We immediately reviewed the allegation and quickly issued a [second fraud alert](#) warning the aid sector working in Ukraine to identify and report similar schemes.

Our investigators have provided more than 20 fraud awareness briefings to nearly 1,000 individuals employed by at least 9 organizations receiving USAID funds for programming in Ukraine. In these briefings, our special agents train aid workers and contractors to identify fraud indicators, potential misconduct, and other program vulnerabilities at an early stage, and report allegations directly to OIG. Our special agents and legal counsel also explain the whistleblower protections available under U.S. law to individuals from any country who elect to come forward. Specifically, our work relies on the ability of complainants to report information affecting USAID awards without fear of reprisal, and we aggressively investigate allegations of whistleblower retaliation.

We also worked closely with our colleagues at the State Department and DoD OIGs to produce joint hotline materials in [English](#) and [Ukrainian](#). Since broadcasting our joint message to report fraud to the OIGs, my office has received a substantial influx of reports. Specifically, since the issuance of our hotline materials, USAID OIG's hotline has received 178 reports related to Ukraine. This represents a 556 percent increase in reports from the previous 11-month period. To date, we have no serious criminal findings associated with USAID assistance to Ukraine. However, this increase in reporting shows that our outreach is working, and individuals know how to report potential misuse of USAID funds.

We recently issued three products related to USAID's Direct Budget Support (DBS) to the government of Ukraine. The first report was an [Information Brief](#) that described the three different World Bank trust funds that USAID's money has gone through, and the oversight mechanisms associated with each fund. The [second](#) and third DBS products detailed and assessed the monitoring and safeguards in place to prevent corruption and ensure accountability within USAID's DBS programming. In these reports, we found that the oversight mechanisms aligned with the U.S. Government Accountability Office's standards for internal control. In a future report, we plan to assess the effectiveness of these established mechanisms.

Conducting oversight in complex emergency environments such as Ukraine—with multiple donors providing assistance—requires close coordination with foreign and international officials with similar missions to ours. Our work is enhanced by long-standing partnerships and memoranda of understanding (MOUs) with our oversight counterparts at U.N. agencies, The World Bank, and bilateral donors. With the current limitations on U.S. government personnel in Ukraine, these relationships offer a front row

seat to what is happening on the ground and serve as valuable sources of information into potential criminal activity affecting USAID programs.

In addition, these relationships: (1) allow for open and early sharing of information; (2) provide leads and allow for joint work; (3) establish trusted points of contact to verify data and compare findings; and (4) create avenues for navigating access challenges, such as perceived restrictions in sharing information under foreign data privacy laws.

The importance of these relationships cannot be overstated. Recently, our MOU with a major U.N. entity led to USAID's suspensions and subsequent debarments of former U.N. officials who, horrifically, had sexually assaulted beneficiaries and job applicants in the Democratic Republic of Congo. Use of suspension and debarment prevents the worst abusers of international aid programs from harming the people that America's support is designed to help. Although that investigation was not directly related to our Ukraine oversight, it sets an important precedent and creates a tool we can use to ensure accountability for U.N. employees working on USAID programs in Ukraine. It also prevents bad actors from recirculating into other USAID-funded programs in Ukraine and elsewhere.

In November, USAID OIG convened the annual [Complex Emergencies Working Group](#), consisting of 25 bilateral and multilateral organizations as well as our U.S. law enforcement partners, including the Department of Justice. The forum established and reaffirmed contacts needed to investigate allegations of criminal activity in Ukraine. And just two weeks ago, my senior leadership team and I met with Ambassador McCain in Rome to discuss our oversight of USAID assistance to Ukraine implemented through U.N. organizations, especially the World Food Programme (WFP), which USAID asserts is the recipient of a quarter of all Agency funding. WFP has already received \$673 million in U.S. assistance to support Ukrainians in need.

In meetings with the WFP IG, we executed a new MOU for sharing information and pursuing investigations to further our mutual oversight interests in Ukraine. We conveyed to WFP and the U.N. Food and Agricultural Organization that USAID OIG needs and expects prompt disclosure of allegations concerning the misuse or abuse of USAID programs. Our collaboration across the international aid sector sends a powerful message: we are united; we will use our collective experience, contacts, and resources to ensure that donor assistance to Ukraine reaches its intended recipients; and we will swiftly respond to allegations of criminal activity.

Our Planned and Ongoing Oversight Work

In addition to the work we have already issued, the [Joint Strategic Oversight Plan](#) details USAID OIG's 22 planned and ongoing oversight projects. This work aligns with USAID's major programs, objectives, and funding in Ukraine, including direct budget support, humanitarian assistance, agriculture resilience, energy security, and anticorruption efforts.

To highlight just a few of those 22 planned projects:

- We will assess whether USAID has adequate measures in place to oversee funding to U.N. agencies and prevent sexual exploitation and abuse in their programming.
- We will assess whether USAID has the staff and resources it needs in Ukraine to successfully implement its programming.

- We will conduct an audit of USAID's modifications to existing programs in Ukraine to respond to Russia's invasion. Specifically, we will examine the tradeoffs inherent in accelerated procurement practices to determine whether the mission has developed the procedures necessary to safeguard the award process from undue risks and support USAID's new strategy in Ukraine.
- We will assess USAID's management of contributions made to World Bank trust funds for Ukraine. While these funds provide a rapid method to deliver support to Ukraine, they also have the potential to reduce transparency and oversight of USAID contributions.

Internally, in furtherance of our oversight work, we are: (1) recruiting and onboarding experienced surge capacity staff; (2) enhancing our data analytics program; (3) working to add permanent USAID OIG oversight positions at Embassy Kyiv; (4) continuing to develop new, agile products that will provide timely information to policymakers; and (5) expanding our network of sources in Ukraine to receive reports of potential misuse or abuse of USAID programs.

Conclusion

I would like to conclude my remarks with an assurance, that as the head of USAID's Office of Inspector General, Congress and the American people have my commitment to independent, transparent, and timely oversight of USAID's Ukraine response. Further, I am committed to helping lead, with IG Storch and Deputy IG Shaw, our interagency Ukraine Oversight Working Group. Together, we will ensure a comprehensive, efficient, whole-of-government approach to our work.

Thank you for your support of USAID OIG's work. I look forward to your questions and the discussion today.

Chairman McCaul. Well, thank you for that testimony. I now recognize Mr. Storch for his opening statement.

**STATEMENT OF ROBERT P. STORCH, INSPECTOR GENERAL,
U.S. DEPARTMENT OF DEFENSE**

Mr. STORCH. Good morning, Chairman McCaul, Ranking Member Meeks, and distinguished members of the committee.

Thank you for the opportunity to appear before you today to discuss the DoD Office of the Inspector General's ongoing, robust oversight of U.S. security assistance to Ukraine.

Together with our colleagues from the Department of State OIG and the U.S. Agency for International Development OIG, and the other members of the 20-agency-strong oversight working group, we are actively engaged in a whole-of-government approach to ensure comprehensive, independent oversight across the full range of U.S. assistance to Ukraine.

In January, as has been mentioned, we published our Joint Strategic Oversight Plan for Ukraine, and just yesterday, we publicly released a congressionally mandated report updating the status of our joint oversight efforts.

As IGs, our offices conduct oversight through two basic means: programmatic audits, evaluations, and other reviews, and investigations into allegations of fraud, waste, abuse, and other criminal conduct.

Since the 2022 invasion, the DoD OIG has issued five programmatic reports related to U.S. security assistance to Ukraine, including two management advisories that identified areas of concern that we found could impact the DoD's ability to transparently track and report the supplemental funds appropriated for Ukraine, and our most recent report in which we made recommendations to assist the Army with its maintenance, inventory, and other processes for prepositioned equipment in the region.

We currently have some 21 ongoing and planned projects that cover the full spectrum of what is, essentially, a train-and-supply mission for the DoD, focusing on, among other things, ensuring that tax dollars are used properly; that there is appropriate accountability for weapons and other materiel, and that U.S. stocks are appropriately replenished, so they are available, should they be needed elsewhere.

Our ongoing and planned projects address critical issues, like security and accountability controls for the transport of weapons and equipment; intelligence sharing; the replenishment of U.S. weapons stockpiles; controls for validating and responding to requests for support; the maintenance and sustainment of weapons provided; the training of Ukrainian soldiers to use those weapons; awards of non-competitive contracts, and the DoD's execution of funds appropriated to assist Ukraine.

As our work is authoritative, because we follow rigorous, established standards and processes, I cannot release the results of our oversight projects prior to their completion, but I want to assure you that we of the DoD OIG are committed to being as agile as possible in bringing our oversight to fruition and as transparent as possible in making the results of that work available to the Congress and the public.

One area in which my office has been, and will continue to be, laser-focused is end-use monitoring, known as EUM, and enhanced end-use monitoring, or EEUM, which is the DoD's tracking of military assistance and sensitive equipment after those assets are transferred to other countries. As an independent overseer of the DoD, the OIG does not conduct EUM or EEUM, but, as early as 2020, we issued a report on how the DoD was conducting EEUM of military assistance to Ukraine.

Last October, with the fighting ongoing, we issued a classified report in which we determined at a high level that the DoD was unable to provide such monitoring in accordance with then-existing policy because of the limited U.S. presence in Ukraine, and we outlined the actions the DoD was taking to account for the U.S. equipment provided in such circumstances.

As the situation has continued to evolve, we are now actively engaged in our third evaluation of EUM/EEUM in Ukraine, and we will continue to focus on this important area, looking for opportunities to use agile reporting to release our findings and recommendations in a timely and transparent manner.

In addition to this robust slate of programmatic reviews, the DoD OIG's Defense Criminal Investigative Service is actively engaged in conducting fraud prevention and investigative activities, leveraging its existing relationships and experience conducting investigations on combat environments around the world to ensure the integrity of U.S. assistance to Ukraine.

While I cannot, of course, comment on any ongoing investigations, based on our completed work, we have not substantiated any instances of the diversion of U.S. security assistance to Ukraine.

The DoD OIG has more than 90 professionals engaged in oversight of security assistance to Ukraine, including some 20 positions forward-deployed in the region, and we are seeking to establish a persistent presence at the Embassy in Kyiv to further our future oversight work.

Working hand-in-glove with our oversight partners, my office will continue to make robust, independent oversight of U.S. assistance to Ukraine a matter of the highest priority for as long as the conflict and the need for oversight continue.

Thank you for the opportunity to speak with you today. I look forward to your questions.

[The prepared statement of Mr. Storch follows:]



INSPECTOR GENERAL
U.S. Department of Defense

STATEMENT OF ROBERT P. STORCH
INSPECTOR GENERAL, DEPARTMENT OF
DEFENSE
FOR A HEARING ON

**“Oversight, Transparency, and
Accountability of Ukraine Assistance”**

BEFORE THE
HOUSE FOREIGN AFFAIRS COMMITTEE

March 29, 2023

Good morning, Chairman McCaul, Ranking Member Meeks, and distinguished members of the Committee. Thank you for inviting me to appear before you to discuss the Department of Defense (DoD) Office of Inspector General's (OIG) ongoing oversight of U.S. security assistance to Ukraine, in which we are actively engaged as part of a coordinated, whole-of-government approach with our oversight colleagues from the Department of State (State) OIG, the U.S. Agency for International Development (USAID) OIG, and many others. Through these coordinated efforts, we are partnering to ensure comprehensive, robust, and transparent oversight across all aspects of U.S. military, economic, humanitarian, and other assistance to Ukraine. Since Russia's invasion in February 2022, the DoD OIG has completed five Ukraine-related oversight projects, with 21 ongoing and planned audits and evaluations that are designed to cover the full range of U.S. security assistance to Ukraine and to ensure the proper use of U.S. taxpayer dollars in those efforts. In addition to these programmatic reviews, the DoD OIG's Defense Criminal Investigative Service (DCIS) is conducting extensive fraud prevention and investigative activities to ensure the integrity of U.S. security assistance to Ukraine and to detect and deter any wrongdoing with regard to same. Furthermore, we are working with our oversight partners to establish a persistent presence at the Embassy in Kyiv to further enhance our efforts going forward.

Over the past year, Congress has appropriated approximately \$113.4 billion for efforts across the federal government in support of the Ukraine response. The \$62.3 billion that has been appropriated in DoD funding supports security assistance requirements in Ukraine and operational mission requirements within the U.S. European Command area of responsibility; replenishment of DoD stocks provided to Ukraine through Presidential Drawdown and Excess Defense Article Authorities; and reimbursement for defense services, education, and training provided to Ukraine.

My testimony today will provide details on the Ukraine Oversight Interagency Working Group's coordinated approach to ensure comprehensive oversight of U.S. assistance to Ukraine and a summary of the DoD OIG's past, present, and future oversight of all aspects of U.S. security assistance in this dynamic and evolving area of operations. As the processes we follow in our oversight ensure the accuracy and authoritativeness of our work, I am not able to share the results of ongoing work, we are leveraging every opportunity to explore agile reporting options in order to maximize the timeliness and transparency with which we report on the results of our oversight efforts.

Ukraine Oversight Interagency Working Group

Along with our federal oversight partners, we established the Ukraine Oversight Interagency Working Group (the Working Group) to ensure an integrated and comprehensive whole-of-government approach to oversight of the U.S. Government's response to the Russian invasion of Ukraine. In partnership with the State and USAID OIGs, we proactively established the Working Group in June 2022 – fewer than 4 months after Russia's invasion on February 24, 2022 – because we identified the need for an integrated, professional community-wide approach to oversight of the U.S. Government's complex, rapid, and resource-intensive response to Russia's invasion of Ukraine.

Today, many staff members from 20 U.S. Government oversight organizations, including auditors, evaluators, investigators, and inspectors, participate in the Working Group. The Working Group communicates regularly and meets monthly, with participants including representatives from the Offices of Inspector General for the DoD, State, USAID, Intelligence Community, Department of Agriculture, Department of Commerce, Department of Justice, Department of the Treasury, Department of Health and Human Services, Department of Homeland Security, Export-Import Bank of the United States, International Development Finance Corporation, Defense Logistics Agency, U.S. European Command, and U.S. Army Europe and Africa, as well as the Government Accountability Office, the Defense Contract Audit Agency, and the Air Force, Army, and Naval Service Audit Agencies.

While not all of these agencies are actively conducting oversight related to Ukraine assistance at all times, each has equities related to the broader national effort. The working group ensures open lines of communication and situational awareness across department and agency boundaries. This breadth of collaboration facilitates comprehensive oversight that avoids potential gaps in coverage, prevents duplicative oversight projects, and strengthens the oversight community's outreach and real-time information sharing on Ukraine oversight matters.

As of today, agencies that participate in the Ukraine Oversight Interagency Working Group have issued at least 17 products related to security assistance and coordination, non-security assistance, and management and operations. The Working Group's participating agencies have 71 ongoing and planned projects related to Ukraine assistance, a number that continues to grow as the nature and scope of the assistance changes and our oversight efforts evolve to address them.

Joint Oversight of the Ukraine Response

In January 2023, the DoD, State, and USAID OIGs, in coordination with the larger Working Group, published a Joint Strategic Oversight Plan (JSOP) for Ukraine Oversight, laying out our vision for coordinated and comprehensive oversight and our completed, planned, and pending work in this area. This week, we issued "Joint Oversight of the Ukraine Response," which builds on the JSOP and fulfills the DoD OIG's reporting requirement under Section 1247 of the James M. Inhofe National Defense Authorization Act (NDAA) for FY 2023, as well as the State and USAID OIGs' reporting requirement under Section 1707 of the Consolidated Appropriations Act, 2023.

The DoD, State, and USAID OIGs, in partnership with other U.S. Government oversight organizations, have adopted a coordinated, whole-of-government collaborative approach to ensure that oversight efforts regarding all aspects of U.S. assistance to Ukraine are comprehensive, relevant, timely, and transparent. Our recently released report describes that joint approach, details how we and our partners have responded to the challenge of overseeing the response in a dynamic operating environment, and outlines completed, ongoing, and planned oversight work related to U.S. Ukraine response efforts.

Our offices have made oversight of the \$113.4 billion appropriated for the Ukraine response a top priority. As detailed in our latest report, the DoD, State, and USAID OIGs and their partner

oversight agencies are using the oversight model that the three OIGs have successfully employed, and continue to employ, for overseas contingency operations across the globe. This proven model ensures regular collaboration and facilitates coordinated oversight of our individual agencies' programs and operations. By relying on a tested interagency construct, we were able to initiate agile whole-of-government oversight as soon as the conflict began and we will continue to do so as long as the conflict and need for oversight continue.

Effectively and transparently communicating our plans and the results of our work to Congress and the public is essential to our oversight mission. As we complete our oversight projects and adapt to changing circumstances, we will periodically update our joint plan, consistent with our shared commitment to comprehensive, relevant, and timely oversight that promotes transparency and ensures the accountability of U.S. assistance to Ukraine. And, as referenced earlier, we will continue to explore every opportunity to use agile reporting projects to convey our findings as timely and transparently as possible.

Leading from the Front: IGs Meet with U.S. and Allied Personnel Downrange

In late January 2023, I traveled to Germany, Poland, and Ukraine with the leaders of the State and USAID OIGs. The purposes of this trip were to obtain the latest on-the-ground perspective of the evolving security and non-security assistance provided to Ukraine; to build on our coordinated, whole-of-government approach to oversight of the United States' significant investment in this effort; and to deliver an unambiguous message to both American and Ukrainian stakeholders about the expectations for accountability for such assistance. In Kyiv, my colleagues, testifying with me here today, and I personally and forcefully delivered this message in meetings with the Ukrainian Prime Minister, the Minister of Defense, the Minister of Finance, the Prosecutor General, and other key Ukrainian leaders and counterparts.

The following are among the key takeaways from the three IG trip.

- The evolution of the nature of U.S. security assistance to Ukraine has created a constantly-changing situation on the ground that requires continuous, agile, and robust oversight.
- Materiel sustainment and restock issues must be closely monitored.
- Persistent oversight over DoD efforts to ensure appropriate visibility of and accountability for defense items once they cross the Ukrainian border and into the battle zone will be of ongoing importance.
- Accountability and anticorruption efforts are essential for Ukraine's future. We were consistently told by Ukrainian leaders that they understood the criticality of these efforts and we will continue to hold them accountable for meeting U.S. expectations in this area.
- Building on established partnerships to ensure U.S. and international oversight coordination to prevent waste, fraud, and abuse of assistance from all NATO members and other donors to Ukraine is essential.

Any active armed conflict necessarily presents certain challenges to conducting oversight, and those observed in Ukraine are not entirely unique. Building on our past experience collaborating with our partners on whole-of-government oversight in Iraq and Afghanistan, we are adapting to

meet the needs presented by this dynamic environment. In doing this work, we also recognize and account for important differences between providing oversight in Iraq and Afghanistan and the oversight of U.S. assistance to Ukraine. One major difference is that U.S. troops are not actively engaged in Ukraine, where the DoD has only a very limited footprint. Most of the training and other activities in which the U.S. military is engaged in support of Ukraine are conducted in other parts of Europe and the United States. Because of the nature of the train and supply mission and the resulting distribution of much of the DoD's activity outside of Ukraine, we are able to leverage our regional and domestic staff to perform agile and comprehensive oversight in real time, and we continue to evaluate our posture and make changes as appropriate to ensure that we are optimally postured to conduct agile, comprehensive, and impactful independent oversight in a fluid situation. In that regard, as noted above, we currently are working with our counterparts to establish a persistent presence at the U.S. Embassy in Kyiv to enhance our future oversight work.

The U.S. bilateral relationship with the Ukrainian Armed Forces far predates the current conflict, enabling the DoD to build on that existing familiarity. Unlike in Iraq and Afghanistan, the U.S. military is supplying and supporting an existing military force rather than building a new one from the ground up. The DoD OIG has substantial experience in conducting oversight of a mission such as that currently underway in support of Ukraine, and we are bringing it to bear to ensure comprehensive oversight that leverages our prior work and the experience and talent of our staff to conduct our work in a timely and impactful manner.

Oversight Results to Date

The DoD OIG has been conducting oversight of assistance to Ukraine since before the Russian invasion. As with all of our work around the world, our audits, evaluations, and reviews ensure DoD compliance with applicable laws, rules, and regulations, and promote the economy, efficiency, and effectiveness of DoD programs and operations. Through our reports of audits and evaluations and other agile products, we make findings and recommendations that get to the root causes of the problems we find and drive positive change.

Going back well before the current invasion, the DoD OIG has been focused on end-use monitoring (EUM) and enhanced end-use monitoring (EEUM)—the means whereby the DoD tracks how countries across the world employ U.S. military assistance and sensitive equipment after these assets are transferred to them by the DoD. This critical task is made even more difficult for the DoD under the conflict conditions in Ukraine. However, EUM and, particularly, EEUM are vitally important to ensure that the lethal and non-lethal tools the U.S. supplies to its partners are accounted for appropriately and being used for their intended purpose.

As early as 2020, the DoD OIG issued a report on how the DoD was conducting EEUM of military assistance to Ukraine, including Javelin missiles, Javelin command launch units, and night vision devices. We found that EEUM was being conducted largely in accordance with the law and DoD guidance, and that Ukraine's storage of Javelin missiles and launch units met physical security requirements. However, we found that information in the DoD's database about the quantity, location, and condition of night vision devices was inaccurate because the Armed Forces of Ukraine did not always report the loss, theft, or destruction of these devices, as

required. Additionally, serial number stickers on some U.S.-supplied night vision devices became illegible or fell off, especially during operational deployments or combat, making it difficult to conduct serialized inventories of these articles. The evaluation included recommendations for how the Defense Security Cooperation Agency could improve Ukrainian reporting practices and come into compliance with DoD EEUM requirements.¹ The DoD agreed to all of these recommendations, and most of them have since been closed.

More recently, in October 2022, we issued a classified report that determined the DoD was unable to provide EUM in accordance with DoD policy because of the limited U.S. presence in Ukraine. The report identified the challenges faced by DoD personnel responsible for conducting EUM and EEUM in Ukraine and outlined the actions the DoD was taking to account for the U.S. equipment provided to Ukraine when there are limited U.S. personnel present.² We recently initiated our third evaluation on this important topic, which will address unresolved recommendations from our previous reports and assess the current state of EUM and EEUM in Ukraine. We will continue to focus on this issue to ensure appropriate accountability for U.S. security assistance as the situation on the ground evolves.

Additionally, on February 27, 2023, we issued a report on the Army Pre-Positioned Equipment Issued in Response to Ukraine and the NATO Defense Forces. After Russia invaded Ukraine in February 2022, the Army used equipment it had pre-positioned in Europe as part of the DoD's response to support NATO. This was the first time the Army issued pre-positioned stock to an entire armored brigade combat team in Europe. Our evaluators found that the Army issued the equipment quickly; however, some equipment was not fully mission capable so as to support the brigade's rapid deployment. The report included 6 recommendations to the Army for improving its maintenance of pre-positioned equipment and coordination processes to ensure mission readiness. The Army agreed to implement all of the recommendations.³

The DoD OIG also has issued two management advisories that informed DoD leadership and Congress of several areas of concern that directly impact the DoD's ability to transparently track and report the supplemental appropriations for Ukraine. Findings included that the systems used did not feed directly into Advana, the official reporting system for Ukraine supplemental appropriations, and the DoD lacked standard operating procedures for reporting the information.

In addition to these and other reports and advisories, DCIS—the criminal investigative component of the DoD OIG—has focused on potential criminal exploitation of Ukraine security assistance. DCIS leadership recently deployed two special agents to supplement the DoD OIG's presence in Eastern Europe and, in particular, to work with counterpart agencies and establish a presence in the area where equipment is transferred for shipment into Ukraine. Additionally, DCIS has established a Ukraine Program Manager within its National Security Division to coordinate relevant activities. While we cannot comment on the substance of any particular

¹ Report No. DODIG-2020-121, “Evaluation of Department of Defense Enhanced End-Use Monitoring for Equipment Transferred to the Government of Ukraine,” August 27, 2020.

² Report No. DODIG-2023-002, “Evaluation of the DoD's Accountability of Equipment Provided to Ukraine,” October 7, 2022.

³ Report No. DODIG-2023-053, “Evaluation of Army Pre-Positioned Equipment Issued in Response to Ukraine and the NATO Defense Forces,” February 27, 2023.

investigation, DCIS currently has well over a dozen open matters related to allegations involving assistance to Ukraine. Our experienced law enforcement agents also routinely work with U.S. Government agencies and international partners on Ukraine-related issues. Of particular note, at the request of the Security Assistance Group – Ukraine, DCIS appointed a Liaison Officer to de-conflict allegations of substandard parts and materials, non-conforming materials, and other fraud concerns, and we have drawn on our extensive background investigating contracting and other types of fraud in war zones to provide dozens of fraud awareness briefings throughout the region. We build on this expertise and our established relationships in the region, regularly communicating with the Legal Attaché and others in Ukraine and elsewhere in support of our comprehensive investigative efforts.

We have heard and heeded the calls from both chambers of Congress for robust oversight of the extensive ongoing U.S. assistance flowing to Ukraine. We are conducting oversight at the speed of war, emphasizing agility in producing reports that are both authoritative and timely. Our reports identify issues and make recommendations that policymakers can implement to address problems promptly and in a lasting manner. We have completed some work, and more is planned and ongoing, and we will continue to avail ourselves of every opportunity to be agile and transparent in our reporting while our independent oversight work is ongoing.

More than 90 DoD OIG staff members across all of our components are currently hard at work in this endeavor. In the coming months, we will produce reports of audits and evaluations on critical issues like the replenishment of U.S. weapons stockpiles, intelligence sharing in support of Ukraine, maintenance and sustainment of sophisticated weaponry and equipment being provided to Ukraine, awards of noncompetitive contracts for assistance to Ukraine, and the training of Ukrainian Armed Forces.

Priorities and Commitments

The DoD OIG has one of the largest oversight mandates in the federal government, responsible for overseeing more than \$800 billion in annual defense spending. Ukraine assistance is very much “Job One” as my office plans our internal and interagency projects, and we are very grateful for the support of Congress that has enabled us to prioritize this work while continuing to address our many other priorities in overseeing DoD programs, operations, and personnel across the globe.

In conducting our oversight over U.S. support for Ukraine, we will continue to work hand in glove with my colleagues here from State and USAID OIGs, and our partners across the oversight community, to monitor, detect, and address any instances of fraud, waste, or abuse, to ensure that taxpayer dollars are spent as intended, and that there is appropriate accountability for U.S. assistance. Consistent with our emphasis on transparency, we will strive to the greatest extent possible to make our oversight work releasable to the public, and as I previously stated, we are using agile products and otherwise working to report on our efforts as soon as possible. We also are working with our partner agencies to expand and apply our substantial data analytics capabilities to sift through voluminous information to track assistance spending, both to identify issues for audit, evaluations, and investigations and to inform the results of our oversight work. To facilitate reporting of fraud, waste, or abuse, the DoD, State, and USAID OIGs have

produced a joint Hotline poster in both English and Ukrainian for distribution in the region to better facilitate whistleblower reporting. Our three offices have received 189 Ukraine response-related hotline contacts from this potentially important source of information.

As we look to the future, the DoD OIG is committed to working with State and USAID OIGs, and all of our oversight partners, to adapt and employ our existing oversight frameworks to share real-time knowledge, avoid duplication of effort, and ensure impactful oversight through a robust whole-of-government enterprise that provides full coverage of all aspects of U.S. assistance to Ukraine. Oversight teams are building on their experience and relationships developed in similar interagency efforts, such as those related to Iraq, Afghanistan, and the coronavirus disease–2019 (COVID-19) pandemic, to plan and conduct comprehensive oversight of Ukraine assistance. Furthermore, as previously noted, we are expanding our oversight presence in Europe and working to establish a persistent presence at the Embassy in Kyiv that will position us well to conduct robust oversight for as long as it may be necessary. Throughout all these efforts, I will continue to work closely with my State and USAID OIG partners, and our counterparts through the working group, to keep the Congress and the public fully apprised of our ongoing efforts.

Thank you for the opportunity to testify and to share the work of the DoD OIG and the broader oversight community regarding U.S. assistance to Ukraine. I look forward to answering your questions.

Chairman McCaul. Thank you, Mr. Storch, and I will start with you.

As I said in my opening statement, from day one, when we had the very first supplemental package, I think putting these mechanisms in place with three Inspectors General, a Deloitte audit is really the way to do this, is right at the beginning, not at the tail-end. So, I am pleased that we were able to make that progress.

I was in Poland and Ukraine about a month ago. I went to the 101st Airborne, where the logistics of all the weapons are going in country, and it is quite fascinating to see that amount of NATO weapons from all different countries being merged together in a pipeline, and then, the communications with the Ukrainians, also with the parts and repairs. I mean, I do not think the United States has ever been engaged in anything quite like this.

On the weapons, I was assured that there is a system of barcoding with the weapons and end-use monitoring. Could you explain that process to the members?

Mr. STORCH. Thank you. Thank you very much for the question.

As you say, it really is remarkable to see the efforts that are being made to transport such large volumes of equipment, and increasingly, sophisticated equipment, and to get it to the battlefield in a timely fashion, and then, as you say, to ensure appropriate maintenance and sustainment as well.

One of the things that DoD, based on our work, has emphasized—and we have been overseeing to make sure they emphasize—is the accountability of that assistance throughout that supply chain, right? So, starting when the material first heads out, watching as it is transported throughout the process, as it gets over into Europe, and then, is transported on into Ukraine.

And as you say, one of the things that the DoD has testified about—and frankly, we are looking at in our ongoing review of EUM and EEUM—is this system of barcoding that has been put in place to help to track the equipment, once it enters into the country. So, that is an area that the Department has been exploring. We looked back, in 2020, in our initial EUM evaluation at the earlier stages of that. It has now moved forward and we are continuing to look at that in our ongoing evaluation.

Chairman McCaul. Yes, and any ways that we can even improve upon what is already, I think, a good system, please let me know.

When I was there at that time, they said there had been no illicit diversion of U.S. weapons transferred to Ukraine. Does that still remain the case?

Mr. STORCH. As I said, based on our substantiated work, we have not substantiated any instances of diversion.

And with regard to the improvements in the system, I just say that is a big part of why we do this work, right? We are looking for compliance, but we are also looking for ways to improve the economy, the efficiency, and the effectiveness of what, in my case, the DoD is doing with this. So, we are absolutely focused on that and we will continue to report on it as transparently as we possibly can.

Chairman McCaul. OK. Ms. Angarella, I am glad to see that our European partners are starting to finally step up to the plate. I think they could do more. I think Eastern European NATO allies

have borne the brunt of this because it is in their backyard. I think the Western NATO countries could do a better job stepping up. And we have seen some countries do this.

one of the top givers now, right? I think we are going to continue to press them. And I do not think the United States should bear the burden of this war and responsibility when it is in their own backyard. I know that is not part of your job description, but I just make that as a statement.

But, for U.S. direct budget supports to Ukraine, could you tell us about the existing accounting mechanisms in place, and have you seen any misuse or fraud in these funds?

Ms. ANGARELLA. Thank you for your question.

I will start at the end to State that, from our substantiated work that we have done thus far, we have not identified any instances of fraud or misuse with respect to the direct budget support.

Starting at the beginning, there is multi-tiered response and oversight framework in place with many different organizations reporting and providing oversight, starting with the government of Ukraine and the Ministry of Finance. The U.S. Government's direct budget support is going through the World Bank, through three different trust funds. The major one where the majority of money is going through is operated on a reimbursement basis. So, once expenditures are made and they are determined to be eligible by the government of Ukraine, they are, then, submitted to the World Bank, and the World Bank reviews those expenditures for eligibility, as the trustee.

On top of that, as you mentioned, USAID, the agency, is doing its own oversight and monitoring, as the owner of this programming and the agency in which the money is flowing through. They have contracted with Deloitte, as you mentioned, to do capacity-building and monitoring in Ukraine, to help buildup the internal capacity of the government of Ukraine to do that work.

Additionally, USAID has partnered with GAO, the agency, not the IG, to do capacity-building and training for the external auditors and the supreme audit agency within Ukraine.

On top of that, USAID OIG is providing oversight. And where our role is important is looking at the complex structure that is in place and identifying any gaps, any weaknesses, and most importantly, providing an independent assessment of the monitoring and the reporting that is being done. So, to date, our office has issued three reports already on direct budget assistance, and we have two being worked on right now.

And additionally, we have Memorandums of Understanding, USAID OIG, with the World Bank, their integrity office and their internal audit office, so that we have ease of access and constant discussions with their internal compliance and investigative bodies.

So, in all of those areas, there are multiple people performing oversight, and our job, as the independent body, is to assess that oversight.

Chairman McCaul. Well, thank you.

And I think putting these mechanisms in place from day one has really helped prevent—you know, an ounce of prevention is worth a pound of cure—has really helped prevent, I think, fraud, waste,

and abuse. And that is why I think we are getting these positive reports from all three of you.

So, with that, I now recognize the acting ranking member, Ms. Manning.

Ms. MANNING. Thank you very much, Mr. Chairman.

It is in our national interest and in the interest of the free world that the United States, our allies, and our partners continue to provide robust support for the government and the people of Ukraine. We must stand firmly with a strong, democratic Ukraine against the brutal war of aggression by Russia and its autocratic leader, Putin.

In order to ensure that the support we provide is as effective as possible, it is critical that we have strong and timely oversight. And I appreciate the detailed oversight mechanisms that you have each outlined in your testimony, as well as the coordination among you that is evident.

Ms. Shaw, one thing that is essential for proper oversight is sufficient and well-trained professional staff. And you stated in your testimony that you need increased staffing, but are hampered by the current selection and appointment requirements which add months to the onboarding process for new hires; and that this issue needs a legislation solution. Can you describe that problem, as well as the kind of legislative solution you would like to see?

Ms. SHAW. Thank you so much for that question.

Absolutely. Having the qualified professionals on staff to do this work is incredibly important. We are so fortunate at State OIG to have a very dedicated, very talented staff, but we have a global mission and Ukraine is just a part of that. And so, we have to make sure that we are staffed and resourced in a way that allows us to give the attention that is required to the situation in Ukraine while still advancing our global mission.

As you said, some of the Federal Government hiring authorities that we currently have do take a long time to onboard people. And so, what we are looking for are flexible hiring authorities, the sorts of hiring authorities that we have in the context of overseas contingency operations; the ability to bring on temporary and surge staff to support this work.

And something else that I think could be important is extending the period of availability of the supplemental funding that we have been given. That is set to expire at the end of Fiscal Year 2024, and I think that we expect that our oversight role will extend beyond that.

And so, to get the right people onboard, and to get them engaged in doing this work, I think we would be looking both for those direct hiring and flexible hiring authorities, as well as, potentially, an extension of the period of availability of the existing supplemental funds.

Ms. MANNING. And in your opinion, would these changes require legislation or are these administrative issues that can be addressed with rule changes or agency changes?

Ms. SHAW. My understanding is that they would, at least some of them would, require a legislative solution. And so, we have actually been in contact with subcommittees to talk about what that language might look like.

Ms. MANNING. And, Inspector General Storch, do you experience this same issue, and would you agree that this needs a legislative solution?

Mr. STORCH. So, thank you for the question, first of all. And let me thank you, as well, for the support that we have gotten from Congress, which we have been putting to good use in carrying out our oversight.

Like Diana, we have a lot of things going on. Ukraine is very much our job one, and that support has enabled us to do that, while maintaining all of our other oversight responsibilities.

In terms of future hiring flexibilities, in our case, we are probably do not need quite as many different ones as State perhaps, but we have identified one area where there could be some additional flexibility in the area of direct hiring authority. That would give assistance. And we also have been engaged with the Hill to talk about what that would look like. That would need, also, legislation as well, but it is something that would be helpful just to enable us to be a little bit more agile and flexible in getting staff onboard.

So, I thank you for the question.

Ms. MANNING. Thank you.

And, Ms. Angarella, I notice you are nodding your head. Is this an issue in your capacity as well?

Ms. ANGARELLA. Yes. I would not to reState what Diana and Rob both said, but it is probably worth a little bit of an exclamation point, that staffing—we spend our money through staff. As IGs, that is what we do. And so, when are graciously appropriated money to do our important work, bringing on staff is how we spend the money and do the work. And so, any flexibilities we can have that can expedite our ability to bring on experienced staff would help us do that work.

Ms. MANNING. Thank you.

And, Ms. Shaw, are you concerned at all that the staffing issues that you have just outlined, that are required to provide oversight in this area, that you are at risk of having to take your eye off the ball in other areas that the Department of State deals with?

Ms. SHAW. So, I'm glad to say that I do not think that that is a risk that has materialized, but it is something that we are keeping a close eye on. And so, it is not a situation we want to find ourselves in, which is why we are giving so much thought to this situation right now. I am confident that we will be able to meet our global mission and the demands of oversight with respect to the situation in Ukraine, but any help that we can get on this regard will just help us do that more efficiently and more quickly.

Ms. MANNING. Thank you very much. Thank you to all our witnesses.

My time has expired and I yield back.

Chairman McCaul. The gentlelady yields.

The chair now recognizes Mr. Smith.

Mr. SMITH. Thank you very much, Mr. Chairman.

I appreciate you calling this very important hearing. This is an issue that is on the minds of many of our constituents. They want to make sure that the money is being very well-utilized with total transparency.

And again, I want to thank our three Inspectors General for your leadership. Aggressive oversight, obviously, mitigates criminality. It also encourages the proper use of scarce resources. So, thank you so very much for that leadership.

A couple of questions. One of them would be, Ms. Angarella, you had mentioned that there were no serious criminal findings. And I wonder if you could just explain to the committee how you define "serious," and maybe some examples of what other types of criminality or what you thought did not rise to the level of serious, but is a problem.

I would also, all of you, what were the lessons learned from Iraq? We had IGs there, obviously, and a lot of money went the wrong way and went wayward. And I'm sure you have taken into account all the years-to-date work that, hopefully, leads to a better bit of work.

And then, the IGs from other countries, including NATO, how do you collaborate with them to ensure, particularly when funds and weapon systems, and the like, are harmonized with our NATO partners, that it is all being—that their portion, are they doing their due diligence like you are to ensure that it is all well-spent?

Ms. ANGARELLA. Thank you for your question.

What I mean by "serious" findings is, after a process of thorough investigative work or audit work, done to the standards that my IG Counterpart Storch described in his statement, are followed through with. So, to date, we have not substantiated any allegations. We have two open investigations and five that are in the preliminary stages, where we are doing more due diligence and taking additional investigative steps to see if they meet the level of investigative resources, but they have not been substantiated.

And by "serious," the example that I gave of the collusive bidding scheme which was reported to us by one of USAID's major contractors that are working in Ukraine is an example of a common fraud scheme that we see in USAID's programming around the world. And in that instance, the contractor identified it before they made the subaward to the collusive bidder.

On your last question, which I think is really important, about NATO or for USAID's perspective, other bilateral donor coordination, that is a huge percentage of the time and resources we spend doing, as USAID OIG. Much of USAID's work is different than other IG offices, including ones that I have worked at, in our work is done overseas. It is not done in the United States.

So, we absolutely have to coordinate and communicate with other donor countries, and specifically, their oversight organizations. So, we have longstanding relationships and Memorandums of Understanding in place with other bilateral donors, such as the EU anti-corruption unit, OLAF, and also with U.N. organizations, because significant amounts of USAID's programming is done through U.N. organizations.

We have similar MOUs and relationships and collaboration in place with the U.N. organizations; for example, WFP. I just returned with my staff from Rome, meeting with and re-signing an MOU with the WFP IG, as well as meeting with Ambassador McCain and talking about oversight and collaboration issues. So, it is a key part of us doing our work effectively.

Mr. STORCH. Let me—

Mr. SMITH. Yes?

Mr. STORCH. I was just going to add, with the part that you opened up to all of us, I agree with everything Nicole said, and would just add as well, that one of the things I think that we have learned around the world—and the chairman referred to this at the very beginning—is the importance of getting in early and getting established early and doing the oversight.

So, Iraq was way before my time as the DoD IG. But, having said that, one of the things we have really been stressing—and I think you heard it in all of our opening statements—is the importance of coordinating early, working together upfront, to get ahead of oversight, so that we are not playing catchup later. So, that is one important lesson.

And then, the other one is coordinating amongst ourselves and with our partners, and all of our offices have robust relationships. We have our own law enforcement. We have law enforcement all over the world that we have established relationships with. And that is really important as well.

And then, the final thing I would add is, we have learned a lot by doing oversight in conflict situations about what are the type of risks that are presented—some of it on the front end—things like contracting-type risks and things like that, when there is a lot going on in a short period of time. And how do you get in front of that?

So, for instance, my office has literally done dozens of fraud briefings in the region, where we have gone out and talked to folks who are engaged in this about what to look for. So, I think we have learned a lot.

Mr. SMITH. I'm out of time, but just maybe sometime during the course of your answers, in-country risks to your forward-deployed investigators, have any been hurt? And what is the risk factor that they—and again, that is very courageous work they are doing.

Thank you.

Mr. STORCH. Thank you, sir.

Chairman McCaul. The gentleman yields back.

The chair recognizes Mr. Cicilline.

Mr. CICILLINE. Thank you, Mr. Chairman.

Thank you to today's witnesses for your testimony, and for your written testimony as well, which I have studied very carefully.

Russia's illegal and unwarranted brutal invasion of Ukraine marks the largest land war in Europe since World War II and the biggest threat to democracy since the cold war. Vladimir Putin thought he could divide the West, but he was sorely wrong. And now, today, more than a year since the invasion began, the West remains united in our commitment to Ukraine's democracy and territorial sovereignty.

President Biden and his Administration restored America's standing on the world stage and helped unite NATO and the West to provide Ukraine with the help they needed to protect their country and stand up to authoritarianism.

Over the last year, the United States and our allies have provided military, economic, and humanitarian assistance to our Ukrainian allies in their fight for freedom. Military assistance has

given brave Ukrainians on battlefields across their country the tools needed to fight back Russian forces. Economic or direct budget assistance has been deployed through the World Bank to help pay the salaries of healthcare workers, teachers, and pensioners, allowing the Ukrainian government to focus on providing basic services to its citizens and winning the war. And humanitarian assistance has been critical in delivering safe drinking water, emergency food, generators, and medical equipment to vulnerable Ukrainians across their country.

These different sources of funding represent the comprehensive approach that the Biden Administration is taking to ensure that Ukrainian families have access to basic services while their loved ones risk their lives in defense of their country.

Throughout our Nation's history, we have learned a lot from U.S. involvement in conflicts abroad about the importance of having robust oversight of foreign assistance, ensuring that dollars are being used for their prescribed purposes. The Biden Administration and the Ukrainian government understand the need for trust and accountability just as much as we do. It is important to note that, for Ukrainians, the very existence of their country and identity is at stake. So, they have a vested interest in rooting out corruption and any person who would jeopardize further foreign assistance.

That is why, since the beginning of this conflict, both the Biden Administration and the Ukrainian government have emphasized the need to prioritize accountability by creating layers of oversight. For example, USAID currently provides direct budget support to the World Bank within the Public Expenditures for Administrative Capacity Endurance, or the PEACE Program. That program only allows for funds to be sent to projects within a preapproved expenditure category that had been verified as an actual expenditure. These funds can only be sent on reimbursement, meaning that none of this funding can be spent discretionarily.

The PEACE Program has additional auditing and reporting requirements built into it, which serves as additional accountability mechanisms. In addition, USAID has recruited the firm Deloitte, an independent third party, to oversee the use of funds by the Ukrainian government.

The Government Accountability Office's Center for Audit Excellence has created a new partnership with the Ukrainian government to strengthen the ability of Ukraine's own auditing institutions.

And today, Inspectors General of the State Department, Department of Defense, and USAID have shared the work they are carrying out every day to oversee their respective departments and agencies to ensure both transparency and accountability.

The Biden Administration and the Ukrainians know just how important it is to build trust to show the American taxpayers where their dollars are going. That is why they have taken extraordinary steps to build upon existing mechanisms and to create new ones to establish even more transparency and accountability.

Our work to support Ukraine here in Congress has been largely bipartisan, because we, especially those on this committee, understand what is at stake if Vladimir Putin is successful in this war.

And it is my hope that we can continue to support the people of Ukraine in the same way as they fight for their freedom.

And I really want to use my time to thank the witnesses for the work that they are doing in leading this effort to establish, without question, the prudent, effective, and proper use of American funding for this effort to protect democracy.

And I will just ask Ms. Angarella, if you would just maybe briefly describe in the time that is left why this reimbursable model is so effective in ensuring proper oversight of funding in the war context.

Ms. ANGARELLA. Sure. Thank you for your question.

I will start by saying, as the IG, we did not have a role in determining the mechanism or setting any policy for how it would be done. From a subject matter sort of expertise level, the reimbursement mechanism, as you so accurately described, is on eligible expenditures. And so, what that allows our office to do is to review the reports and to assess from an independent standpoint whether the expenditures were eligible. So, that mechanism that was chosen by the decisionmakers gives us the flexibility to look at specific expenditures, as opposed to just dollars going into a general account.

Mr. CICILLINE. Thank you so much, and thank you again for all of your work, the three of you.

And I yield back, Mr. Chairman.

Chairman MCCAUL. The gentleman yields.

The chair recognizes Mr. Perry.

Mr. PERRY. Thank you, Mr. Chairman.

Let me start out by saying that no one on this committee, no one in America, left or right, agrees with the actions/the decisions of Vladimir Putin or Russia regarding Ukraine. Let me just say that outright.

To Mr. Storch I think it would surprise many Americans to know that the financial assistance that the United States has provided eclipsed the so-called security assistance—the ammunition, the weapons, et cetera—to the tune of about \$26.4 billion, from what I gather here, at the very same moment where we are in extraordinary measures in the United States regarding our own fiscal posture, where the Civil Service Retirement and Disability Fund is suspended, where the Postal Service Retiree Health Benefit Fund is suspended, and we are, literally, funding the pensions and the operation of government in Ukraine.

Can you give us assurance that none of that money that is being sent to, arguably, one of the most, if not the most, corrupt country on the planet is being misused, misspent, lost, malfeasance, gone to oligarchs or special individuals connected to the government, et cetera? What assurance can you give the American people?

Mr. STORCH. Thank you very much for the question.

First of all, it is my understanding that, of \$113 billion that the Congress has appropriated to date for Ukrainian assistance, over \$62 billion—I think it is \$62.3—has gone to security assistance. And that is really the area in which my office performs oversight, although very much hand-in-glove with my colleagues from State, AID, and the rest of the 20-member-strong oversight working group. And we work every day to ensure that we are doing robust oversight—

Mr. PERRY. I get it.

Mr. STORCH [continuing]. Both sort of programmatic reviews and the investigations.

Mr. PERRY. So, we get no assurance. And I understand you are working with your partners, but you can give us no assurance? Is that, generally, the answer?

Mr. STORCH. Well, so what I have testified to, Congressman, is that, based on our completed work, we have not substantiated any instances of diversion of U.S. security assistance to Ukraine.

Mr. PERRY. OK. All right. And it took us years in Afghanistan to establish that as well.

But I need to move on. Ms. Shaw, the Global Engagement Center's mission is to focus on foreign disinformation. Would you agree with that?

Ms. SHAW. Yes, I believe that is accurate.

Mr. PERRY. That is their mandate, right? So, is a government agency authorized to violate the First Amendment rights of U.S. citizens?

Ms. SHAW. That is a legal question—

Mr. PERRY. No. Really? Have you read the Constitution? Is a government—is a government agency or is the Federal Government, of which this would be an agency, authorized to violate the First Amendment rights of United States citizens?

Ms. SHAW. I do not believe so.

Mr. PERRY. I do not believe so, either. Is a government agency allowed to subcontract or contract out the abrogation or the violation of the First Amendment rights of U.S. citizens? If they cannot do it themselves because it would be against the law, are they allowed to contract that out or subcontract that out? What do you think—

Ms. SHAW. I'm sorry, this is not within the purview of our oversight work, and we do not have work that looks squarely at this issue.

Mr. PERRY. So, you do not, as the IG for State, you do not look at the Global Engagement Center? That wouldn't be under your purview?

Ms. SHAW. We do look at the Global Engagement Center. We have published work from, I believe, 2020 looking specifically at that program.

Mr. PERRY. All right. So, you are familiar with the fact that they have themselves engaged Twitter to blacklist U.S. citizens under the guise of foreign disinformation or have engaged partners that they have funded to do the same thing? Are you familiar with that? And would that be a problem, if you knew that, if your agency knew that?

Ms. SHAW. I am familiar with those allegations, yes.

Mr. PERRY. But you have not looked into them?

Ms. SHAW. No, we have not engaged work in that—

Mr. PERRY. So, if it is true, if it is true that they have either engaged directly or engaged indirectly through outside partners, some of which they have provided grant money to, what would be—what would be the appropriate response from the Inspector General regarding that kind of activity which would actually, literally, be subverting and denying the civil rights of Americans?

Ms. SHAW. So, Offices of Inspector General do investigate allegations of criminal conduct, violations of law. And so, that is something that would be within our purview. I do believe that—I'm aware that this is also the subject of ongoing litigation. And so, that also is an element to this. But, yes, we do look at potential violations—

Mr. PERRY. And if they have violated it, and knowing that they are up for funding and reauthorization, would you recommend, as the Inspector General, that they not be reauthorized if they were involved in this criminal conduct against American citizens?

Ms. SHAW. I'm sorry, I do not have a position on that.

Mr. PERRY. Thank you, Mr. Chairman. I yield.

Chairman McCaul. The gentleman yields back.

The chair now recognizes Mr. Bera.

Mr. BERA. Thank you, Mr. Chairman.

I normally do not do this, but I would just like to correct my good friend and colleague from Pennsylvania. While there may be a history of corruption in Ukraine, Russia is a much more corrupt country. And we have seen the actions of Vladimir Putin and the moral corruption of Vladimir Putin. So, let's correct the record; Russia has demonstrated their corruption here.

And I applaud the chairman and ranking member for holding this hearing, because it is important for us to do oversight. It is important for us to defend democracies and the sovereignty of nations like Ukraine. And I am proud of the work that we have done on the Foreign Affairs Committee in a bipartisan way, as well as in Congress, standing up for this illegal war and illegal invasion that Vladimir Putin is executing, and the moral corruption that we are seeing.

I'm glad that the International Criminal Court has deemed him a war criminal because of what he is doing to children, kidnapping them, removing them from their parents—reprehensible.

Ms. Shaw, let me ask a couple of questions. And if this is not in your purview as an Inspector General, certainly let me know.

You have oversight of the Embassy in Kyiv. I'm curious how—obviously, we evacuated the Embassy in the early days of the invasion; we have stood that up again—how things are going; how operations; how operations are, and the safety of our men and women that are representing us in Kyiv.

Ms. SHAW. Thank you for that question.

This is something that is of vital importance to us in terms of our oversight. As I mentioned, management and operations is one of the three strategic areas that we are focusing on. We actually have a series of work ongoing right now that, as I said, will start with the shuttering of the Embassy in February 2022 to its reopening, to its current operating status.

And while I do not want to get out ahead of those findings until we have completed that work, we did have the opportunity to meet with Embassy officials in Kyiv. We were at the Embassy. I am glad to report that, at least at that time, everybody was well, but, obviously, they are operating under very challenging circumstances.

Sort of stepping out more broadly beyond just safety there are security issues that in a wartime setting have to be considered. We did just issue a classified management alert with some technical

security issues that we identified at the Embassy and were able to put forward some recommendations that we think will help address those and ensure the security of the operations at the Embassy.

But I look forward to publishing our completed body of work on this question, which I think will be very illuminating in terms of how it is operating.

Mr. BERA. Great. And again, if this second question, if this is not part of the Inspector General, certainly let me know.

In the early days of the invasion, we, obviously, saw refugee flows coming out of Ukraine, women and children particularly. My district, Sacramento County, has a large Ukrainian American population, obviously that are very concerned about relatives and family that are coming out.

In your perspective doing oversight of the visa process, the humanitarian parole process, et cetera, can you give us an assessment of how that is working, if there are things that we should be thinking about in Congress? And again, not from a policy perspective; just from an oversight perspective.

Ms. SHAW. So, we do have ongoing work looking at the Department's deployment of humanitarian aid. And the Department has a large role in assisting refugees. So, again, I do not want to get out ahead of the findings in that work, but we are putting out an information brief—it will be published next month—that is looking specifically at how those funds are being deployed, to which of its nine implementing partners, and what needs are being addressed by that. And I think that might help answer some of your questions.

Mr. BERA. Great. Thank you.

And just in my remaining time, Mr. Storch, I think you called “the end-use monitoring,” EUM. Obviously, I would have to imagine that it is difficult in a wartime situation on the frontlines, and so forth, to check the accuracy and making sure that those munitions are used.

Again, if you cannot answer this question in this setting, just let me know. Are we contracting with Ukrainians to do some of the work or are we deploying personnel to do some of that monitoring on the frontlines?

Mr. STORCH. So, I appreciate the question.

And, yes, you are right. I mean, for instance, the point that the chairman made about using scanners, right? One of the things that the American military has done in a difficult situation is tried to figure out alternatives as to how to comply with EUM requirements and ensure the accountability of the material that is being provided. The details of that, as I think you are question suggested, some of that is classified. That is why our October 2022 report was classified. So, I cannot get into that.

But I will say, as we look at that, one of the things we are doing, as an oversight entity, is looking at the alternatives that are being employed and trying to make recommendations as to how to do that as effectively as possible in what is, as you say, a wartime situation.

Mr. BERA. Right.

My time is expired. I yield back.

Chairman McCaul. The gentleman's time has expired.

The chair now recognizes Mr. Mast.

Mr. MAST. Thank you, Mr. Chairman.

So, I want to talk as well about—just ask some questions about end-use monitoring to you, sir. And so, as we are looking at some of the weapons systems, what to you are the most high-priority weapons systems, both coming from the United States and from NATO/EU at large, for us to be paying attention to in terms of end-use monitoring?

Mr. STORCH. Well—

Mr. MAST. We are paying attention to everything, but—

Mr. STORCH. Yes, right. I was going to say—

Mr. MAST [continuing]. Give me your priorities.

Mr. STORCH. I was trying to figure out how to say that tactfully, Congressman, yes.

No. So, it is important that the government pay attention to everything. And the distinction between the EUM, the end-use monitoring, and the EEUM is the EEUM tends to involve systems that have more sensitive technologies, such that the government has seen fit to require enhanced monitoring in terms of security plans, in terms of trying to get serial number verification or use alternative means to try to get the information necessary to do that, as opposed to the EUM, which still is monitored, but monitored under sort of a more general approach.

So, the type of systems that are under EEUM, there's a list of them that includes these sort of things, includes things like the Javelin missiles; the AMRAAMs, the Advanced Medium-Range Air-to-Air Missiles; the night vision devices—some of those are still on there—Stinger missiles; grip stocks; things like that are some of the ones that are subject to EEUM, the more enhanced monitoring.

Mr. MAST. Now, when you look at that enhanced monitoring, how does that blur into tactical fielding of these weapons? And would end-use monitoring include when Ukrainians chose to use a weapons system offensively in a Russian space, instead of in sovereign Ukrainian territory? Is that your purview?

Mr. STORCH. So, our purview is to do oversight over the DoD's monitoring of the equipment. And the purpose of the monitoring is to ensure the accountability of the weapons, and so, to determine where they are located and where they are being used.

Mr. MAST. And to ensure not misuse?

Mr. STORCH. Essentially.

Mr. MAST. And so, the nature of my question is, under your purview, is it misuse for them to use a weapon offensively against Russia in Russia's borders, within Russia's borders?

Mr. STORCH. Sir, I appreciate the “under your purview,” because that is not really within our purview. The use of the equipment is subject to agreements between the United States and donor countries all over the world, including Ukraine. My understanding is, whenever our country provides weaponry to foreign countries, there are agreements as to how that weapon, the weaponry, is supposed to be used. And the purpose of the end-use monitoring is to ensure that the foreign country is following through.

Mr. MAST. Well, perfect. I appreciate the information on that. That was the nature of my questions. So, you have exhausted them.

And in that, Mr. Chairman, I would yield the remainder of my time.

Chairman McCaul. The gentleman now yields back.

The chair recognizes Ranking Member Mr. Meeks.

Mr. MEEKS. Thank you, Mr. Chairman.

Our support to Ukraine is vital to keeping the State institutions and local and regional governments operating, preventing societal collapse. And we are helping keep hospitals and schools open, as Ukraine's warfighters defend the Ukrainian people. They are fighting for their right to exist, actually.

And I have been on this committee for both the wars in Iraq, the wars in Afghanistan. So, I want to ask about what sort of recipient government and society are we dealing with in Ukraine.

Ms. Shaw, can you describe the ability and willingness of the Ukrainian government to assist in oversight efforts? And, well, let me just ask you that.

Ms. SHAW. Thank you so much for the question.

So, I would say that we are in the early stages of establishing our relationships with the Ukrainian officials. We did have the opportunity to meet with a number of important people when we were there in January. So, we have a strong foundation.

There was broad willingness on our trip in our conversations with others to open the books, to allow our oversight in. So, we were very encouraged by that. But, of course, we need to follow through. And so, we are working very hard to develop those relationships, both within the Ukrainian government, but also in law enforcement and prosecutorial entities.

I think establishing and securing positions at Embassy Kyiv will be vitally important, in part, because that allows us to further deepen those relationships, which will be critical when the time comes, if there is fraud or corruption identified, to actually ensure accountability.

Mr. MEEKS. So, what you see now, do you see any weaknesses in at least their efforts at all in complying?

Ms. SHAW. So, we haven't assessed their efforts to date, but I would say that we did not—or I should put it this way: uniformly, the people that we met with who would be the critical players for our oversight work were very open to working with us, and we have continued to see that sort of willingness, as we have explored these relationships further.

Mr. MEEKS. And let me go to—you know, this committee has received dozens of briefings and documents and consistent updates on the extensive security assistance provided to Ukraine's military, as well as the Departments of State and Defense's integrated approach to ensuring the utmost accountability and transparency.

And I want to note for the record that, and for all members that are present here, that these extensive documents and details on our assistance remain available in our committee's secure spaces. And I hope members will take advantage of that, so that they can see for themselves what is happening there.

But let me ask, Mr. Storch, given your extensive experience working investigatory settings with the U.S. Government agencies, could you describe your views on the nature of U.S. accountability and oversight over security assistance provided to Ukraine?

Mr. STORCH. Thank you very much for the question, Congressman.

I would say this has been a truly extraordinary effort from the very beginning on the part of not just my office, but my counterparts from State and USAID, and really the larger working group. It really is remarkable to see the way everybody has come together to ensure that, as Diana said, we are covering the waterfront; that there aren't any gaps in terms of the oversight we are doing on both the programmatic level, as I talked about, in terms of audits and evaluations, and on the investigative side.

Our folks, when I said we are working hand-in-glove, we really are working hand-in-glove to make sure that there is comprehensive, robust oversight over all aspects of assistance. And so, I think it truly has been remarkable.

One thing I would also add is that all of our offices have vast experience in doing this sort of oversight in similar settings. Every situation is different. One of the things about this that is different, I mention, is that this is, essentially, a train-and-supply mission. So, for DoD, the vast majority of that mission takes place before the materiel or weapons ever gets to Ukraine, right? But we do oversight throughout.

And then, to the earlier question, when the materiel goes over, we are doing oversight to make sure that DoD is doing everything possible to do the end-use monitoring/enhanced end-use monitoring in a situation. So, all of that is going on on a robust scale.

Mr. MEEKS. So, is there any evidence thus far of Ukraine diverting or otherwise losing U.S.-provided security assistance?

And finally, how is the three IG effort examining existing U.S. accountability mechanisms, end use of monitoring activities, as the conditions in Ukraine evolve?

Mr. STORCH. So, we have not, at DoD IG, we have not substantiated any instances of diversion of U.S. security assistance. Obviously, we will continue to explore any allegations that are made of any sort of waste, fraud, abuse, or misconduct of any kind.

And in terms of how the oversight is working, it is ongoing. We have got, as I mentioned, the third EUM/EEUM project going right now. We are looking to do some agile reporting, so we can get out some management advisories early on while that project is continuing, because we are doing oversight at the speed of war, right?

And then, as we look to the future, we are already starting to plan for the next EUM/EEUM evaluation. One of the things we learned from our trip over there—and it just makes common sense—is this situation is evolving rapidly, and that requires us, as oversight entities, to be agile in doing that oversight. So, we are doing that and we are going to keep doing it.

Mr. MEEKS. Thank you.

My time has expired. I yield back.

Chairman McCaul. The gentleman yields.

The chair recognizes Mr. Issa.

Mr. ISSA. Thank you.

I want to start off with a little outside-the-box question. But, Ms. Shaw, you are currently acting. How long have you been acting?

Ms. SHAW. Since December 2020.

Mr. ISSA. And the same for Ms. Angarella.

Ms. ANGARELLA. Since June 1st of 2022.

Mr. ISSA. OK. And you are confirmed. When were you confirmed?

Mr. STORCH. I was confirmed on November 30th of last year.

Mr. ISSA. OK. So, you are confirmed. Your job does not serve quite as solely at the pleasure. For the other two of you, my understanding is you could be replaced at any time, either by a confirmation or by simply a selection that they take somebody else. Is that right?

Ms. SHAW. In my case, certainly, a nomination and a confirmation would ensure a permanent Inspector General, and I would revert back to my role as Deputy Inspector General.

Mr. ISSA. And they did not, they have not named one at State, is that right?

Ms. SHAW. There is not currently a nominee.

Mr. ISSA. How about at USAID?

Ms. ANGARELLA. We do not currently have a nominee, and the same would apply to me. I would go back to my permanent role as the General Counsel to the Inspector General.

Mr. ISSA. OK, but permanent role as General Counsel does not guarantee that you would be the selection. They could take a deputy and promote them over you today, is that correct?

Ms. ANGARELLA. To the permanent IG position, correct.

Mr. ISSA. OK. I'm asking only because this is deja vu all over again. In the Obama Administration under Hillary Clinton, there never was an IG, a permanent IG. And that concerns me, and I just want to make sure that is in the record; that the three of you, I know you are doing your job, but I also know that it is a little bit easier to do your job when you go to the SIGI meeting and you do not have that "acting temporary," "just passing through."

So, here is sort of back to the mainline of questioning. We have supplied training to, more or less, a hundred countries, including we still supply training to Mongolia. We provide training to the Lebanese Armed Forces. The list—Jordanian—the list is endless.

Is there anything special about the training for these people and the oversight? They are in the middle of a war. The weapons we give them, by definition, could be seized, destroyed, or lost in combat to an enemy at any time. Is there really any reason that we should be, "Oh, boy, this is really different and so much better."? Or, in fact, are we, basically, giving them weapons and we should only be holding them to the standard that, basically, it is not being diverted, for example, the way it was in Afghanistan?

Mr. STORCH. So, thank you for the question, Congressman. I will speak to the security aspect, and then, turn to my colleagues, if they want to add anything.

Yes, it is a great question. And with regard to training, we have currently an ongoing project. So, as I mentioned earlier, I do not want to get ahead of that because that is what makes our work authoritative, right, is we go through our processes?

But I will say one difference with Ukraine is that, from some prior situations, is the United States is not standing up a new army and sort of training them from scratch, right? Ukraine has long had an established military, and the United States has had long experience with the Ukrainian military. And they have dealt with a lot of sophisticated weapons over the years.

So, we are providing new things to them, some more sophisticated weapons. Those require particular types of training. We are looking at that now at DoD OIG to make sure that is being provided comprehensively and efficiently.

But I think that is one of the big differences here, is we are dealing not just with an established military, but one that has worked with our military over the years for many years.

Mr. ISSA. So, I am going to say to all of you—but I will particularly move it toward DoD—from a standpoint of a success story, it is fair to say that, as Inspector General and in the historic role that IGs play, that this is a continuous, evolving, and improving relationship and training very similar to what we deal with in our own Armed Forces and your IGs deal with.

So, I'm going to use the last 30 seconds for a different reason. In a few days, we will be at Arlington with General Trefry, who, to a great extent, is the father of the modern IG. Back decades ago, he was tasked to straighten out the situation with Inspector Generals. As a three-star general, he took the assignment. And at 98, he surpassed and he will be laid to rest.

But, as an admirer of the work that all of you do, an admirer of what IGs do for our country, and quite candidly, for our Congress in providing us eyes and ears, not just on what is wrong, but on the improvements and the success stories, I wanted to take a moment to honor him, in addition to thanking all three of you.

And, Mr. Chairman, thanks for the indulgence. I yield back.

Chairman McCaul. That is very nice.

The chair now recognizes Ms. Titus.

Ms. TITUS. Thank you, Mr. Chairman.

I thank the witnesses. You are some of the most straightforward, informed that we have had. I certainly do not get the impression you are just “passing through” an doing this casually. I think you are probably very well-respected in your different departments and, certainly, in your field, and by me and some of the members of this committee. So, I thank you for doing that.

A couple of things seem to stand out, as we go through all of this. The first is that some have kind of implied—others have said it straightforwardly—that there is not enough oversight of the American tax dollars going to Ukraine. Some have threatened to cut it off because they think there is too much going, because there is not enough oversight.

I think that your testimony here proves that that is just not the case. There is extensive oversight, expansive oversight, a number of reports that have been done, and a number that are planned to be done. So, I think that that should clear up that question of how much oversight is going on. It is, obviously, considerable.

Some of the information that has come out is misinformation from the Russians trying to imply that the Ukrainians are not using the money in the right way to attack their credibility, and I think hurt their efforts to get assistance from the United States.

The second thing that is interesting is that we are hearing we need more oversight, more oversight, from the very people who want to cut the budget for oversight, these discretionary funds. Right now, the budgets are increased: State Department oversight, \$3.6 billion; USAID oversight, \$108.3 million; DoD, \$740 billion.

You know, this is all money in the budget for you to do more oversight, while some of our friends want to do across-the-board cuts or cuts of discretionary funding.

Could you address that? Could you do more oversight with these increased funds? Or could you continue to operate if they cut back to last year's level?

Ms. SHAW. So, certainly, with more funding, we can do more oversight. We have to employ a risk-based approach to ensure that we are directing our resources to the highest-risk, greatest-impact areas, but there are always dark corners that we would like to explore, to pressure test, to make sure that we are covering the waterfront. I'm not talking specifically about the situation in Ukraine, but, more broadly, our global mission.

So, yes, there is not just a need for that, but a plan for that, if we are fortunate enough to receive those funds. And were we to be cut, I am concerned about our ability to continue to advance this important work. Our folks are, frankly, burning the candle at both ends to meet the extensive mandate that we have, and it is because they are deeply, personally committed to the mission that they do that. It is not because I ask them to. They see the importance of the work that we do, not just to themselves and their professional careers in the Department, but to the American taxpayer.

And so, this is the way that we approach our work every day and hope that Congress will resource us in a way that allows us to further expand our mission.

Ms. TITUS. Thank you.

Ms. ANGARELLA. Yes, I would echo exactly what Diana said. I think that those of us that are in the oversight community have made a career of it for a reason; that we acknowledge that we have the ultimate responsibility for providing oversight of the funds and programming within our respective agency, and our staff are as committed to that as possible.

And so, extra funds help provide extra oversight; help conduct additional investigations. But I think that we have been very creative and very judicious in addressing all of the issues that are coming in. We have hundreds of people on our staffs working specifically on Ukraine work. As we bring on surge capacity, that will help, but I think we will figure out a way to do it because it is what we do.

Thank you.

Mr. STORCH. Yes, I could just rely on what they said, but I supposed I agree with all of it and would just add: at DoD OIG, we have more than 90 people right now engaged on oversight related to Ukraine. About 20 of those positions are forward-deployed in the region and, as has been discussed, we are looking to do more.

We very much appreciate the support we have gotten from Congress. That has enabled us to do all of this work on top of all the other priorities we have—INDOPACOM, use of technology. I mean, there is a whole litany of things going on at the DoD with that big budget you mentioned. And so, we have a lot of oversight responsibilities.

And so, we are able to do everything that we feel we need to do with regard to Ukraine because of the support that we have gotten from Congress to do that. If that were to change, then that becomes

difficult. You have to start making choices, potentially, and hopefully, we won't get there. But what we will keep doing is doing robust oversight over assistance to Ukraine.

Ms. TITUS. Thank you, and I yield back.

Chairman McCaul. The gentlelady yields back.

The chair now recognizes Mr. Davidson.

Mr. DAVIDSON. I thank the chairman for having this important hearing.

It is certainly one of the top questions I get in my district from people who are broadly supportive of Ukraine. They are happy about the policy, but, of course, this isn't a question about the policy. This is a question about, since the money has been sent, what is happening to it?

And, Mr. Storch, I appreciate your statement upfront saying, "Hey, zero instances of diversion have been detected so far." That is not saying there are no instances. They just haven't been detected yet.

Ms. Angarella, have there been any instances detected in your investigations yet?

Ms. ANGARELLA. No. As of today, sitting here, our work that we have substantiated and reports that we have reviewed, we have not seen instances of that. But I would say this is the early stages. So, we are—

Mr. DAVIDSON. Yes, thank you. I understand that.

And, Ms. Shaw, any in your case so far?

Ms. SHAW. Our completed work has not substantiated any allegations of diversion.

Mr. DAVIDSON. Yes, thank you for that.

Ms. Shaw, well, let me just say this: early on, we did not detect much in Afghanistan, either, and we created an Office for the Special Investigator for Afghanistan. Are there instances where there are voids, where that added value there—would we benefit from the same kind of approach here in Ukraine? I guess, why or why not?

Ms. SHAW. Thank you for that question.

I think the model that we have developed between our OIGs and the other government accountability organizations that we work with on the working group is an excellent model to address this really cross-cutting, interagency oversight work. It is a collaborative model that we have used in other contexts. So, we know it is sort of tried and true. It has been pressure-tested.

But we are deploying it in this context, and I think it has been very effective. And so, to add another layer into that, that would potentially result in a redundant mandate, duplicative costs, duplication of effort, I think, as an IG concerned with efficiency—

Mr. DAVIDSON. Yes, I understand, except that that actually worked and we weren't getting results. Until we did that, we weren't finding anything. Not saying people weren't looking, but we found a lot once we created the Special Inspector General for Afghanistan.

Ms. Shaw, you broke the buckets down into three. You said security, non-security, and management and operations, is that right?

Ms. SHAW. Yes.

Mr. DAVIDSON. OK. One of the questions I have had from constituents, which bucket of funds is paying for pensions for Ukrainian government workers and employees and citizens? Which U.S. dollars are paying for Ukrainian pensions?

Ms. SHAW. That would fall under the bucket of non-security assistance—

Mr. DAVIDSON. Non-security?

Ms. SHAW [continuing]. That is going out as direct financial support primarily.

Mr. DAVIDSON. OK. So, how do we audit that? Is the Ukrainian government effective in saying, "Yes, we're only spending this much money."? How is that not just paying Ukrainian government officials that go shopping in Paris, or whatnot?

Ms. SHAW. So, if I may, I would actually defer to Nicole. USAID OIG has purview over the direct financial support, and I'm sure she would be happy to answer your question.

Mr. DAVIDSON. Thank you.

Ms. ANGARELLA. Sure. Thank you.

One of the techniques that I have mentioned previously is the reimbursement. So, the money that is going through the World Bank to the government of Ukraine is being done on an expenditure, a reimbursement basis. So, after the expenses are incurred, then receipts or signed authorizations saying that this is what the money was used for is being submitted before the funds are disbursed.

Mr. DAVIDSON. Yes, but how do you validate that? I mean, they could give you a bill and say, "Yup, we had \$100 million this month. Here's a receipt."

Ms. ANGARELLA. So, that is where some—

Mr. DAVIDSON. What did they do with the \$100 million?

Ms. ANGARELLA. Yes. So, that is where the different levels of oversight have been or are in the system right now, which is the first being the Ministry of Finance within the government of Ukraine certifying those expenditures, when they submit them to the World Bank. The second line is the World Bank.

Mr. DAVIDSON. So, they, basically, they promise?

Ms. ANGARELLA. With expenditures and submitting the report.

Mr. DAVIDSON. OK. All right. Of course, look, I'm not saying that they are not being honest, but they do not have a lot of incentive to be honest. And we know there are some countries that have problems. Even in our own country, people aren't always honest. And in Ukraine, we have had they have one of the highest instances of, I guess, corruption reported in world indexes, right? So, of countries we are allied with, they are one of the corrupt, more corrupt countries. And so, just promising I think might not be a sufficient control.

Mr. Storch, in the GAO report titled, "DoD Financial Management: Greater Attention Needed Over Government-Furnished Property," from January 2023, they go into detail about how, over \$220 billion in DoD property assets are unaccounted for.

First, are the same people overseeing the Ukraine asset management? And if so, how can they be trusted, given this report? They already cannot account for \$220-plus billion in American.

Mr. STORCH. So, our office has been very engaged with DoD to do a variety of oversight, looking at their management of finances.

Mr. DAVIDSON. Are they the same people, the same tools, the same tools for kickback?

Mr. STORCH. And as I mentioned in my opening statement, we did a couple of management adversaries just last year looking, particularly, at the way in which the systems work and the way the accounting is done with regard to the supplemental appropriations to Ukraine. We have followed up on those to see there has been progress made, but we are going to continue to followup to ensure that the money is being accounted for—

Mr. DAVIDSON. All right. Let's hope we can pass an audit this year.

Thanks, and I yield.

Chairman McCaul. The gentleman yields back.

The chair recognizes Mr. Lieu.

Mr. LIEU. Thank you, Chairman McCaul and Ranking Member Meeks.

I would like to, first, thank all three of you for your public service and your critical work.

And I will begin with Inspector General Shaw. So, 2 days ago, all of you released this report: "Joint Oversight of the Ukraine Response." Correct?

Ms. SHAW. Yes, that is correct.

Mr. LIEU. And in this joint report of all three Inspectors General, on the very first page, you say, "Our offices have made oversight of the Ukraine response a top priority." Do you stand by that statement?

Ms. SHAW. I absolutely do.

Mr. LIEU. OK. In this report, you also write, "OIG investigations resulting from these and other allegations have not yet substantiated significant waste, fraud, or abuse." Do you stand by that statement?

Ms. SHAW. Yes, we do.

Mr. LIEU. OK. So, Inspector General Angarella, I'm going to ask you the same exact questions. You signed on and produced this comprehensive report?

Ms. ANGARELLA. Yes.

Mr. LIEU. OK. By the way, it is very well-written. It has appendices. It talks about ongoing projects and planned projects.

You stand by the statement that oversight of the Ukraine response is a top priority, correct?

Ms. ANGARELLA. I do.

Mr. LIEU. As well as the statement that you found—the allegations have not yet substantiated significant waste, fraud, or abuse, correct?

Ms. ANGARELLA. I do.

Mr. LIEU. All right. And Inspector General Storch, I'm going to ask you the same question. You signed onto this comprehensive report about Ukraine oversight?

Mr. STORCH. Absolutely, and thank you for the kind words about the report. Our folks worked hard on it, sir.

Mr. LIEU. Thank you.

And you stand by the statement that Ukraine oversight is a top priority?

Mr. STORCH. Absolutely.

Mr. LIEU. And that you found no significant waste, fraud, or abuse, correct?

Mr. STORCH. That is correct.

Mr. LIEU. All right. Mr. Chairman, I would like to submit this report into the record—or acting chairman.

Mr. MAST [presiding]. Without objection, so ordered.

[The information referred to follows:]

[The report was not submitted by press release]

Mr. LIEU. OK. Now, I'm going to go through some of your individual statements.

And I will start with Inspector General Shaw. You write that, "State OIG has taken a strategic, agile, and coordinated approach to Ukraine response oversight." Correct?

Ms. SHAW. Yes, that is correct.

Mr. LIEU. OK. And then, you further write, "I have great confidence in the quality of the Ukraine-related oversight work we have performed to date." Do you stand by that statement?

Ms. SHAW. I do.

Mr. LIEU. All right. And you say, "State OIG has a proven ability to conduct effective oversight in a hybrid context." Do you stand by that statement?

Ms. SHAW. Yes, I do.

Mr. LIEU. And to date, you have found no diversion, correct?

Ms. SHAW. Correct.

Mr. LIEU. OK. All right.

So, next, I would like to talk to Inspector General Angarella. You State that, in previous testimony today, that you have not identified any fraud or misuse, is that correct so far?

Ms. ANGARELLA. Yes, correct, we have not substantiated anything.

Mr. LIEU. And you have not—OK, anything? Including you have not established any diversion, correct?

Ms. ANGARELLA. Correct.

Mr. LIEU. OK. You also write that, "I would like to conclude my remarks with assurance, that as head of USAID's Office of Inspector General, Congress and the American people have my commitment to independent, transparent, and timely oversight of USAID's Ukraine response." Do you stand by that statement?

Ms. ANGARELLA. Yes, I do.

Mr. LIEU. OK. All right.

I would like to move on to Inspector General Storch. Previously, you had testified that you found no instances of diversion, correct?

Mr. STORCH. We have not substantiated any instances of diversion, that is correct.

Mr. LIEU. So, when the United States provided Ukraine, for example, with Stinger missiles and Javelins that the Ukraine military got, they weren't diverting them to Russia or North Korea or Iran, or anyplace else, correct?

Mr. STORCH. We have not substantiated anything like that.

Mr. LIEU. In fact, they are using these weapons to stop their unprovoked Russian aggression? In fact, the Ukrainians have been paying for this equipment with their blood.

I also would like to point out that you had, in addition of saying there was no diversion, that you have had agile reporting and had

extraordinary cooperation and extraordinary effort with all of your other OIG partners, is that correct?

Mr. STORCH. Absolutely.

Mr. LIEU. OK. All right. So, I do not really know why we are holding this hearing. I mean, they literally—these OIG Inspectors have already sent out a report 2 days go that answered pretty much every question at this hearing. I submit we are done here.

I think we should talk about more important issues, like how do we make sure other countries do not give additional assistance to Russia? How do we make sure Ukraine has the longer-range weapons they need to win this war? How do we make sure Ukraine has the air assets it needs to win this war?

So, instead of trying to respond to false, right-wing talking points—by the way, this hearing totally demolished the right-wing false talking point that somehow there hasn't been effective oversight. Not only has there been effective oversight, it has also shown that there has been diversion and no significant waste, fraud, and abuse.

Thank you for your public service.

I yield back.

Mr. MAST. I thank the gentleman.

We have oversight, so we can make sure we trust, but verify. And so, we will continue the hearing, despite the objection.

The chair now recognizes the gentleman from South Carolina, Mr. Wilson.

Mr. WILSON. Thank you, Chairman Brian Mast and Ranking Member Greg Meeks.

And we are grateful for the service of the witnesses.

The people of Ukraine are under an existential threat. Putin had a treatise that he published in kremlin.com that Ukraine, the people of Ukraine, do not exist. And that was August 2021.

With the War Criminal Putin at hand, I'm grateful for the opportunity to highlight the robust oversight mechanisms that are already in place. In fact, there are 64 ongoing or planned audits and reports, which should be reassuring to the American taxpayers.

Additionally, it is significant that we have four countries that are actually providing more aid as a percent of GDP than the United States. In fact, we have a number of countries almost equal to the contribution by way of GDP, and that would include Bulgaria, Norway, the Czech Republic, Canada, the United Kingdom. Over and over again, we have so many countries—Estonia, Latvia, Lithuania, and Poland—ahead.

So, America is not alone. There are countries that understand that, truly, we are in an existential threat to ourselves. And that is that we have the global war on terrorism of 9/11 which continues. And with the open southern border, I am concerned there are more risks today than ever before for American families.

Additionally, I believe that we have worldwide competition between democracies with the rule of law being opposed by authoritarians by rule of gun. And we see that with the mass murder that Putin is conducting today in Ukraine. We see this with the Chinese Community Party threatened the people of Taiwan. We see this with the regime in Tehran threatening to death to Israel, death to

America, and as they develop a nuclear capability, they really mean it.

And so, it is so important that we all work together for peace through strength. And that is why I'm grateful for an extraordinary op-ed that Ambassador/Governor Nikki Haley provided on March the 6th—20th—which indicates, clearly, China wins if Russia conquers Ukraine. So, what you are doing is so important, reassuring the taxpayers.

And with that, our witnesses, for each of you, Ukrainians have every reason to make sure that American aid and military supplies are used correctly, not just because, if it is abused, the aid would likely not continue, but because American aid is saving lives. It is saving lives of Ukrainian civilians, women, and children. It is preventing the country being overrun by War Criminal Putin. I believe that, if there were abuse of American aid, that, sadly, that would help Putin, and that is not a good way to be popular, obviously, hopefully, in Ukraine.

So, what attitudes, as you all have visited with the people in Ukraine, what is the level of care that you see for American aid?

Mr. STORCH. So, I'm happy to start.

So, when we were over in Kyiv, everyone with whom we met—up to the Prime Minister, the Minister of Defense, the Minister of Finance, the Prosecutor General—everyone expressed an understanding of the importance of transparency and of the importance of addressing corruption, and I think a realization that, first of all, they need to do that to save their country. They are in a war. And second, they understand the implications, they indicated to us, of not doing that in terms of international assistance for their country.

And so, we heard that message consistently from the very highest levels. The Prosecutor General was back in town the next week; reached out to a number of us to meet again. And I had a one-on-one with him, where I talked specifically about the importance of addressing corruption and ensuring that it is done in a meaningful, transparent way. He indicated he understood that.

Just for what it is worth in the world of small coincidences, I actually worked in a prior life, when I was a prosecutor representing the Department of Justice, as a resident legal advisor to assist the people of Ukraine in addressing corruption and went back there to help them write their anti-corruption package of legislation. And so, I have seen the evolution that has gone on.

They have told us they are committed to it. But, having said that, we are IGs; we are in the “trust, but verify” business. And so, as Diana said earlier, we are going to continue to engage, to make sure we are getting the information we need to do oversight and to make sure that they are, in fact—

Mr. WILSON. And indeed, thank you for your efforts.

And this is going to be reassuring to American taxpayers, that 64 different reports, 39 different IG requests. And indeed, when I was in Kyiv in December, the very first group we met with was the anti-corruption organization. And so, there is every effort to avoid anti-corruption.

And, hey, what a classic case: Zelenskyy himself, if he had been corrupt, when the President offered him a ride out of the country,

as Russian troops were 10 miles away coming to kill him and his wife, he would have fled the country and enjoyed the fruits of corruption. No, he stayed. He said, "I want to be there to—I do not need a ride; I need ammunition."

Thank you. I yield back.

Mr. MAST. The gentleman yields.

The chair now recognizes Ms. Wild for 5 minutes.

Ms. WILD. Thank you, Mr. Chairman.

Mr. IG Storch, I would like to ask you a question.

But, first, let me just say, I have the honor of representing a district that includes one of the largest Ukrainian American populations of any community in the United States, and I suspect, although I haven't been here for every questioner's comments, more than a few of us have claimed that distinction. But, in my case, it is real.

And this community also happens to pay United States taxes. So, they are taxpayers. They understand just how vital the fight for Ukraine's territorial integrity and sovereignty and democracy truly is, not just for Ukraine, but also for the United States. But they also want their tax dollars to be spent efficiently, and so do I. They know that this effort to help the Ukrainian people has, in fact, been a model of efficiency.

We sometimes hear assistance to Ukraine described as constituting a blank check. I think that, far from a blank check, our support for the Ukrainian people has been an investment in the rules-based international order that is the foundation of our own national security.

But can you describe the importance of this investment, not just for Ukraine, but also for all of us here in the United States? How does it make us more secure?

Mr. STORCH. So, thank you for the question.

And as has been alluded to by both my colleagues, as IGs, we are very careful not to set policy or get involved in that aspect of things. We do oversight. Congress sets policy; the Administration sets policy—

Ms. WILD. Right. Sure.

Mr. STORCH [continuing]. And then, we do oversight to make sure it is being carried out.

Having said that, given the scope of—and I will speak about the security assistance that is being provided—it is critically important that people see that there is oversight and that the Congress knows that there is oversight, to ensure—to your constituents' concerns—that those taxpayers' dollars are spent properly and as intended. And that is what we are doing.

Ms. WILD. And just to be perfectly clear for people who may be listening who do not fully understand this, your title, Inspector General, your job is oversight, is that correct, within the Administration, of the dollars that are being appropriated by Congress and being spent toward Ukraine?

Mr. STORCH. That is absolutely correct. And, in fact, when you say, "within the Administration," we are appointed—or in my case appointed by a particular President—but we are appointed without regard to partisan affiliation. It is right in the statute.

And sort, again, in the world of strange things, I actually have been appointed by Presidents of both political parties to be an IG in my prior job and this one. And so, at some level, I personify that. But that is true across the community, which I have been honored to serve in for a long time. That work is done in a non-partisan way.

What we do is of too much interest to people. So, we have to make sure that there is never any question about our work or where it is coming from. So, we are very careful about that.

Ms. WILD. So, let me just switch gears slightly, because in your testimony you describe the process of conducting oversight of aid “at the speed of war.” Can you describe your relationships with Ukrainian officials and the process of how you work with them under these circumstances to do this oversight?

Mr. STORCH. Sure. Thank you for the question.

As has been testified to previously, that is still in the early stages, I would say, but we have gotten good responses and we are working to develop those relationships, building on the existing relationships we have in the region, both through the Embassy and otherwise.

And so, we do have good relationships that we have been developing, and we are looking forward to continuing those, particularly, as was mentioned, by the ability to put people in country. So that, looking to the future, we are there at the Embassy developing those relationships, meeting with counterparts in the Ukrainian government and elsewhere on an ongoing basis, when we do this oversight.

Ms. WILD. So, let me just ask you this: have you encountered any obstruction, concealment? Do you have any concerns that have arisen in your oversight capacity in terms of the relationship with Ukraine and how the money is being used?

Mr. STORCH. So, we have not encountered any such problems at all. As was mentioned, in our relationships within the United States, we have gotten great support within the DoD. I think they also understand the importance of this, and we appreciate that.

And with the Ukrainians, we have not encountered any problems at that time, though, again, this is we are going to keep moving forward and we are going to hold them to that.

Ms. WILD. Thank you very much. I yield back.

Mr. MAST. The gentlelady yields.

The chair now recognizes Mr. Waltz from Florida for 5 minutes.

Mr. WALTZ. Thank you, Mr. Chairman.

Ms. Angarella, you, in your July of last year, 2022, advisory notice, you mentioned that USAID planned to provide direct cash assistance to Ukrainians for humanitarian needs. You also noted that “Cash assistance comes with inherent risk.” I think that is a pretty obvious statement, particularly in a country that is 120th in the world on the transparency scale, because it is highly fungible, difficult to track.

So we are talking about wartime aid. My colleague was just talking about wartime aid. Talk to me about how the dissemination of U.S. funds through direct cash assistance to Ukraine has differed within USAID and what lessons you have learned from direct cash assistance to Afghanistan.

Ms. ANGARELLA. Sure. Thank you for that question.

The financial assistance through USAID is being provided in two ways, the majority of which is being provided in the direct budget support through the World Bank.

Mr. WALTZ. Through the World Bank, right. Got it.

Ms. ANGARELLA. Yes. And so, that is, those are the funds that are being transferred to the World Bank into three trust funds, and the World Bank, as the trustee, then, disburses those on a reimbursement basis.

Mr. WALTZ. Right.

Ms. ANGARELLA. The second area, with significantly less money, is in the humanitarian assistance portfolio.

Mr. WALTZ. How much money to date?

Ms. ANGARELLA. Right now, in the total humanitarian assistance portfolio, \$1.4 billion—

Mr. WALTZ. OK.

Ms. ANGARELLA [continuing]. But that is not all cash assistance through humanitarian assistance. There is a large portion—and I would have to get back to you on the specific number—that is going as either in-kind humanitarian assistance or cash to citizens in need in Ukraine that are included—

Mr. WALTZ. How do you oversee the disbursement of cash in a war zone?

Ms. ANGARELLA. So, what we do is we partner and we have the oversight authority for the either contractors or, in this case, some of the U.N. organizations and USAID contractors that are doing the work. So, we have authority to oversee the—

Mr. WALTZ. Are the contracted firms Ukrainian firms?

Ms. ANGARELLA. No. No, they are non—

Mr. WALTZ. They are third-party firms?

Ms. ANGARELLA. Most of these are non-NGO's that USAID has longstanding relationships with. And we, as the IG, have longstanding relationships with them and regularly interact with them.

So, some of the 20 fraud awareness briefings that I mentioned and the thousand people that are investigators have gone and done fraud awareness briefings for—

Mr. WALTZ. How many USAID employees from OIG, or otherwise, are in Ukraine?

Ms. ANGARELLA. Right now—

Mr. WALTZ. Right.

Ms. ANGARELLA [continuing]. My understanding is USAID, the agency, has seven employees working specific direct—

Mr. WALTZ. And there is a cap on the number of personnel at the Embassy, correct?

Ms. ANGARELLA. Correct. And we have no—

Mr. WALTZ. Would you be able to—and would you want to, I would hope—send more direct U.S. Government personnel to both oversee the contractors and directly oversee the aid, if allowed?

Ms. ANGARELLA. Absolutely. And that is—

Mr. WALTZ. How many more would you send?

Ms. ANGARELLA. Right now, we have requested, at a minimum, to have two law enforcement criminal investigators. We actually had two that were able to go TDY this week to go build a relationship—

Mr. WALTZ. Are these—the seven that you do have, which I would postulate is a pittance compared to one of the largest humanitarian direct budget and military aid programs, probably the largest since World War II—yet, we have self-capped, the White House has capped the number of people that we can have there from the U.S. Government and from the IGs, is that correct?

Ms. ANGARELLA. Yes, that is correct. And just to clarify, those seven direct hire staff are for USAID, the agency, not the IG. They are not dedicated personnel positions.

Mr. WALTZ. So, you have no IG personnel permanently stationed in Ukraine?

Ms. ANGARELLA. Correct.

Mr. WALTZ. Would you like to?

Ms. ANGARELLA. Yes, and we are actively—

Mr. WALTZ. We would like you to.

Ms. ANGARELLA. We are actively pursuing that.

Mr. WALTZ. Why are you being told you cannot?

Ms. ANGARELLA. We have not been told that we cannot. We have received support from—this is a State Department process. So, when we were in Kyiv in January, we received support from Ambassador Brink and from the State Department, and we are now going through—

Mr. WALTZ. I know the Ambassador wants more. I asked her.

Ms. ANGARELLA. Yes. So, we are actively going through the State Department's process on getting those approved spots.

Mr. WALTZ. Do the contractors, since you cannot have direct folks there, do the contractors have direct access into the ministries, into their financial systems?

Ms. ANGARELLA. The Deloitte contractors that are operating on behalf of USAID, my understanding is, yes. Under the MOU, the bilateral MOU, that USAID has with the government of Ukraine, Deloitte, USAID, and our staff would have direct access to those—

Mr. WALTZ. That is reassuring. I think your efforts, as IGs, are reassuring. My message—and please take this back to both AID and State—is that there is a direct correlation to continued domestic support to your ability to be able to get in theater and do your job. And we cannot artificially constrain ourselves, and we provide all of this aid, but, then, not allow you to go provide appropriate oversight. And I hope we learned the lessons from Afghanistan.

Thank you, Mr. Chairman. I yield my time.

Mr. MAST. The gentleman yields.

The chair now recognizes Mr. Schneider for 5 minutes.

Mr. SCHNEIDER. Thank you, Mr. Chairman.

And I want to thank our witnesses today. I speak for my district, our country; we are grateful for your world, impressed by your personal commitment to what you do, but also by the breadth and depth of your organizations and all the people who are doing the vitally important efforts to make sure that we are overseeing the aid that we are sending to Ukraine.

I'm going to start with some questions that are maybe kind of basic, but just to help my understanding, help me explain it to my constituents.

You have established this Ukraine Oversight Interagency Working Group, and I think I'm paraphrasing or maybe quoting some of what you said. I see three objectives. One, make sure aid is going where it is intended. Two, make sure aid is being used as it is intended. And three, that U.S. goals and objectives are being achieved or on their way to being achieved. Is that a fair description, or should I expand on that?

Ms. SHAW. I think that is fair.

Mr. SCHNEIDER. OK. Let me take it from a different angle, again, just to describe it. It is the things that you all look for include fraud, waste, and abuse, obviously—I have heard and read in your statements corruption and collusion, whether it is collusive bidding, or whatever—diversion, misallocation, misuse, or misapplication of what is being sent. Are those the things that we are looking at?

Ms. SHAW. Yes, among others.

Mr. SCHNEIDER. What would be some of the others, just to make sure that I have them on my list?

Ms. SHAW. Well, I think an important aspect to our mission is efficiency and effectiveness. So, of course, we want to identify fraud, waste, abuse, diversion, things of that nature, but we are also here to try to help the U.S. Government operate more efficiently and effectively. And so, I think that is an important aspect as well.

Mr. SCHNEIDER. OK. Anything else I should add or—

Ms. ANGARELLA. I would also add misconduct. So, from USAID's perspective, in addition—

Mr. STORCH. Good point.

Ms. ANGARELLA [continuing]. To misconduct of personnel in the U.S. Government sphere, we are also looking at misconduct on behalf of people employed by the NGO's or U.N. partners that are implementing USAID programming.

Mr. SCHNEIDER. OK. Going back to what termed before, especially the third goal, measuring progress against goals and objectives. The reports—and I will go and read them in more detail—have you identified that? And I know, I suspect we cannot talk in an open forum about the specific goals and objectives we have for the aid in detail, but measuring our progress toward that, how are you set up to do that, specifically?

Ms. SHAW. So, I can kick it off and just say that a great example of one of the ways that we are doing this is with the foreign assistance that is flowing through the Department of State. So, we have ongoing work right now looking at whether the Department has developed a strategy, and what that strategy looks like, to inform the funding that is flowing through foreign assistance. And so, that is going to be an important sort of baseline, and then, that positions us to come back in after the fact and look at the effectiveness of that strategy as it is actually implemented. So, that is an important part of our work.

Mr. SCHNEIDER. Great. And that is exactly what I was looking for. Because it shouldn't be just money going willy nilly, but have a strategy, know where it goes, and then, go back and measure it, and look forward to do that.

Let me shift gears a little bit.

Mr. STORCH. Can I just add—

Mr. SCHNEIDER. Yes, please.

Mr. STORCH. I was just going to add another example that may help. So, in all our work, as I said before, we do not set policy, right?

Mr. SCHNEIDER. Right.

Mr. STORCH. That is up to others. But we look to see if the efforts of the departments and agencies we oversee are achieving the desired policy, and are there ways to be more effective in doing that?

So, a great example of an ongoing project we have right now which goes right to this is validating the requests for assistance from Ukraine. So, we are looking to see whether controls are in place within the DoD to, when they get this demand signal for a particular type of military assistance, how is that being validated? Then, how is that being coordinated with partners, to a point we have talked about before?

And then, a third part, which we may end up splitting off to try to be more agile in our reporting, is, how is that being sourced within DoD? When the Americans are going to supply it, how does that need get met? And so, we are looking to see, are the controls in place to do that efficiently, effectively, and as we have talked about before, at the speed of war?

Mr. SCHNEIDER. Yes, great point. I think that is where I was going with this. It is important for us to understand not just that we have watched and made sure money was spent as intended; that there was no corruption, collusion, et cetera, but that we are truly achieving our goals and that our strategy was up right in the first place.

I have a big question and I only have a little bit of time left. So, I'm going to throw the question out. We can talk about it later. But it is really, what are your blind spots and how can we, in our role, help make sure that you are working to address those blind spots? Some we know; some we may not yet be aware of. That is for another day.

I'm over time and I yield back, Mr. Chairman.

Mr. MAST. The gentleman yields back.

The chair now recognizes Mr. Moran for 5 minutes.

Mr. MORAN. Thank you all for being here today.

I, first, want to say that your role is absolutely critical, as you know, but, publicly, let me just State it is imperative that the role that you are providing to the American people is fulfilled to the greatest extent possible, because it is, in fact, taxpayer money, U.S. taxpayer money, that is going abroad, for a number of items that, otherwise, could be used here.

I want to communicate to you some things from my district. I come from northeast Texas, and I want to mention five specific concerns. And there's a lot of concerns out of my district from my constituents, but five, in particular, I want to mention here today that I want you to keep in the back of your mind. Because, as we go through this process, I need to be able to say to my constituents, "We are addressing your concerns." It is important for me to do that.

I want you to know, first, that my constituents are, rightfully, questioning why U.S. taxpayers have sent more than \$100 billion to Ukraine to defend its borders, when this Administration does lit-

tle to nothing to secure our own borders, particularly the southern border along the State of Texas.

Second, my constituents, rightfully, question why U.S. taxpayers are contributing billions of dollars to support pension and retirement plans for Ukrainian officials, when our own Social Security Trust Fund is going broke and we have other needs here domestically.

Third, my constituents, rightfully, question whether our own military readiness is being compromised by the fact that we are sending billions of dollars overseas, and whether or not it is taking a back seat to the military assistance provided to Ukraine.

Fourth, my constituents are rightfully concerned about potential widespread waste, fraud, and abuse of moneys expended—a lot of what you have talked about here today. And I am going to get into some of that with my questions.

And then, fifth, I want to mention that my constituents are rightfully concerned about the levels of contribution by European nations to the Ukrainian defense of this unwarranted Russian invasion, since those nations are closer to that conflict and more affected by Russian aggression.

In fact, what they ask me time and time again is, why are we carrying such a heavy load and is our money, in fact, being used the way it should be used? And why aren't we using it for priorities here in America? And I understand those questions.

Now, even in light of those questions, I will tell you they understand the need to push back against Russia. They understand the need to ensure that this unwarranted, uninvited invasion by Russia into Ukraine needs to be defended and repelled.

So, we will start there, and hopefully, we will end with a good conclusion, but it cannot be in a world where the money sent by U.S. taxpayers is unaccounted for and used inappropriately.

Let's talk. Ms. Angarella, let's talk about the fraud investigations that you mentioned earlier. I know USAID has set up English and Ukrainian language hotlines for reporting fraud or misuse of U.S. aid. The State Department OIG initiated audits of U.S. humanitarian assistance to Ukraine on September 29th, 2022.

From the "Joint Oversight of the Ukrainian Response," released on March 27, 2023, it was quoted as saying, "As of March 1, 2023, the three OIGs had received 189 Ukrainian response-related hotline complaints, including allegations submitted by Ukrainian citizens regarding alleged misconduct within Ukraine." End quote.

I would like to know, out of those calls that you have received, how many actually get looked into; how long does it take to determine that the allegations are either credible or not credible?

Ms. ANGARELLA. Thank you for your question, Congressman.

To answer the first part of your question, we have had now, to date, as of earlier this week, 178 at USAID OIG. How long it takes to evaluate them, the initial assessment is very quick. We have even, with them coming in in Ukrainian, we even have inside services, language services, in our office, where we have translators that can translate them pretty quickly for our first-line assessment in our hotline intake, to decide whether it, first, has a nexus to USAID funds and USAID programming. If it does not have a nexus, then we will refer it immediately to either if it comes in for

one of my colleagues here or another agency, we would immediately refer it.

For the ones that have—

Mr. MORAN. What is the most common allegation of fraud?

Ms. ANGARELLA. Procurement fraud, I would say—collusive bidding, the things that are happening at the back end, which I think is really helpful for us to get out in front of. And that is why it is really important for our investigators to go out and do fraud awareness briefings, where they identify, for procurement officials and contracting officers, what to look for. And that is the example that I gave where the contractor spotted this and was able to identify it and report it to us before the bidding in collusion happened.

Mr. MORAN. OK. Thank you for that.

I see that I'm out of time already, Mr. Chair. That went by fast. Thank you for your time.

Ms. ANGARELLA. Thank you.

Mr. MAST. The gentleman yields.

The chair now recognizes Mr. Stanton for 5 minutes.

Mr. STANTON. Thank you very much, Mr. Chair.

I want to thank the Inspectors General for being here today. This is an important hearing and you are doing very important work.

We have a duty to stand by our allies, to support the Ukrainian people, as they defend themselves against the tyrant's unprovoked assault on their sovereignty. Helping Ukraine win this brutal, atrocious war is essential for the future of security in Europe and for preserving democracy in the face of autocracy around the globe.

But this committee also has a duty to the American taxpayer to make sure that every single dollar of assistance is spent the way Congress intended; that every single person—and every single weapon—excuse me—sent to aid Ukraine, every single weapon is properly accounted for and does not fall into the hands of bad actors.

Now, Congress and the Biden Administration built in extensive oversight mechanisms for that very purpose, including the fact that Congress, No. 1, voted overwhelmingly to require a monthly update to Congress on U.S. security assistance provided to Ukraine.

Two, your work with our allies to track all weapons systems before they leave the United States and once they are in Ukraine. This included onsite inspections, which restarted in October.

And three, the Department of Defense, State Department, and the U.S. Agency for International Development created a Joint Strategic Oversight Plan. The oversight activities done as part of this plan found that all direct financial aid given to the Ukrainian government was in line with congressional requirements and Federal control standards, and that the various United States Government's oversight offices, more than 17 are working together to provide comprehensive oversight and regular updates to the American people.

But, as part of the Joint Strategic Oversight Plan, the Department of Defense's Office of Inspector General found that there is room for improvement in overseeing enhanced end-use monitoring items; to trust, but verify that arms, like Javelin missiles or tools like night vision goggles end up where they are supposed to.

Now, by necessity, the United States has a limited presence in Ukraine, but we all agree that it is absolutely essential this work is completed, regardless. With that in mind, Mr. Storch, can you tell me more about how the Department of Defense Office of Inspector General conducts oversight over the enhanced end-use monitoring items in Ukraine?

Mr. STORCH. Absolutely. Thank you for the question, and it is an area in which we are laser-focused, and will continue to be as long as this continues.

So, we have sent teams out to the region to gather information regarding what is an evolving situation, obviously. You mentioned our 2020 report, where we looked at the way in which end-use monitoring was done, and it, generally, was compliant, though there were some issues with the night vision devices. We made some recommendations on that. Most of those have been closed.

Then, we had the report that came out last fall, a very different situation, ongoing hostilities, war going on. And so, we found that, under those circumstances, that the Department was not able to meet what were then existing requirements for EUM, although there were other things—and this is where it gets classified—that the Department was doing to keep track of the weaponry that was provided.

But the situation continues to change, as staffing in the country continues to change. So now, we have ongoing our third evaluation in this area, and we are looking to do agile reporting to get out some of those results, as we continue to work on the overall project.

And then, we are going to be—we are already starting to plan for the next one. So, I would say it is an iterative process. We are continuing to evolve as the nature of the assistance evolves.

We have also, I would say, been able to use the lessons that we learned during COVID, frankly, in terms of how to do some of the remote type of oversight, as we all throughout the world had to learn to do things a little bit differently, right? And so, we have been able to apply some of that to our work.

And then, looking to the future, as it has been testified to, we believe it would be helpful to have people posted in country, and we have also engaged the process to start that ball rolling, so that we are able to have people in country who are able to interact on a regular basis, both with our American military folks in country and with the Ukrainians, to make sure that the end-use monitoring is done. So, ongoing, it is evolving and it is robust.

Mr. STANTON. Thank you.

And on the issue of staffing, Ms. Shaw, there was only a limited number of civilians allowed at the U.S. Embassy in Kyiv, due to security concerns. How has that affected U.S. oversight of assistance to Ukraine, and what do you think should be the appropriate staffing levels at the Embassy?

Ms. SHAW. Thanks for that question, and I realize we are short on time. So, I will try to be concise.

We are, to date, able to produce the oversight that we need to. We have been creative. We have used some remote technologies. We have also engaged with people as they have cycled out of Ukraine into Poland. But we are looking to secure positions in Kyiv. That will be hugely helpful, especially for our future work.

I do not have an opinion yet on the staffing levels at the Embassy. We are doing ongoing work looking at Embassy operations, but I do know that, in the lessons learned report that we published, that staffing considerations are very important. And so, we were happy to arm the Department with some of the lessons learned from our past work to help inform these decisions.

Mr. STANTON. Thank you very much. I yield back.

Mr. MAST. The gentleman yields back.

The chair now recognizes Mr. Self for 5 minutes.

Mr. SELF. Thank you, Mr. Chairman.

First of all, I want to say that my fellow Texan, Mr. Moran, perfectly articulated the five concerns that my citizens have as well. So, please take those back.

I want to go to your Strategic Oversight Plan that the three of you signed. You articulated my two concerns on page 17 and 18 perfectly. One is internal to USAID; one is external. And I want to follow through the U.S. Government to the World Bank, to Ukraine.

Your first quote that I want to have is, following the February 2022 invasion, you asked approval for an expedited process to do your oversight. And the audit will examine the tradeoffs inherent in the accelerated procurement practices to determine whether the mission has developed the procedures necessary to safeguard the award process from undue risk and support to your new strategy in Ukraine.

Has that happened? That was well over a year ago now. That is an internal question.

Ms. ANGARELLA. Sure. So, the work I think that you are referencing is an ongoing audit that we are working on. Our audits are done to very thorough standards. And we are happy to come and brief you on the status of that, but—

Mr. SELF. No, I do not think my question is about the audit itself. It is the internal processes that you put in place, so that you can measure the risk of your audit, your accelerated audit, versus the risk of undue fraud or abuse.

Ms. ANGARELLA. Sure. So—

Mr. SELF. So, I'm asking about your internal processes, not the audit itself.

Ms. ANGARELLA. Yes. So, our internal process, what we have done to respond to this new portfolio of work that came to light after the February invasion, is to staff up quickly. And we are doing that in order to look at the agency, USAID, the agency's expedited procurement. So, the expedited procurement processes that were approved by the Administrator for USAID at the start of the war, which allowed them to reprogram money in Ukraine—because USAID was already programming in Ukraine before the invasion. So, the expedited procedures are for USAID internally, and then, what we, as the OIG, will do is to assess whether they—how well they did that, and did they stick to internal controls and risk mitigation strategies, when they repurposed that money?

Mr. SELF. So, what is your analysis of it? It has been over a year.

Ms. ANGARELLA. So, some of the funding I think took longer, depending on the amount of money. And so, one of our audits—it is encompassed in several of our ongoing audits right now in the hu-

manitarian assistance sector, in the energy sector, and in agriculture. So, none of those reports have been issued to date. They are ongoing; some are planned.

Mr. SELF. But, again, you are talking about the audits themselves. Please assure me that the internal processes within AID have been put in place for your accelerated process to make sure that this is done correctly.

Ms. ANGARELLA. I think two things are sort of being conflated here. One is the USAID, the agency's accelerated procurement actions, and then, the second is USAID IG's oversight of those. And what we are doing as USAID OIG is looking at those to make sure that they were done according to USAID's internal plans and procedures.

Mr. SELF. Again I ask, were they? That is the assurance I'm looking for.

Ms. ANGARELLA. So, as of right now, I—

Mr. SELF. It is over a year.

Ms. ANGARELLA. Yes. As of right now, that work is not complete. So, unfortunately, I cannot give you an assurance today without that work being complete. But, as soon as it is, we are happy to do that.

Mr. SELF. OK, I have 1 minute left. Let's talk about the World Bank. Your very next paragraph was perfect. Multinational institutions like the World Bank, where U.S. donations will merge with funding streams from other international donors; has the potential to reduce transparency and oversight of your contributions.

Assure me that the World Bank—because I'm very concerned because the World Bank is independent of the U.S. Government. So, we are sending our contributions through the World Bank, I understand. They are, then, merged with other donations to Ukraine. Have you audited the World Bank?

Ms. ANGARELLA. So, to be clear, the USAID OIG does not have the jurisdiction or authority to audit the World Bank.

Mr. SELF. OK.

Ms. ANGARELLA. But we have access to all of those reports that are being provided to USAID, the agency, and as an independent monitor and experts, we are assessing those reports as they come in. And if we see indicators of fraud that would warrant a deeper dive from an independent perspective that our agency provides, we will do that deeper dive. To date, we have not seen any significant issues like that.

Mr. SELF. OK. I do not have time to get into it. I would also like for you to look at the deep relationships between Deloitte and the World Bank.

And I yield back, Mr. Chairman.

Mr. MAST. The gentleman yields back.

The chair now recognizes Mr. Sherman for 5 minutes.

Mr. SHERMAN. Thank you.

We have been talking about the level of aid that we provide compared to other countries. I think this is a good investment in America's security and in world security. That being said, we should be pushing on our European friends. We are doing more, even on a per—we are doing more than Europe in total. We are doing more as per capita, as Mr. Wilson pointed out, other than four countries.

But keep in mind, Bulgaria does not have a fleet in the Pacific, in effect, defending Taiwan. Lithuania does not have a responsibility to fight ISIS in Syria. And so, Europeans should be spending, I think, more on this.

And in general, we underState, when we report to the American people, and when we tell our European friends how much we are spending on national security, by deliberately not including veterans' cost. And the veterans' benefits are part of how we compensate our troops. Under Generally Accepted Accounting Principles, that is certainly a cost of our defense.

And I want to focus on this idea that we should have a certified audit of what defense articles we are providing Ukraine. I watch a lot of World War II movies, and they are pretty similar. There is always somebody for each part of the audience to identify with. There is the New Yorker; there is the Southern; there is the Italian American; there's the Irish American. And I keep waiting for my people.

And then, you see D-Day and the landing craft comes in, and the door opens, and out come the auditors. They have all got green eye-shades on. They are carrying their 10-key adding machines from the 1940's. There are my people. Netflix has everything.

And so, throughout war, of course, certified audits have kept track of every shell and every bullet. But, more to the point, it is hard to have a certified audit even of a Defense Department at peace.

Mr. Storch, every other part of the Federal Government has, since the 19—well, certainly since 2023, have satisfied the requirements of an external audit, except the Department of Defense. As of November 2022, the Defense Department had failed its fifth-ever audit, unable to account for more than half its assets. After 1600 auditors combed through the DoD's \$3.5 trillion in assets and \$3.7 trillion in liabilities, an official found that the Department could not account for about 61 percent of the assets, according to the Pentagon's Controller.

Is it reasonable for us to think that we can—that the Ukrainian military could pass an audit in war, when we cannot pass one in peace?

Mr. STORCH. So, first of all, thank you, Congressman, for the very compelling portrait of auditors. My folks will appreciate it.

With regard to your question I'm really not in a position to comment on the Ukrainians. What I will say is, on the American side, we are doing robust work to do oversight over the Department's finances, and particularly, focus on the systems that are being used to account for the assistance to Ukraine.

Mr. SHERMAN. I want to thank all the Inspectors General for your work.

And I yield back.

Mr. MAST. The gentleman yields.

The chair now recognizes Mr. Baird for 5 minutes.

Mr. BAIRD. Thank you, Mr. Chair. Appreciate it.

And I appreciate all the witnesses being here.

My first question goes to Ms. Angarella. In a statement last month, you mentioned, quote, "But, for real comprehensive, robust

oversight, it cannot be done remotely. The closer we are, the more comprehensive the oversight will be.”

So, my question is, can you provide me the steps that your Department has taken to check the use of assistance to Ukraine, once it is in the country, since you mentioned it previously? And additionally, can you tell me how many auditors have been sent to the Ukraine?

Ms. ANGARELLA. Sure. Thank you, Congressman, for that question.

To date, to be clear, we have had no permanent staff assigned to Embassy Kyiv. USAID OIG is unique because we do have Foreign Service staff and personnel who are willing and ready to go. We are in the process, as I mentioned, with our colleagues here, to go through the State Department process requesting those permanent positions. To date, besides my colleague and I who went for the day in January, we have two investigators that were just able to go in TDY for 3 days this week. They were law enforcement criminal agents doing fraud awareness briefings and working on MOUs that we are having signed with five separate government agencies within the government of Ukraine. To date, we have not personally had any auditors go TDY or go to Ukraine.

How we are doing our work, as I mentioned, on the direct budget support, we are reviewing all of the reports that are coming in from the World Bank, from Deloitte, and from USAID, and ones that are being submitted to Congress, and that we have access to, and are taking an independent assessment to see if there are any red flags that would warrant a deep dive, further deep dive, from our office.

But, that being said, we are also—I think we mentioned our hot-line poster, which we distributed within Ukraine. It is widely circulated right now. Hence, the 556 percent increase in the reports that have come to us.

So, there are ways that we are being able to do our work effectively, but I think to be as comprehensive as we possibly can be, nothing replaces eyes on the ground, seeing the programming happening, and making those relationships.

Mr. BAIRD. So, thank you.

And then, I want to turn to all the witnesses. And that question deals with the Ukrainian government. And have they been proactive and helpful partners to oversight—I mean, to provide these oversights? And how willing have the Ukrainians been to open their books and allow full transparency of how assistance is being used? So, all three witnesses. I want to start with Ms. Shaw.

Ms. SHAW. Thank you for your question.

So, it is still early days, but I think we have made a really good start. When we were there in January, the three of us had the opportunity to meet with a range of well-positioned and important Ukrainian officials within the government. And so, we conveyed a very unambiguous message about the American expectations around transparency and accountability.

As I said in my opening, that message was well-received at the time, but, of course, the proof is in the pudding. And so, we are building on those initial interactions to deepen our relationships, to identify trusted partners, not just within the Ukrainian govern-

ment, but in law enforcement, within the prosecutorial entities as well.

And so, while we haven't met with any resistance to date, and so far, there has been broad willingness, we are continuing to press that.

Mr. BAIRD. Ms. Angarella?

Ms. ANGARELLA. Yes, I would echo all of that and say that, to date, our office is in the process and has received commitments, and in some instances are sharing drafts of an MOU with the Prosecutor General, with NABU; with SAPO, which is the Special Prosecutor for Anti-Corruption; with the Ministry of Finance; with the Economic Security Bureau, and with the Ministry of Infrastructure. So, those are all tangible MOUs that are in the works right now between my office and these government entities.

In addition, we have agents there right now that are working on establishing additional relationships, and then, implementation of how this is going to look. We can have MOUs, but what does it look like to say we agree to share information? And that is happening by our two investigators that have been there the last 3 days. So, making significant steps toward that as expeditiously as we can.

Mr. STORCH. And I see the limited time.

I would echo all of that, and I suppose the other thing I would add is that we are working very closely together on this as well. So, we are able to partner to ensure that we are leveraging one another's experiences there. So, between us and in the larger working group, we are really able to do this, anyway.

Mr. BAIRD. So, maybe we can start with you next time and you will have more time. OK?

Thank you very much.

Mr. STORCH. Yes, sir.

Mr. BAIRD. I yield back.

Chairman McCaul [presiding]. The gentleman yields back.

The chair recognizes Mr. Keating.

Mr. KEATING. Thank you, Mr. Chairman.

I just want to discuss the role that non-security assistance plays in Ukraine's resistance efforts and specifically, I believe U.S. economic and humanitarian assistance, two areas of assistance that have been particularly scrutinized today that are essential to ensure that frontline Ukrainian servicemembers can focus on the fight in the battlefield and feel some sense of relief that the essential needs of their families are being taken care of.

In fact, Chair Kean and I recently held a subcommittee brief on this very topic. During the briefing, expert Administration witnesses provided further details on how U.S. direct budget support to Ukraine helps to keep Ukrainian health institutions open; allows first responders to meet emergency medical needs; ensures that children of Ukraine can continue their education, and supports the continued work of civil service; provides essential support to pensions, a particularly vulnerable portion of the population that simply cannot survive without this support.

This direct budget support not only provides a vital boost to the wartime economy, but it also ensures the continued legitimacy of the Ukrainian government with its own people, which is critical for their will to fight.

Putin has attacked their infrastructure. He has weaponized attacks on energy, on food availability, on healthcare. And in the sub-committee briefing, we also discussed how this assistance has reached up to 3 million with food assistance; support for service internally for internally displaced people. It has kept the lights on in Ukraine. It has provided safe drinking water for 5.6 million people and distributed lifesaving healthcare supplies to 4.2 million people—just to name a few examples of what has been done.

In short, I said, during that briefing, that while U.S. and NATO military assistance has been indispensable, I believe U.S. economic and humanitarian support are equally necessary to guarantee Ukraine's wins in this war are reachable; and also, to secure the future after the wartime, hopefully, resolves itself quickly.

I want to recognize recent actions taken by the Ukrainian government to ensure effective management of U.S. assistance. Ukraine has forged ahead with anti-corruption measures and rule-of-law initiatives, demonstrating the importance with which they view accountability. In fact, a few weeks ago, I met with the Prosecutor General Kostin, who has made clear to me Ukraine's determination to root out corruption at the highest levels. In my discussions with my Ukrainian counterparts, they made it clear that they see any misuse of assistance to Ukraine as a treasonous act against the government itself.

Turning back to our witnesses, I have read your testimony and listened here today. And I have to say that anyone listening to your testimony should be impressed with the focus and attention that your agencies place on oversight and our assistance to Ukraine in general. From audits for our assistance, to end-use monitoring of defense articles, to deployment of third-party monitoring organizations, together, your departments have conducted a vast array of congressionally mandated oversight measures, ensuring that every dollar of taxpayer money spent in Ukraine is spent wisely and without diversion.

For example, with regards to the U.S. direct financial support, and to quote the report directly, quote, "The mechanisms for monitoring and oversight of funds made available under the Fiscal Year Ukraine Supplemental Appropriations Act for direct financial support for the government of Ukraine are in place and functioning; and that the government of Ukraine has in place substantial safeguards to prevent corruption and to ensure accountability of such funds." That is directly from the report.

So, simply put, the report we are discussing today is, without a doubt, it is a good news story. The oversight mechanisms in place for assistance to Ukraine go above and beyond typical safeguards, including hiring a third-party private auditor in Deloitte. And I believe the work your office has undertaken is another demonstration that U.S. taxpayer dollars are being spent wisely, appropriately, and in furtherance of our U.S. national security for the benefit of the Ukrainian war effort.

And with that, I yield back, Mr. Chairman.

Chairman McCaul. The gentleman yields back.

The chair recognizes Mr. Kean.

Mr. KEAN. Thank you, Mr. Chairman.

And I would like to thank all three of our witnesses for being here with us today, and for the important work that they do.

As the chairman of the Subcommittee on Europe for the 118th Congress, I share Chairman McCaul's sentiments that, while military, humanitarian, and budgetary support for Ukraine is crucial as they are embroiled in this conflict, we must have oversight.

Like the chairman, I believe that we do not conduct this oversight with the intent to undermine or to question the importance of this funding to support Ukraine. In fact, it is just the opposite. We intend for our oversight efforts to incentivize this Administration and our Ukrainian partners to use these funds with the highest degree of effectiveness and efficiency.

Congress has appropriated over \$113 billion to respond to the Russian war in Ukraine, and the American people deserve to know how this substantial sum of taxpayer dollars is being spent. I cannot overstate how important transparency and accountability are for the support to continue.

The first official function that I held, Mr. Chair, of the Europe Subcommittee was a briefing by State and the USAID for members of the subcommittee and a debriefing on the oversight efforts and direct budgetary support for United States.

To echo my opening statement from that event, to your knowledge as the three principal Inspectors General, have the departments and the agencies that you oversee cooperated in good faith in your oversight efforts?

Ms. ANGARELLA. Yes. From USAID's perspective, yes.

Ms. SHAW. True, also, for the State Department.

Mr. STORCH. And for the Department of Defense, yes, absolutely.

Mr. KEAN. And they have responded in a timely fashion to your request for information? And what about the Ukrainian government officials?

Ms. ANGARELLA. Yes to all of those questions.

Ms. SHAW. Yes.

Mr. STORCH. The same.

Mr. KEAN. OK. I am encouraged to hear there have been no significant cases of corruption involving U.S. assistance to date. However, I also wanted to make sure that the United States is ready to respond in case any instances of corruption were to be exposed.

To all the witnesses before us today, what roles do investigative branches of your offices have in the oversight efforts and are they ready to respond to reports of waste, fraud, or abuse involving U.S. assistance? And what would that response look like?

Mr. STORCH. So, I can start. Just speaking about the Department of Defense Inspector General, we have the Defense Criminal Investigative Service, which has decades of experience investigating cases in wartime situations all around the world. We have agents who are forward-deployed in the region who have robust relationships with people in country and people, law enforcement and others, around the world that we are able to leverage to do those investigations.

As we receive allegations, we look into them, and we will take whatever investigative steps are necessary, and we will determine what the results are.

Mr. KEAN. Thank you.

Ms. ANGARELLA. From USAID's perspective, I would echo all of those things and say, further, that our investigators are used to working in non-permissive environments and where there might not be direct jurisdiction for the U.S. Government. So, when we have jurisdiction, we will pursue every criminal, civil, and administrative remedy possible, and those are not mutually exclusive of each other. We can pursue several at the same time.

Our office has creatively used suspension and debarment of U.N. officials this past year for officials that we cannot—that we do not have jurisdiction of, we cannot arrest ourselves. But we can use suspension and debarment as a tool to keep these bad actors from showing up in other U.N. programs or other NGO's.

Additionally, we will work with local government and prosecutorial bodies within the government of Ukraine, where we can. And previous work that we had in this area, we coordinated with the government of Ukraine and extradited somebody who had committed fraud against USAID programs, not a Ukrainian, but they were in Ukraine, and we successfully worked with them to extradite them to the United States and prosecute them successfully here. so, our office has this experience and we are ready to do it, if allegations of fraud come in.

Mr. KEAN. Ms. Shaw?

Ms. SHAW. And I will echo everything that my colleagues have said and just note that we are being both proactive and reactive. So, the short answer to your question is, yes, we are absolutely ready, and that is where some of the relationships that we are beginning to forge with Ukrainian officials and law enforcement and prosecutorial entities will be so important, because there are some bad actors that we may not be able to reach on our own.

But we are also being very proactive, and that is important to get out ahead of issues. We do not want to just cleanup messes. We would like to try to keep them from happening, if at all possible.

And so, the fraud awareness that we are doing now is going to be critically important that; making sure that people understand how to report fraud. So, all of those things are already happening, and really position us very well to act, when the time comes.

Mr. KEAN. Thank you to all three of the witnesses who are here today.

I yield back my time.

Chairman McCaul. The gentleman yields.

The chair recognizes Mr. Allred.

Mr. ALLRED. Well, thank you, Mr. Chairman.

And thank you to our witnesses for your work. Thank you for being here, for your testimony. I think it has been very enlightening.

I certainly agree with the chairman's statement that he said following his trip to Ukraine earlier around there being no significant acts of fraud or misuse involving U.S. assistance; and also, the oversight that has been done I think is important.

There are limits to that usefulness, and I do wonder—you know, we on this committee held a markup this week on a Resolution of Inquiry to request another audit and transmit a huge amount of documents related to our support for Ukraine that I think was introduced by a Member of this body who does not support our sup-

port for Ukraine. And so, it does not go hand-in-hand that all oversight is productive, because it is also true that the Kremlin is watching closely the discussions that we have here, and any cracks in our support for Ukraine will be used against Ukraine.

We want to make sure the dollars are spent wisely, but there are limitations to it. And I find some of the continued focus to try to find something where there is nothing to be disconcerting and not in the pursuit of oversight, but perhaps in pursuit of something else.

But I want to ask you about two things that I think at this point in the hearing maybe have not been discussed yet, which is very few things that are left. One is partner country oversight and the other is training, audits, and how that operates.

And so, I just wondered, Mr. Storch, if you could discuss how you evaluate partner country oversight mechanisms to what they are doing. How would you characterize our efforts in comparison to theirs, lessons learned, maybe lessons they can learn from us?

Mr. STORCH. So, thank you very much for the question.

And if I can, with regard to the preparatory remarks one of the things that we are able to do as IGs in each of our offices is bring sort of a methodology that we use to address all sorts of issues, right, and bring it to bear here. So, when we go and we do audits and evaluations, we are using the same standards and methodologies we use in all sorts of other work to ensure that we are making findings and recommendations that are authoritative and really drive positive change.

So, with regard to partner countries, our remit is, obviously, focused on the Department of Defense, but we understand the Department of Defense isn't operating in a vacuum here, right? There are a lot of countries that are assisting Ukraine. So, we are looking at issues where those intersections affect U.S. security assistance.

So, one that is an interesting project that is going on right now—and I think an important one—is looking at the way in which, when Ukrainians request assistance, how that is validated, but, then, how it is coordinated with partner countries. And how are the partner countries, how are we working with them to ensure we, the United States, to ensure that that is being handled as efficiently as possible?

So, we have lots of relationships with oversight entities for our partner countries, particularly on the investigative side, and then, also, the international audit organizations as well. But what we are trying to do is bring that and leverage it for the specific Ukraine oversight mission.

Mr. ALLRED. Would you say that we are helping them in their oversight efforts as well? Does that characterize it? Or is it that, independent of, they do their own—

Mr. STORCH. I would say they do their own, but we engage.

Mr. ALLRED. Yes. State and USAID, would you agree with that?

Ms. ANGARELLA. I would agree with that. I would say, in this context, especially with the limitation of being on the ground, the relationships that we have with other donor countries who might not have the same restrictions are really enhancing our work and the lines of communication.

So, for example, last fall, my office convened a group of oversight folks from the donor community, as well as the U.N. community. And we sat and said, how many allegations has your office of investigation had? How many has yours received? To compare, to make sure that we are also getting the same data and we are staying on top of issues, and one of us isn't missing something. So, that enhanced communication and collaboration I think also helps us do our work better, particularly in the Ukraine context.

Mr. ALLRED. Yes. USAID, anything—

Ms. SHAW. I concur. Nothing more to add.

Mr. ALLRED. Yes. And I'm assuming that our return to a presence in Kyiv will help with that as well. Yes. OK.

Well, thank you all so much for your testimony. Thank you for your hard work, and we will certainly, I'm sure, be talking again.

Thank you. I yield back.

Chairman McCaul. The gentleman yields back.

The chair now recognizes Mrs. Kim.

Mrs. KIM OF CALIFORNIA. Thank you, Chairman McCaul.

I want to thank our witnesses for joining us today.

You know, I want to start by asking all of you, the reporting requirements or the reporting mechanisms that you all have in place for Russian capture of American equipment, the weapons. And do your agencies have a means of tracking those captured equipment?

Mr. STORCH. So, with regard to security assistance to Ukraine, when the weapons go into the country, there, then, are agreements as to how that is supposed to be tracked. And the Department of Defense has the responsibility to do this end-use monitoring we have talked about, or enhanced end-use monitoring, to ensure the accountability of the weaponry.

What we do, as OIGs, is we do, and as I have testified, it is a robust, ongoing series of work and it is going to continue to be so, because of the importance of the issue, to ensure that Department of Defense is doing that work in compliance with applicable regulations and doing it efficiently and effectively, to make sure that there is that accountability for the weapons.

Mrs. KIM OF CALIFORNIA. Can I hear the other agencies?

Ms. SHAW. Thank you for your question.

So, Department of State has a much smaller role in end-use monitoring than the Department of Defense, but we do have a small piece of that, particularly, on the front of civilian security assistance and direct commercial sales. And so, that is something that is the subject of our ongoing work. We are looking very carefully at how the Department is doing its end-use monitoring under the circumstances and are looking forward to publishing that work, which I think will highlight some important issues, and hopefully, offer some good recommendations as well.

Mrs. KIM OF CALIFORNIA. Briefly, Ms. Angarella.

Ms. ANGARELLA. USAID is not doing end-use monitoring.

Mrs. KIM OF CALIFORNIA. I wanted to know—one of the issues that I am following very closely with regard to the Ukraine conflict is the food security issue. Russia's bombing of ports and grain silos in Ukraine has worsened what was already a dire food security situation. So, I am really committed to ensuring that our food security

assistance is getting to the people who need it, and that there is no waste or abuse.

So, I want to ask your working relationship with those large U.N. agencies, especially those with World Food Bank and UNICEF. So, can you explain how you coordinate with them on your oversight efforts, and what role does information-sharing, those information-sharing agreements play in that oversight that you conduct?

Ms. ANGARELLA. Sure. Thank you for that question.

USAID is actively doing agriculture assistance in Ukraine right now, both on looking at the resilience of the Ukrainians in their agricultural system, and then, also, looking at the impact it is having on the rest of the globe and the food insecurity that you just described. And our office has two ongoing or planned audits of those two programs.

With respect to the U.N. organizations, as I have testified earlier, we just came back from Rome and met with the three primary agriculture U.N. agencies there—WFP, FAO, and IFAD—WFP being the largest of those. According to USAID, approximately a quarter of USAID's funding goes to the WFP. So, that is a primary relationship that we have, one with the leadership at WFP, explaining what USAID's expectations are, and us as the IG, for them to report and disclose to us when they see allegations of fraud or misuse.

And then, also, the relationship that we have with their oversight, their IG. We have a longstanding partnership with them where we meet monthly. We share our investigative reports. They have a requirement in certain programs to also report to USAID IG if they find instances of fraud with respect to USAID programs. Sometimes we work those cases jointly; sometimes we let their inspectors or investigators work them, and then, they report back to us and USAID. So, those are very effective in helping us identify what is happening and where we can jointly put our resources together to investigate cases.

Mrs. KIM OF CALIFORNIA. Thank you for explaining that.

I know you mentioned the Ukraine's agricultural sector. So, can you speak to that assessment of the oversight and accountability measures, that I know you just talked about it, but with respect to the projects that include joint ventures with private sector entities?

Ms. ANGARELLA. Sure. So, in July 2022, USAID committed \$100 million to bolster the agricultural exports and alleviate the global food security crisis. There are four separate programs right now that the mission is conducting, the largest one being, I think, the AGRO program. And so, the implementing partners that USAID is using are ones that they have used in the past, mostly, Chemonics, DAI, and the World Council.

And so, we have relationships and we have longstanding work that we have done with those NGO's as well. They are included in our fraud awareness briefings that I mentioned that our investigators are going out and identifying and training the staff on the ground for the NGO's on what to look for, for potential schemes that might be compromising U.S. assistance in agriculture programs happening right now in Ukraine.

Mrs. KIM OF CALIFORNIA. Thank you. I wish we had more time, but I think my time is up.

So, I will yield back. Thanks.

Chairman McCaul. The gentlelady yields back.

The chair recognizes Mr. Costa.

Mr. COSTA. Thank you, Mr. Chairman.

And I appreciate the opportunity for this important hearing to talk about an issue that has been discussed a great deal here in the last year. And that is the American taxpayer dollars being spent wisely in this effort, as we support the brave Ukrainian people, and as people talk about Ukraine fatigue. And I remind them that the Ukrainian people are not fatigued because they are standing for their sovereignty, and in a much bigger way, standing up for democratic institutions around the world, including our own.

I want to get to the heart of this matter. Obviously, I am a very strong supporter of our involvement, along with our European allies and NATO, to ensure that the war criminal, President Putin, does not get away with the atrocities of this invasion of a sovereign nation.

Having said that, the aid that we have given Congress has, appropriately and fittingly, as we do in the past, required audits to ensure that these taxpayer dollars are wisely spent. And I must tell you that the Ukrainian members of parliament that I have worked with over the last year who are very much at the forefront of ensuring that the corruption that has historically been a part of Ukraine does not prevent them—that they put a stop to it and that they manage their own best practices to ensure that we feel that there is integrity in how these dollars are spent.

But, with that said, I'm going to ask the three of you the same question. Mr. Storch, you, with the Department of Defense, have been doing this, I think, for a while. In all of your efforts with the audits on the moneys that we have sent to the Ukrainian military for their defense, have you been able to find any misuse of funds in your audits that would raise red flags to Congress, to ensure that something is wrong here and we need to address it?

Mr. STORCH. We have not.

Mr. COSTA. You have not.

And, Ms. Angarella, with the audits that you have conducted in terms of humanitarian aid and USAID and other efforts, have you determined or have you found any misuse of American taxpayer dollars in the assistance that we have provided to the country of Ukraine?

Ms. ANGARELLA. Our audits have not, no.

Mr. COSTA. And, Ms. Shaw, with the Department of State, and obviously, you have a lot of experience as well in U.S. support, not only here in Ukraine, but in other countries that we have provided support. Were any misuse of funds or dollars that were targeted for certain purposes, for economic and for nation-building, as the State Department works, have you found any misuse of funds thus far of the, literally, billions of dollars of taxpayers' money that we have provided Ukraine?

Ms. SHAW. Our completed work has not substantiated any findings like that.

Mr. COSTA. All right. Well, my concern is this, and obviously, people can have different views on this: but because I believe, for ourselves and our for Europe and for NATO, that this is the test of our time and whether or not we are going to stand up for the common values we share as democracies, that some people who do not share that view are trying to cast doubt as to whether or not taxpayer dollars are being misused as a reason that maybe we should withdraw our continued support. And that is why the work that you are doing I think is so important for the integrity of our support for this critical challenge that we face today, ourselves and our European allies.

Do you get a sense in your audits, in working with the ministries in the Ukrainian government and with their parliament, that there is a similar concern? Because, clearly, it is not in their interest, I would not think, if, in fact, they—and they have had to deal with corruption historically in their country. So, they understand the problem—that this would undermine the support we are giving them and that the Europeans are giving them. Have you detected in your working efforts with them about their concerns?

Mr. STORCH. So, I would just say, to be clear, we do not audit the Ukrainians. In our case, we audit the—

Mr. COSTA. No, I understand.

Mr. STORCH [continuing]. United States provision of security assistance. But, having said that, in our engagements with the Ukrainians, both when the three of us went to Kyiv and in subsequent engagements, we have heard consistently they understand the importance of being transparent; they understand the importance of accountability, and—

Mr. COSTA. My time is just about gone. Any best practices that you would recommend to the committee in terms of how we go forward in the future to ensure that these tax dollars that Congress and the Administration appropriate for this very critical, important purpose can ensure that we provide the protections and the guarantees that we in Congress want to have; that the Administration wants to have, and that the American taxpayers feel that they deserve?

Ms. SHAW. A complex question, but a simple answer is to do exactly what you did, which is to empower OIGs and oversight professionals to get in early, to be prepositioned to get out ahead of fraud and issues like that.

Mr. COSTA. Thank you.

Chairman McCaul. The gentleman's time has expired.

The chair recognizes Mrs. Wagner.

Mrs. WAGNER. Hi. Thank you, Mr. Chairman.

And I thank our witnesses for their service.

The United States is leading international efforts to help Ukraine defeat Russia's abhorrent and utterly unprovoked invasion of its sovereign territory. These efforts are necessary to stop Russia in its tracks now before it attacks a NATO partner, triggers Article 5, and puts U.S. servicemembers in harm's way.

Equally important, U.S. support for Ukraine demonstrates to the dangerous and volatile regimes in Tehran, Pyongyang, and Beijing, and elsewhere, that the United States is prepared to meet any threat to its partners, and meet it with strength and resolve. The

deterrent power of this signal is critical for international security. We must continue to ensure our support for Ukraine is as efficient and effective, with the proper transparency and oversight that I think you all are providing, as possible. I appreciate our witnesses' important work in this regard.

Deputy Inspector General Angarella, put simply, how many audits are being conducted of U.S. direct budget support to Ukraine, including by the World Bank, the government of Ukraine, USAID, the USAID Inspector General?

Ms. ANGARELLA. For USAID Inspector General, our planned and ongoing work includes 22 separate audits. That includes the direct budget support and all of USAID's programming. I could get back to you. I'm not sure exactly how many reports between the World Bank, between their third-party auditor that they have contracted, between USAID's 6-month reporting to Congress, and Deloitte's reporting. It is a substantial amount.

Mrs. WAGNER. We would like to get that figure. That would be very helpful for the committee just as a whole.

Congress requires that, prior to obligating any direct budget support funds, the Secretary of State and USAID Administrator must—and I quote—"certify and report that mechanisms for monitoring and oversight of such funds are in place and functioning, and that the government of Ukraine has in place substantial safeguards to prevent corruption and ensure accountability of such funds."

The IGs for the State Department and USAID are also required to report to Congress about your assessment of these monitoring mechanisms and safeguards, I will say.

Deputy Inspectors General Angarella and Shaw, what is your assessment of these monitoring mechanisms and safeguards? Are they adequate to detect any potential misuse of U.S. direct budget support? We will start with you, Ms. Angarella.

Ms. ANGARELLA. Sure. Thank you for that question.

And we have recently issued a joint report looking at whether or not the World Bank mechanisms and oversight controls that are established right now meet GAO's internal control standards. And our assessment and evaluation is that they do. The next report that we are working on is looking at the effectiveness of how those mechanisms are working, and that is our next step in our process.

Mrs. WAGNER. Ms. Shaw?

Ms. SHAW. And for our part, we looked at the Department of State's certification process and whether that was consistent with their typical process and well-informed. And we, in the two reports that we have issued to date, certified that they had followed their process.

Mrs. WAGNER. Great. Thank you very much.

Deputy Inspector General Angarella, USAID has contracted Deloitte to work with Ukraine's Ministry of Finance to review its internal monitoring, transparency, verification, and reporting systems and procedures. Have you evaluated Deloitte's work with Ukraine's Minister of Finance? And how do you assess the systems and procedures of Ukraine's Ministry of Finance?

Ms. ANGARELLA. Sure. With respect to the work that we have done, we have access to Deloitte's reports that they provide to

USAID. They just provided, issued a report in January. And our audit team that is focused solely on direct budget support and oversight of it reviews those reports and identifies if there are any areas or flags of concern for fraud that we would want to do a deeper dive and look into. As of today, in all of the reports our independent team has assessed no such instances have occurred.

Mrs. WAGNER. And they have been working specifically with Ukraine's Minister of Finance in this regard, correct?

Ms. ANGARELLA. Correct.

Mrs. WAGNER. Wonderful. Thank you so very much.

I have completed my questions and I yield back to the chair. Thank you.

Mr. BURCHETT [presiding]. Representative Hill for brief comments.

Mr. HILL. Thank you. Thank you, Mr. Chairman. I'm glad to have recognition from the gentleman from Tennessee.

Thank you for your patience being here, IGs. We are grateful for your participation, because, as you have heard from every member on both sides of the aisle, while there is tremendous, strong, bipartisan support for the humanitarian, governmental lending, and military support for Ukraine, there is also tremendous anxiety and interest from our constituents, not only here in the United States, but also Europe, for European countries, that there is a full accounting made for all of that support. So, thank you for the work you are doing on the frontlines of that.

In December, after the House was briefed by Secretary Blinken and Deputy Secretary Adeyemo on funding for Ukraine, I made two principal points to them and followed up with a letter. Congress has, to date, not really had the full financial overview of our support in each of the buckets that you have referred to—so, direct governmental support; humanitarian support, both at the United Nations and through USAID, and military, in a way that they can compare it to other countries.

Because part of building consensus in Congress is to demonstrate that, while we may have been upfront a major, major contributor here, and the dominant military contributor, that we want to see the world come behind us and play an important increasing role. And we saw that just in Presidents' Day week when Prime Minister Kishida in Japan pledged for \$5.5 billion toward Ukraine's support. And that is what we want to see more of. And so, this work is very valuable and I'm grateful to you.

Ms. Angarella, I want to ask you a question about USAID. So, you give money to the U.N. and you give money to contractors with USAID, which are trusted NGO groups that you regularly do business with. But the agency was pressed to give money directly to NGO groups preferred by Ukraine, for example. Is your auditing different in how one looks at the trail of money going into a U.N. agency versus a long-time USAID contractor, versus a Ukrainian NGO?

Ms. ANGARELLA. Thank you for the question.

With respect to the NGO's, whether they are large NGO's that we have worked with for years in the past—"we" being USAID, in terms of providing oversight; not "we," as in the agency—versus a

smaller, local NGO or a new partner, we do our work the same exact way.

It is a little bit different with U.N. organizations and the access that we have. It goes as far as what USAID's access is agreed to in the ADS for access to U.N. documents.

With respect to what USAID calls implementing partners, the NGO's, right now, in Ukraine, because of the work, it is major NGO's that I mentioned that USAID has partnered with in the past, and then, there are subawardees that the largest implementing partners will conduct, will give subawards. And our oversight extends to all of those agencies.

Mr. HILL. Good. That is helpful.

Ms. ANGARELLA. Yes.

Mr. HILL. You each have investigative arms of your bodies. And so, to what extent do they, are they responding to allegations of waste, fraud, and abuse? Maybe each of you could just respond to that. What does their response look like to you? Are they on the ground? Are they doing it by email? How do they operate?

Mr. STORCH. So, DCIS, which is part of the DoD Inspector General's Office, has people all over the world, including people in Europe posted forward. And we respond to all allegations of waste, fraud, abuse and—

Mr. HILL. And have you seen that call for, and therefore, deployed a team into Ukraine or into Poland, or another port of entry of material moving into Ukraine?

Mr. STORCH. Right. So, we have gotten a variety of allegations, frankly, without getting into specifics, typical of the type of allegations one gets in these sort of conflict situations. And on at least one occasion I'm aware of, our folks have reached out into Ukraine to get information. We haven't had to deploy anyone there, but if we need to, we will.

Mr. HILL. Let me turn to our two others—the State Department.

Ms. ANGARELLA. Sure. We have received 178 complaints related to Ukraine, which is—I have mentioned the 556 percent increase, which, to me, indicates our outreach is working and people know who to come to report things from the ground in Ukraine.

We do not have any permanent staff in Kyiv right now. We have Foreign Service agents deployed closer to it in Europe, in Frankfurt, but this week we just had two criminal agents do TDYs for 3 days in Ukraine—one taking further investigative steps on an open investigation and others just doing sort of this relationship-building that we were talking about.

Mr. HILL. Good. I will leave it there. But if you could respond in writing, I would appreciate it. Thank you.

I yield back, Mr. Chairman.

Mr. BURCHETT. Thank you, Mr. Hill, for your riveting testimony and questions.

At this time, I recognize myself for 5 minutes.

Ms. Angarella, say your name for me, ma'am.

Ms. ANGARELLA. Angarella.

Mr. BURCHETT. Angarella. Well, you can imagine Burchett; it just gets—

Ms. ANGARELLA. It is OK.

Mr. BURCHETT. Thomas Massie always says he wants me to have an event called “Fish Fillets with Tim Burchett.” But that is not how you say it, but anyway.

Ma’am, what methods are used to prevent waste, fraud, or abuse when paying these Ukrainian pensions?

Ms. ANGARELLA. Thank you for the question.

The pension support is being provided through the direct budget support, which is going through the World Bank and being done on the reimbursable basis. So, when the expenditures are incurred, then the process is for the Ministry of Finance or the government of Ukraine to certify that, submit it to the World Bank. The World Bank, as the trustee who manages and supervises the fund, looks at it to make sure that the expenditures comply with their internal procedures and their protocols, and then, they disburse the funds.

On top of that, USAID, the agency, has contracted with Deloitte to do its own spot-checks, and within the Ministry of Finance——

Mr. BURCHETT. All right. You said with who?

Ms. ANGARELLA. With Deloitte.

Mr. BURCHETT. Deloitte & Touche?

Ms. ANGARELLA. To do spot-checks and capacity-building, not audits per se, but capacity-building, including with GAO doing capacity-building for the internal or the external audit, entities within Ukraine.

So, those are some of the different levels in this multi-tiered oversight approach. And then, our job, as USAID OIG, is to make sure that we are aware and we are monitoring all of these reports, and from an independent perspective, we are identifying if there are any gaps in those monitoring controls that are already put in place.

Mr. BURCHETT. So, you have a pretty good feeling for this that it is not being stolen; that it is going to where it is supposed to, toward the Ukrainian pensions, is that correct?

Ms. ANGARELLA. As of today, yes.

Mr. BURCHETT. As of today. Thank you.

Are those the same methods we use when we pay housing and utility subsidies?

Ms. ANGARELLA. Through the direct budget support systems, those are all done the same way, when they are going through the multi-donor trust fund, the PEACE Fund, yes.

Mr. BURCHETT. OK. Another report by USAID to Congress says that the Ukrainian tax revenues will remain depressed for the foreseeable future. And does your report detail how long we will have to provide money to Ukraine?

Ms. ANGARELLA. It does not, Congressman. That would be more of a policy decision for, most likely, this body and our State Department and USAID senior leadership. But our role, as the IG, would be to oversee any of the funds that are expended.

Mr. BURCHETT. If you had just a gut reaction to that, would you have any idea at all, or you just do not want to get into that, ma’am?

Ms. ANGARELLA. Both.

[Laughter.]

Mr. BURCHETT. Both?

Ms. ANGARELLA. Both.

Mr. BURCHETT. All right, ma'am. That is a good answer. You are not from—what end of the country are you from, ma'am?

Ms. ANGARELLA. Rhode Island.

Mr. BURCHETT. Oh, wow, ma'am. All right.

Let's see. Can you think of a time when the Inspectors General have had to revise their initial report because of fraud, waste, or abuse was discovered?

Ms. ANGARELLA. I would say that not that we would have to revise an initial report, but we would do a subsequent report. A lot of our work is done in phases. Disbursements of money and programming happens in phases. And so, we try to phase our work that way. So, we wouldn't go back, necessarily, and change an initial report, but we would modify or have different findings in a subsequent report.

Mr. BURCHETT. OK. Thank you very much. Thank you all for being here.

And I yield back my time to no one. I'm not really sure why we even say that.

Mr. Lawler, you are currently recognized for 5 minutes.

Mr. LAWLER. Thank you, Mr. Chairman.

Mr. Storch, I certainly appreciate DoD's end-user monitoring of U.S.-origin defense articles to ensure transparency and verification of U.S. military aid. Can you please describe how DoD conducts end-use monitoring on the frontlines and other areas east of Kyiv, and what challenges are there in conducting effective oversight?

Mr. STORCH. So, thank you for the question, Congressman.

End-use monitoring, and enhanced end-use monitoring for the more sensitive items, is something that we continue to focus on. We have done, as I'm sure you know, a series of evaluations. We have one pending right now and we are going to keep doing it, as the situation continues to evolve, and frankly, the standards have evolved, right? Because end-use monitoring is something that, historically, has not taken place during active combat necessarily. And so, the ability to get to the frontlines, to your point, may be limited.

So, it is probably not my place to testify about what the Department is doing right now. We are evaluating that. I can say I have heard in testimony that the Department has indicated that they are getting out more than they were able to before to do some of the visits to actually lay eyes on, and they are using other methods. Some of those get into classified-type issues, so I cannot really talk about that in this forum.

But we are looking. We are looking at all that and we are going to continue to look at all that going forward. And one of the things we are going to do is try to use agile reporting, as we do that work, to get things out as quickly as possible and as transparently as we can.

Mr. LAWLER. Great. Thank you.

Ms. Shaw, as you may know or may not, my wife is a Moldovan immigrant, and I currently serve as the co-chair of the congressional Moldova Caucus, which all of my many colleagues who are here are welcome to join.

Moldova has felt the effects of Russia's war on Ukraine significantly. They have taken in over 600,000 refugees, which amounts to almost a quarter of their current population within the country's

borders. And they have suffered disruptions in trade and energy supplies. Increased aid to Moldova is necessary to maintain economic growth, secure its borders, and further assist the country in responding to Russian aggression.

I understand your inspection of the programs and operations out of our Embassy in Chisinau are ongoing. But can you please describe its scope and methodology?

Ms. SHAW. Thank you for the question.

So, we recognized that countries in the surrounding region are going to be very heavily impacted by this. And so, we felt it was important to make sure that our work reached to those areas. As you said, we do have an ongoing inspection of the Embassy in Chisinau. And so, the scope of that work will be to look, not only at the typical functions that we look at with any of our inspections—executive leadership, alignment with strategy and performance goals, resource management, and the like—but a specific focus will be how the situation in Ukraine is impacting the country and the Embassy, and how the Embassy is responding to that challenge. And so, I think that that work will address some of the concerns that you have raised.

Mr. LAWLER. And when do you expect the investigation to be complete?

Ms. SHAW. It is an inspection, and I can get back to you with the specifics, but I think it would probably be out later this summer—

Mr. LAWLER. OK.

Ms. SHAW [continuing]. Or early fall.

Mr. LAWLER. You know, prior to, obviously, the Russian invasion of Ukraine, President Sandu was working with our government here in the United States and the previous Congress to put in place sanctions on Russian oligarchs and others who had corrupted the prior Administrations over there. So, I think the more that we can continue to support her efforts, obviously, will ensure their long-term stability there.

How many USAID, State, and DoD personnel are currently on the ground conducting oversight across all the inspections?

Ms. SHAW. If that is a question about Office of Inspector General—

Mr. LAWLER. Uh-hum.

Ms. SHAW [continuing]. Personnel, we currently do not have permanent staff based at Embassy Kyiv. For our part at State OIG, we have been able to advance our audit work by sending in teams on TDYs. And so, that has been effective up to this point, but we have officially requested from the Department positions at Embassy Kyiv going forward for oversight. I know that is true for each of my colleagues as well. To date, we have received Department support for our request. And so, we are working through that process and we have been assured it is being given expedited review, given the circumstances.

Mr. LAWLER. OK. My time is almost expired. Obviously, transparency and accountability and oversight is critically important, but we must continue our support of Ukraine, and I support the efforts to help them reclaim their sovereignty.

So, thank you for your work.

I yield back.

Mr. BURCHETT. Thank you, Mr. Lawler.

And we now recognize Mr. McCormick, who bravely served our country in the United States Marine Corps as a pilot, and now is in Congress with us.

Mr. McCormick, you are recognized.

Mr. MCCORMICK. Well, thank you, Mr. Chairman.

I definitely feel like it is to America's great benefit to be a partner in defending Ukraine, preventing the unprovoked Russian ambitions to take over a country and to continue to expand their, what I would say is probably something that Peter the Great has been quoted by Putin. People think that he is just a former KGB guy who was part of the Soviet Union. He, literally, quotes Peter the Great, and in many ways, it is in their DNA, when you talk about Catherine the Great having to expand her borders in order to secure her borders. So, we understand what is at stake here.

I thought it was interesting that the Biden Administration has constantly been too slow in delivering needed weapon systems for Ukraine to win this. The President's irresponsible rhetoric prior to the invasion, and reluctance to act more decisively since then, has caused Russia's unjustified aggression war to Ukraine to continue for longer than it should have ever been continued.

I will say the original Biden plan, as I understood it, was to have President Zelenskyy flee to America, not learning the lessons from Afghanistan, which I participated in also and which I think would have been catastrophic, as Ukraine would have folded instantly without leadership, and we would have had another war probably in Moldavia or possibly Estonia or Romania. Who knows? Because his stated objective was to continue to grow the Russian Empire, if you will.

I understand the violent and chaotic U.S. withdrawal from Afghanistan has created this security vacuum, where now China is very aggressive; Russia is very aggressive, and there is a lot of uncertainty as to where we are going to go from here right now.

What I am concerned with is I have seen great accountability as far as my questions being answered on where our military aid is going. We can see downrange how it is affecting this war and how Russia is being, really, beaten badly in many ways. You have seen a massive amount of armor taken out, personnel. We are at a stalemate right now. There is about to be a counteroffensive. With any blessings, hopefully, we will be successful, and when I say, "we," I mean them.

What I am concerned with is any protracted war. Anybody who has been to command and staff school, anybody who has studied warfare, and understands the limitations of American warfare, it is you lose popular support by extending a war, no matter who you are. Russia lost popular support in Afghanistan. So did we.

If we do not have accountability for our equipment, we have a problem. I feel like the military equipment has been well accounted for. What I'm concerned for is the Biden Administration's plan to spend about a third of our money in their economy, and not in ways that I think American people would be supportive of. For example, union pensions. I just do not think that that is going to be popular. I do not think it is going to be sustainable.

And what I'm worried about is losing popular support for a war that has great ability to keep us out of a war. And I wanted you to speak on that, as far as how we are spending the money outside of military.

Ms. ANGARELLA. Sure. Thank you for your question, as I appreciate it as the proud daughter of a retired Air Force pilot.

The funding that is going to the government of Ukraine to supply pensions and salaries for civil servants is, as I described, going through the World Bank's Trust Fund as the direct budget support. So, it is not going directly from the Government of the United States to the government of Ukraine. It is going through the World Bank, as the trustee for the funds.

In addition, the mechanism that policymakers decided to use was a reimbursement mechanism. So, the expenditures are being submitted after they have already been paid for by the government of Ukraine. And the government of Ukraine is certifying that these were eligible expenses. So, it is not money that is allowed to go to support any other even government ministries other than the salaries or what is specified in the agreement. And that is what the government of Ukraine is certifying, that they went to the eligible expenditures.

And then, the levels of oversight that have been built into this system of oversight, is what I'm calling it, then falls to the trustee, which is the World Bank, to look at using their own very well-established like internal standards, controls, and procedures to certify that they were eligible. And then, USAID has a responsibility as well.

Mr. MCCORMICK. Yes, so when you talk about eligible expenditures, this is exactly what I'm talking about—the fancy words for, basically, saying things we do not want to go to. I understand how the reimbursements work. But, just like when we give money to anybody in the Federal Government, we usually have strings attached to where that money goes.

I think it would be a very good idea to understand that the American people, ultimately, hold us accountable, and we will hold anybody we give money to accountable, and it cannot go to things the American people do not support.

And with that, I yield.

Mr. LAWLER [presiding]. The gentleman's time has expired.

I now recognize the gentleman from Kentucky, Mr. Barr, for 5 minutes.

Mr. BARR. I thank the chairman.

And I want to express upfront that I believe it is in the national security interest of the United States to provide assistance to the resistance in Ukraine to repel the Russian invaders, for several reasons. No. 1, to prevent a broader war in Europe, to deter that broader war, and to prevent a triggering of our Article 5 obligations under NATO.

I think it is also important to send a signal to other totalitarian regimes, including the regime in Beijing, that aggression toward a sovereign, or at least independent democracies, is something that the civilized world will not tolerate.

Having said that, Congress, the American people through Congress, has now appropriated over \$113 billion in emergency supple-

mental funding to respond to Russia's war in Ukraine. That is a lot of money. That is a lot of money.

And so, in order to sustain the American people's support for that effort, and to fulfill our national security interests, we have to have accountability. And so, I appreciate you being here today to testify about your efforts. It is why I support the 39 provisions enacted over four Ukraine supplementals that require reports to Congress on oversight and accountability of all the aid sent to Ukraine. It is why I support the 64 ongoing, planned or ongoing, audits and reports by GAO and the IGs for DoD, State, Treasury, and USAID.

My first question relates to the return on investment here and this national security interest. Chairman of the Joint Chiefs of Staff, General Mark Milley, testified to Congress last week that, if Russia were to prevail against Ukraine, the United States would need to be doubling—doubling—our defense budget.

The \$49 billion in security assistance packages to Ukraine accounted for just 6 percent of our 2022 defense budget. Spending single-digit percentages to support Ukraine seems like a pretty good return on investment for taxpayers, considering that we are delivering a body blow to one of our strategic adversaries—a blow that would have cost us much more to deliver ourselves.

Given our national security priorities, would you say that our current spending in Ukraine reflects a responsible use of taxpayer funds compared to the cost of defending our allies in Europe, should Russian imperialism go unchecked?

Mr. STORCH. So, with regard to the policy question inherent in that, that is really a question for the Administration and Congress, of course. What I can say is each of our offices individually, and working together and with our oversight partners, are committed to doing oversight to ensure that the money that is appropriated is used as intended.

Mr. BARR. Thank you.

And we, obviously, cannot stand alone in our support for Ukraine, and the United States has assembled a coalition of over 50 countries to get critical weapons and supplies to Ukraine. According to a report by the European Union Delegation to the United States, the EU and its member States have made available over \$73 billion in financial, military, humanitarian, and refugee assistance, including a commitment of up to \$19 billion in additional assistance for 2023. Over \$13 billion in military assistance has been provided to finance military supplies to Ukraine, train over 30,000 Ukrainian military personnel, and more. These numbers tell me that we are not alone in our support for Ukraine, nor are we alone in trusting Ukraine with the assistance provided.

Could any of you speak more to the efforts made by our partner countries in Europe and beyond to support Ukraine?

Ms. SHAW. Well, I will take a side route on that and simply note that at Department of State OIG we have two inspections that are soon to be released looking specifically at the U.S. mission to the European Union and the U.S. mission to NATO. And the focus of that work will be looking at how we are coordinating with our partners. So, it won't be sort of assessing the sufficiency of the inputs that they are making, but ensuring that, where we are also providing similar assistance, that there isn't duplication of effort; that

we are staying closely coordinated, and that those contributions are aligned with strategic goals.

Mr. BARR. Mr. Storch, after the fall of Afghanistan, there seemed to be a large amount of confusion on the amount of weapons and materials given to the Afghan National Security Forces that, then, fell in the hands of the Taliban. Have we learned any lessons from that? And to your knowledge, have any U.S. arms or munitions fallen into Russian hands?

Mr. STORCH. Thank you for the question.

My office—again, prior to my being there—but my office did a substantial amount of work related to the weaponry that you are speaking about. And to my knowledge, we have not substantiated any diversion of weaponry, but it is something we continue to look at on an ongoing basis, obviously.

Mr. BARR. Thank you. I yield.

Mr. LAWLER. The gentleman's time has expired.

I thank the witnesses for their valuable testimony and the members for their questions.

The members of the committee may have some additional questions for the witnesses, and we ask that you respond in writing to those questions.

Mr. LAWLER. Pursuant to the committee rules, all members may have 5 days to submit statements, questions, and extraneous materials for the record, subject to the length limitations.

Mr. LAWLER. Without objection, the committee stands adjourned.

[Whereupon, at 1:21 p.m., the committee was adjourned.]

APPENDIX



COMMITTEE ON FOREIGN AFFAIRS
FULL COMMITTEE HEARING NOTICE
 U.S. HOUSE OF REPRESENTATIVES
 WASHINGTON, DC 20515-6128

Michael T. McCaul (R-TX), Chairman

March 22, 2023

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs to be held at 10:00 a.m. in room 210 of the House Visitor's Center. The hearing is available by live webcast on the Committee website at <https://foreignaffairs.house.gov/>.

DATE: Wednesday, March 29, 2023

TIME: 10:00 a.m.

LOCATION: HVC-210

SUBJECT: Oversight, Transparency, and Accountability
 of Ukraine Assistance

WITNESSES: Ms. Diana R. Shaw
 Deputy Inspector General performing the
 duties of the Inspector General
 U.S. Department of State
 Office of Inspector General

Ms. Nicole L. Angarella
 Acting Deputy Inspector General, performing
 the duties of the Inspector General
 U.S. Agency for International Development
 Office of Inspector General

The Honorable Robert P. Storch
 Inspector General
 U.S. Department of Defense
 Office of Inspector General

*NOTE: Witnesses may be added.

By Direction of the Chair

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-226-8467 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

Committee on Foreign Affairs

118th Congress

ATTENDNACE

Meeting on: Oversight, Transparency, and Accountability of Ukraine Assistance
 Date: March 29, 2023

Representative	Present	Absent	Representative	Present	Absent
Mr. McCaul	X		Mr. Meeks	X	
Mr. Smith	X		Mr. Sherman	X	
Mr. Wilson	X		Mr. Connolly		X
Mr. Perry	X		Mr. Keating	X	
Mr. Issa	X		Mr. Cicilline	X	
Mrs. Wagner	X		Mr. Bera	X	
Mr. Mast	X		Mr. Castro		X
Mr. Buck	X		Mrs. Titus	X	
Mr. Burchett	X		Mr. Lieu	X	
Mr. Green	X		Ms. Wild	X	
Mr. Barr	X		Mr. Phillips	X	
Mr. Jackson		X	Mr. Allred	X	
Mrs. Kim	X		Mr. Kim		X
Mrs. Salazar		X	Ms. Jacobs		X
Mr. Huizenga	X		Ms. Manning	X	
Mrs. Radewagen	X		Mrs. Cherfilus-McCormick	X	
Mr. Hill	X		Mr. Stanton	X	
Mr. Davidson	X		Ms. Dean		X
Mr. Baird	X		Mr. Moskowitz	X	
Mr. Waltz	X		Mr. Jackson	X	
Mr. Kean	X		Mrs. Kamlager-Dove	X	
Mr. Lawler	X		Mr. Costa	X	
Mr. Mills	X		Mr. Crow		X
Mr. McCormick	X		Mr. Schneider	X	
Mr. Moran	X				
Mr. James		X			
Mr. Self	X				

To fill out this form online: Either use the tab key to travel through each field or mouse click each line or within blue box. Type in information.	Note: Red boxes with red type will NOT print.
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COMMITTEE ON FOREIGN AFFAIRS
MINUTES OF FULL COMMITTEE HEARING

Day Wednesday Date March 29 Room HVC-210

Starting Time 10:04 Ending Time 13:21

Recesses (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____)

Presiding Member(s)

Chairman McCaul, Ranking Member Meeks

Check all of the following that apply:

Open Session Executive (closed) Session Televised

Electronically Recorded (taped) Stenographic Record

To select a box, mouse click it, or tab to it and use the enter key to select. Another click on the same box will deselect it.

TITLE OF HEARING:

OVERSIGHT, TRANSPARENCY, AND ACCOUNTABILITY OF UKRAINE ASSISTANCE

COMMITTEE MEMBERS PRESENT:

Attached

NON-COMMITTEE MEMBERS PRESENT:

NA

HEARING WITNESSES: Same as meeting notice attached? Yes No
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

Connolly (Attached)

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED 13:21

Note: Please include accompanying witnesses with their titles, etc. (please note the fact that they are accompanying witnesses)

Mag Wagner
Full Committee Hearing Coordinator

Clear Form

STATEMENT FOR THE RECORD SUBMITTED FROM REPRESENTATIVE CONNOLLY

Oversight, Transparency, and Accountability of Ukraine Assistance
House Foreign Affairs Committee Hearing
10:00 AM, Wednesday, March 29, 2023
HVC-210
Rep. Gerald E. Connolly (D-VA)

Not in eighty years has Europe witnessed the level of depravity and brutality inflicted upon towns, villages and cities filled with innocent people who are, in the view of the delusional pan-Russian leader in the Kremlin, guilty of one sin: they seek to be a free people. That cannot be a sin, not in Ukraine, not anywhere in the world. Some pundits and far-right politicians have disingenuously argued the conflict in Ukraine is just a simple territorial dispute that the United States must abstain from involvement. That is wrong. The stakes are truly about the future of liberal democratic values, ways of life that infuse the human spirit with freedom, versus the alternative, the absolute suppression of those freedoms.

Some timid souls would have you believe that: “yes, the bloodshed and the violence is unsavory. But the United States shouldn’t be supporting Ukraine’s self-defense of its territorial integrity”. Tell that to the dead in Bucha. Tell that to those in Bakhmut. Tell that to those who’ve lost their lives in Zaporizhzhia. Should Russia be successful in Ukraine, what will stop them from invading Georgia, Moldova, or even NATO allies in the Baltics?

It is an understatement to say the Ukrainian people have displayed the utmost courage in repelling a brutal invasion from Russia. But Ukraine has not been alone. Under President Biden’s leadership, the United States has used NATO as the arsenal of democracy to counteract the global march towards autocracy and assist Ukraine in its defense of her territorial integrity. From 2014 through February of this year, the United States has committed about \$34 billion in security assistance, more than \$32 billion of which has been committed by the Biden Administration since the start of the renewed invasion in 2022. Congress has approved \$90 billion for aid to Ukraine and other countries impacted by the war, and of the \$90 million in aid, it is estimated that the United States has provided or committed at least \$59 billion in assistance to Ukraine and to countries supporting Ukrainian refugees and a further \$10 billion in assistance to countries affected by the war in Ukraine.

For its unprecedented support for Ukraine, the Biden Administration has developed an unprecedented strategy to conduct oversight over the security, economic, and humanitarian assistance provided to Ukraine and European allies. For the first time, three different Inspectors General from the Department of Defense, U.S. Department of States, and USAID have joined to create the Joint Strategic Plan for Ukraine Response.

Security Assistance that the United States sends to Ukraine is subject to “end-use monitoring (EUM)” which requires the Department of State and Defense to track the use of the U.S. origin weapons and machinery. Once weapons are inside of Ukraine, the government of Ukraine and its respective ministries track transferred U.S. weapons from the border to where they are used on the front line. The Department of Defense has worked closely with the Ukrainian Armed Forces to bolster Ukraine’s capacity to maintain relevant data on weapons stocks, including damage reports to capture losses. As of October 2022, DOD personnel have actually resumed on-site inspections to verify collected data and to further assess weapon stocks in country, security conditions permitting.

In FY2023, Congress placed additional reporting requirements for DOD to ensure U.S. defense articles reach their intended targets and were used for the purposes for which they were transferred. The FY23

NDAA modified the Ukraine Security Assistance Initiative (USAID) to include within congressional notification an assessment of end use monitoring issues relating to security assistance. DOD and State Department OIGs have also embarked on oversight investigations of U.S. security assistance for Ukraine, for which end-use monitoring oversight plays a critical role.

With the \$22.9 billion USAID has obligated to Ukraine, the United States has supported three multilateral mechanisms to support financial support for Ukraine. The Multi-Donor Trust Fund for Ukraine (MDTF), the Public Expenditures for Administrative Capacity Endurance (PEACE) Fund, and the “Transfer Out” MDTF, all support transfers to Ukraine from donors, enable the Government of Ukraine to compensate public employees and keep health care workers, pensions and other social services afloat, and follow the strict financial controls and processes of the World Bank. Again, apart from USAID’s oversight and work through the World Bank, the State Department Office of Inspector General plays an important role in overseeing the direct financial support given to the government of Ukraine. Reports from the Joint Strategic Oversight Plan found that both State and USAID complied with congressional requirements, adhered to internal processes, effectively coordinated with the U.S. government interagency, and met federal internal control standards.

As of January 6, 2023, U.S. Government oversight agencies have published 14 reports since Russia’s invasion of Ukraine in February 2022 and reported findings and recommendations to improve internal controls, reduce costs, ensure safety, and improve operational efficiencies. These oversight agencies continue to monitor, audit, and evaluate activities related to the Ukraine response with 64 ongoing or planned projects. These projects include: a State OIG audit of humanitarian assistance efforts in Ukraine, GAO evaluation of USAID risk mitigation delivering humanitarian assistance, USAID OIG audit of modifications to programs in Ukraine, and a USAID OIG review of seven key safeguards and monitoring mechanisms over USAID’s direct budget support to Ukraine through the World Bank.

In its March 27 report, the Joint Strategic Oversight Plan detailed how the OIGs have “developed and widely disseminated information to the public in Ukraine and other countries, … including through websites, phone numbers, and QR codes – to report misuse, including fraud, waste, abuse, or corruption promising the integrity of U.S. assistance. As of March 1, 2023, the three OIGs had received 189 Ukraine response-related hotline complaints, including allegations that were submitted by Ukrainian citizens themselves. The JSOP March 27 report forcefully affirmed, **“OIG investigations resulting from these and other allegations have not yet substantiated significant waste, fraud, or abuse.”**

The JSOP has also focused its efforts on preventing such a case of significant waste, fraud, corruption, or abuse. Since Russia’s criminal invasion of Ukraine in February 2022, DoD’s Defense Criminal Investigative Services (DCIS) has provided 74 Ukraine-focused fraud awareness briefings to more than 1,900 participants. The OIGs have worked closely with law enforcement agencies in the United States, in Ukraine, and partnering organizations to create the capacity to handle allegations, detection methods, and accountability for those who might illegally take advantage of the humanitarian crisis for their own benefit.

RESPONSES TO QUESTIONS SUBMITTED FOR THE RECORD

**Questions for the Record: March 28, 2023, House Foreign Affairs Committee
Hearing on “Oversight, Transparency, and Accountability of Ukraine
Assistance”**

Rep. Rich McCormick (GA-06)

OPENING COMMENTS

It is in America's interest for Ukraine to prevail in Russia's unprovoked war of aggression. If Putin wins, then it will embolden Russia and China to use aggression to challenge US interests and advance their agendas.

The Biden administration has consistently been too slow in delivering the critical weapon systems Ukraine needs most to win. The President's irresponsible rhetoric prior to the invasion and reluctance to act more decisively since then has caused Russia's unjustified aggressive war against Ukraine to continue for a longer period than ever should have been possible. The original Biden plan was to have President Zelenskyy flee to America, not learning the lesson from Afghanistan, a move that would have most likely led to the complete conquering of Ukraine and the subsequent war to defend Moldova or Romania from the self-proclaimed TSAR.

Time and again, it has taken months of Congressional Pressure to push the administration into transferring desperately needed weapons that could have blunted Russia's initial advance, enabled greater Ukrainian counteroffensives, and saved countless Ukrainian lives if delivered sooner.

The violent and chaotic US withdrawal from Afghanistan has created a security vacuum, which has an impact on the diminished perception of the US as a global security guarantor vis-à-vis China.

This has emboldened the CCP to fill the diplomatic and power vacuums created by the Biden administration, including the deal between Iran and Saudi Arabia.

If the US were to fail to respond adequately to Russia's aggression, it could have significant negative effects on several key areas of global security, including the US role in the Middle East, the South China Sea dispute, the CCP's potential invasion of Taiwan, and security relations between the US and NATO.

If Ukraine achieves victory, which can only be possible with the support of the free world, it will serve as a warning to Chairman Xi and make him reconsider any plans to invade Taiwan.

Advancing the United States' military presence in the Indo-Pacific region and providing Taiwan with advanced weaponry, while simultaneously achieving victory over the Russian military in Ukraine, would dramatically increase deterrence against the CCP.

The cost of US security assistance to Ukraine since February 24 is fraction of what the US spends annually on defense, and yet has led to the severe degradation of the Russian military – one of America's two mains strategic competitors.

Moreover, it has spurred many European allies to meet their NATO defense spending obligations, a longstanding US goal which will also enable the US to shift more resources to the Indo-Pacific.

Question 1:

Can you please tell us exactly how much US taxpayer money is being spent by the Biden administration to pay for union pensions and social welfare programs in Ukraine. Can you please explain the World Bank's role in verifying the 15.5 Billion in Direct Budget Support funds?

RESPONSE: We defer to USAID OIG with regard to the World Bank's role in verifying the \$15.5 billion in Direct Budget support funds, and how much was spent on union pensions and social welfare in Ukraine.

Question 2:

According to the recent report, China has been looking to position itself as a peace broker between Russia and Ukraine for a while. Xi is among the few people who could, perhaps, influence Putin and alter the course of the war in Ukraine. How much has China invested in the Russian war effort to date that we know of?

RESPONSE: We defer to the intelligence community for any estimates on how much China has invested in the Russian war effort.

Question 3:

What are the main concerns about the CCP inserting itself as a potential moderator of peace negotiations between Russia and Ukraine?

RESPONSE: We defer to the Under Secretary of Defense for Policy with regard to the main concerns about the CCP inserting itself as a potential moderator of peace negotiations between Russia and Ukraine.

Question 4:

How much money in your estimation, will be enough to achieve the end state given to your respective agencies by the President? (If they can't answer) Why do we not know this number? Do you feel the end state is clear?

RESPONSE: We defer to the Under Secretary of Defense for Policy with regard the end state and how much money is estimated to achieve that end state.

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**Questions for the Record: March 28, 2023, House Foreign Affairs Committee
Hearing on “Oversight, Transparency, and Accountability of Ukraine
Assistance”**

Rep. Rich McCormick (GA-06)

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Question 1:

Can you please tell us exactly how much US taxpayer money is being spent by the Biden administration to pay for union pensions and social welfare programs in Ukraine. Can you please explain the world bank's role in verifying the 15.5 Billion in Direct Budget Support funds?

Because direct budget support funds are being provided through the U.S. Agency for International Development (USAID), we refer you to USAID OIG for more information on this question.

State OIG has done work related to the Department of State's role in direct budget support, but that role is limited. Per statutory requirements, we assessed the Department's process for certifying that "mechanisms for monitoring and oversight of such funds are in place and functioning and that the Government of Ukraine has in place substantial safeguards to prevent corruption and ensure accountability of such funds." In that assessment, we found that the Department coordinated closely with USAID, the U.S. Department of the Treasury, and U.S. Embassy Kyiv officials to identify, understand, and evaluate various methods for disbursing direct financial support to the Government of Ukraine. Ultimately, the agencies determined that The World Bank mechanisms offered the best combination of speed and funding accountability. The Department subsequently issued an information memorandum in support of the decision to use the World Bank PEACE mechanism which described processes and procedures for monitoring and oversight of funds, as well as Government of Ukraine safeguards to prevent corruption and ensure accountability of funds provided.

Question 2:

According to the recent report, China has been looking to position itself as a peace broker between Russia and Ukraine for a while. Xi is among the few people who could, perhaps, influence Putin and alter the course of the war in Ukraine. How much has China invested in the Russian war effort to date that we know of?

State OIG has not conducted work that would give it insight on this question. The Department of State may be able to provide you with more information.

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Question 3:

What are the main concerns about the CCP inserting itself as a potential moderator of peace negotiations between Russia and Ukraine?

This is an important question for those in policymaking roles within the Administration. State OIG does not have related work that would inform a perspective on this question. The Department of State may be able to provide you with more information.

Question 4:

How much money in your estimation, will be enough to achieve the end state given to your respective agencies by the President? (If they can't answer) Why do we not know this number? Do you feel the end state is clear?

State OIG has not conducted work related to these questions. The Department of State may be able to provide you with more information.

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OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

May 25, 2023

Committee on Foreign Affairs
U.S. House of Representatives
2170 Rayburn House Office Building,
Washington, D.C. 20515

Dear Chairman McCaul and Ranking Member Meeks:

Thank you for the opportunity to appear before the House Foreign Affairs Committee hearing on March 29, entitled “Oversight, Transparency, and Accountability of Ukraine Assistance.” I appreciated the opportunity to publicly discuss USAID OIG’s enduring commitment to providing timely and impactful oversight of USAID’s Ukraine response. As I noted then, oversight of this response is my office’s top priority and we are committed to providing continuous updates to our congressional stakeholders on our work, and the ongoing coordination between our OIG counterparts at the Department of State and Department of Defense. Below are responses to the questions for the record following the hearing. For up-to-date information on our Ukraine-related work, please visit our [Ukraine Oversight](#) page.

Questions from Rep. Crow:

1. What capacity would additional USAID staff on the ground in Ukraine add to our oversight capabilities, and how urgently do you need to expand this capacity?

We have been forward leaning and creative thus far on our remote oversight efforts, but we have been clear that comprehensive oversight over USAID’s Ukraine programming requires us to have a permanent presence in Ukraine. Our ability to investigate fraud, corruption, or other misconduct affecting USAID programming demands in-country presence as we saw recently when two of our federal agents managed to enter Kyiv for three days in March. In those three days, our criminal investigators were able to engage in-person with sources who are difficult to identify remotely and loathe to engage with our investigators via virtual platforms. We have all made do with remote oversight and learned how to leverage technology over the past few years, but nothing replaces in-person, face-to-face engagement, especially in the rapport building phases of investigative oversight work. Our office is in the process of negotiating information sharing memoranda of understanding (MOUs) with several Ukrainian entities, including anticorruption investigative and prosecutorial bodies. In order for those MOUs to be effective, we intend to work side-by-side with our Ukrainian counterparts in investigating conduct compromising USAID programs and funds.

2. The war has obviously put severe strain on the Ukrainian government and its ability to operate. How would you characterize their current capacities to meet U.S. requirements on oversight and accountability for humanitarian relief? For security assistance? For direct budget support?

It is essential that the Government of Ukraine assist both USAID and USAID OIG in providing oversight (and accountability) over the billions of dollars in USAID funding for humanitarian assistance and direct budget support. We have an ongoing evaluation which is assessing oversight controls of USAID's direct budget support to Ukraine, provided through the World Bank. Our initial [evaluation](#) determined that the oversight controls that USAID had put in place over DBS funding (including an MOU with the Government of Ukraine) aligned with GAO's Federal Standards of Internal Controls. However, our subsequent evaluation will test the *effectiveness* of these oversight controls, to include the role of the Government of Ukraine.

On January 27, USAID IG head Nicole Angarella and Assistant IG for Investigations Marc Meyer joined Department of Defense IG Storch and Department of State Deputy IG Shaw for meetings in Kyiv with the following Ukrainian officials and civil society organizations:

- The Minister of Defense to discuss the ministry's efforts to monitor the flow and use of U.S.-provided security assistance.
- The Prime Minister and Minister of Finance to discuss anti-corruption efforts and the need for OIG access to financial records to conduct oversight.
- The Deputy Prime Minister who oversees Infrastructure, Reconstruction, and several other high-profile ministries, to discuss the topic of reconstruction, accountability, internal controls, and transparency. They were very receptive to our oversight goals and recognized the importance of accountability of U.S. funds.
- The Prosecutor General to discuss mutual investigative interests, resources, and potential information sharing agreements.
- Civil society organizations, and journalists to discuss topics of mutual interest, including anti-corruption, accountability, and transparency in Ukraine.
- Anti-corruption investigative, prosecutorial, and judicial officials to discuss the challenges of maintaining the integrity of corruption investigations and prosecutions amidst the war-time lessening of safeguards and under other limited investigative autonomy.

In the meetings, we saw a range of efforts on anti-corruption and accountability. Some ministers and officials articulated their commitment to oversight, while others appeared further along on actual oversight, reform, and accountability measures. Deputy Prime Minister Oleksandr Kubrakov and his team were forward leaning on appreciating the need for oversight and accountability, which is comforting as they will be leading the reconstruction effort.

Building off of those meetings in Kyiv, we engaged with several Ukrainian oversight and law enforcement entities in negotiating MOUs that will allow our offices to conduct joint investigations, gain access to Ukrainian records, and further collaborate on oversight efforts involving USAID funds. We are happy to follow up with you once we begin implementing our

formal relationships with these entities and have joint matters to coordinate on, allowing us to assess their level of cooperation.

3. Do you think that Ukrainian civil society is playing an appropriate role regarding accountability and oversight? Could their role be expanded given their expertise and relationships with the Ukrainian government?

While USAID OIG is not performing an assessment of civil society organizations' (CSOs) roles or their capacity to provide oversight of or hold Ukrainian government institutions and non-government organizations accountable, we have engaged directly with several CSOs and they do appear to serve as a true Fourth Estate in Ukraine. We realize civil society organizations play an integral oversight role in Ukraine. We recognize how important it is to establish relationships with these organizations as they have on-the-ground access to sources and information. Moving forward, we will continue to work with these organizations to ensure necessary access to further our independent audit and investigative work.

Questions from Rep. McCormick:

1. Can you please tell us exactly how much US taxpayer money is being spent by the Biden administration to pay for union pensions and social welfare programs in Ukraine? Can you please explain the world bank's role in verifying the 15.5 Billion in Direct Budget Support funds?

According to the Ministry of Finance of Ukraine, the figures below are the amounts of assistance the USG has provided for pensions and social welfare programs in Ukraine from April 2022 to January 2023:

- Pension Payments:
 - Approximately \$5.39 billion USD of DBS has been paid to 9.8 million pensioners. The average pension is between \$110-120 per month.
- Social Welfare Programs:
 - Approximately \$500 million USD of DBS has been used to provide housing and utility subsidies for 2.6 million households.
 - Approximately \$930 million USD has been provided as assistance to 1.8 million internally displaced people.
 - Approximately \$730 million USD has been provided as guaranteed minimum income assistance to 259,789 low-income families and disability aid to 480,000 people with disabilities.

Note: The figures above represent disbursements from the World Bank to the GoU from April 2022 until the end of January 2023 and do not include USAID obligations to the World Bank between February and April 2023.

The World Bank is obligated to supervise the PEACE fund according to its requirements, including its procurement, financial management, disbursement, and safeguard policies; its framework to prevent and combat fraud and corruption; and its screening procedures to prevent

use of Bank resources to finance terrorist activity. Specific World Bank oversight and verification procedures of the PEACE fund include:

- A review of monthly verification reports submitted by the GoU. This review is designed to identify trends, inconsistencies in the data, and other anomalies.
- “Agreed-upon procedures” (AUP) performed by PwC Ukraine, an accounting firm, at the request of the World Bank to determine if a sample of eligible expenditures are fairly stated, eligible, and made in accordance with the PEACE fund policy. The AUP is anticipated to also determine whether monthly reports on eligible expenditures were correctly compiled and reconcilable with GoU treasury data.
- Verifying that the GoU is maintaining a “grievance redress mechanism” (GRM) which is designed to allow the World Bank to monitor complaints lodged by beneficiaries. The World Bank has stated the GRM “provides an additional level of assurance that pensions, salaries, and social assistance are paid to intended beneficiaries”.
- An audit of financial statements at the end of the PEACE fund to be performed by an independent public sector accounting firm.

In [January](#) and [March](#), we determined that the design of World Bank controls aligned with USG internal control standards. We also initiated an evaluation to test the operating effectiveness of these controls on April 20, 2023. Our Memoranda of Understanding with World Bank Group Internal Audit and World Bank Integrity Vice Presidency will greatly enhance our ability to access the information needed to advance our oversight of DBS funding, and investigate allegations of criminal activity within the program.

Overall, the design of the accountability system for DBS is multi-tiered and includes monitoring, reporting, and audit requirements from many different organizations in addition to the World Bank, including USAID and USAID OIG. USAID is congressionally mandated to report on the processes in place to ensure its DBS funds are used by Ukraine in the manner agreed to, including details on safeguards for transparency and accountability. In support of this work, USAID contracted with Deloitte to track and oversee U.S. funds being used for DBS to the government of Ukraine. This is a capacity building and monitoring contract in which Deloitte will identify key processes and controls relevant to the use of funds and highlight areas requiring further attention or development regarding transparency and accountability. USAID also initiated a partnership with GAO’s Center for Audit Excellence to strengthen Ukraine’s external audit capacity, so the Ukrainian government can better audit the use of DBS funds provided by the United States.

It is USAID OIG’s responsibility to ensure that the complex, multi-tiered system of oversight for DBS is functioning properly and to ensure USAID is effectively managing DBS contributions.

2. **According to the recent report, China has been looking to position itself as a peace broker between Russia and Ukraine for a while. Xi is among the few people who could, perhaps, influence Putin and alter the course of the war in Ukraine. How much has China invested in the Russian war effort to date that we know of?**

In the absence of any publicly available figures, it is impossible to say how much China has directly invested in Russia's war effort. We defer to the Department of State, Department of Defense, or other Federal agencies with knowledge thereof to provide this information.

3. What are the main concerns about the CCP inserting itself as a potential moderator of peace negotiations between Russia and Ukraine?

We defer to the Department of State to articulate the administration's stated concerns about China moderating peace negotiations between Russia and Ukraine.

4. How much money in your estimation, will be enough to achieve the end state given to your respective agencies by the President? (If they can't answer) Why do we not know this number? Do you feel the end state is clear?

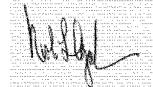
We defer to USAID to respond to how much funding it believes is necessary to achieve the end state on the Ukraine response, or define what the end stage may look like.

USAID's continued response to Ukraine, whether on the humanitarian, development, or eventual reconstruction front will require a proportionate level of independent oversight from USAID OIG. We have received \$13 million to date in supplemental funding for our oversight of USAID's Ukraine response. The funds are only available until September 2024.

As such, we do request that any increase to USAID funding intended for the Ukraine response include corresponding funding for proportionate oversight. We have been granted two special agent positions at the U.S. Embassy in Kyiv, which come with additional funding requirements that we will need in our enduring operations budget.

My office is committed to providing independent, transparent, and timely oversight of USAID's Ukraine response to protect American taxpayer dollars from the risk of fraud, waste, abuse, and corruption. Thank you for the opportunity to testify before the committee and for your support of USAID OIG's work.

Sincerely,



Nicole Angarella
Acting Deputy Inspector
General, performing the
duties of the Inspector
General

Questions for the Record: March 29, 2023, House Foreign Affairs Committee Hearing on "Oversight, Transparency, and Accountability of Ukraine Assistance"
Representative Crow

Question:

What capacity would additional USAID staff on the ground in Ukraine add to our oversight capabilities, and how urgently do you need to expand this capacity?

RESPONSE:

We defer to USAID OIG to answer this question about its staffing.

Question:

The war has obviously put severe strain on the Ukrainian government and its ability to operate. How would you characterize their current capacities to meet U.S. requirements on oversight and accountability for humanitarian relief? For security assistance? For direct budget support?

RESPONSE:

Regarding Ukraine's oversight and accountability for security assistance, from late 2022 to present, DoD has provided Ukrainian forces with hand-held scanners to help provide inventories of EEUM items. Our ongoing oversight projects on Enhanced End Use Monitoring (EEUM) in Ukraine are reviewing the effectiveness and efficiency of tracking equipment. The DoD OIG also has engaged with relevant counterparts in the Ukrainian government to deliver an unambiguous message about the importance of accountability and transparency with regard to U.S. security assistance.

Question:

Do you think that Ukrainian civil society is playing an appropriate role regarding accountability and oversight? Could their role be expanded given their expertise and relationships with the Ukrainian government?

RESPONSE:

We defer to USAID and other relevant U.S. agencies to answer this question regarding Ukrainian civil society, and whether their role could be expanded.

Question:

Have you seen any evidence that U.S. weapons systems or U.S. security assistance generally is being misused in any way, or subject to fraudulent claims or documentation regarding their use in the defense of Ukraine?

RESPONSE:

Our work related to the accountability of U.S. security assistance is ongoing. Based on our completed work to date, we have not substantiated any instances of U.S. weapons systems or U.S. security assistance being misused, or subject to fraudulent claims or documentation regarding their use in the defense of Ukraine.

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"Oversight, Transparency, and Accountability of Ukraine Assistance"
Representative Crow**

Question:

What capacity would additional USAID staff on the ground in Ukraine add to our oversight capabilities, and how urgently do you need to expand this capacity?

Regarding the issue of USAID staff on the ground, we refer you to USAID OIG's separate response to this question.

For State OIG's part, we believe that there is no substitute for in-person engagement and direct observation when the Department is operating in a complex and dynamic environment as is the situation in Ukraine. Accordingly, we are currently using TDY staff visits to Kyiv to advance our oversight work there but are eager to establish a consistent permanent OIG staff presence in Kyiv, which we have been told cannot be accomplished until the ordered departure staffing cap level is increased.

Question:

The war has obviously put severe strain on the Ukrainian government and its ability to operate. How would you characterize their current capacities to meet U.S. requirements on oversight and accountability for humanitarian relief? For security assistance? For direct budget support?

State OIG has not specifically assessed the Ukrainian government's capacity to meet oversight and accountability requirements. Nonetheless, in the next few months, we will be publishing a review on key oversight and accountability considerations around security assistance focused on end-use monitoring. Also, we are currently conducting an audit that assesses the Department's oversight of humanitarian assistance efforts. Regarding direct budget support, because this assistance is provided through USAID, we refer you to USAID OIG for more information on that question.

Question:

Do you think that Ukrainian civil society is playing an appropriate role regarding accountability and oversight? Could their role be expanded given their expertise and relationships with the Ukrainian government?

State OIG has not assessed Ukrainian civil society's role in promoting accountability and oversight. Nonetheless, we have met with representatives of Ukrainian civil society organizations and emphasized our commitment to robust oversight and accountability and expectations of those receiving U.S. government funds in support of the Ukraine response effort. Our message was well-received at the time and we will continue our engagement with these organizations going forward.

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