



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

July 31, 2025

The Honorable James E. Risch
Chairman
Committee on Foreign Relations
United States Senate

Dear Chairman Risch:

The USAID Office of Inspector General (USAID OIG) appreciates the Senate Foreign Relations Committee's continued support for our independent oversight of U.S. foreign assistance. For over four decades, Congress and the American people have relied on our investigations, audits, and other insights into overseas spending to ensure integrity, accountability, and transparency over taxpayer dollars. While USAID OIG is not responsible for setting policy or programs, our oversight work is designed to inform those who do.

We are following up on previous [correspondence](#) regarding oversight of U.S. assistance to Ukraine, particularly direct budget support provided through the World Bank, and offer the following updates.

OIG's Oversight of Direct Budget Support Provided via the World Bank

Since USAID first began providing direct budget support (DBS) to Ukraine, USAID OIG has provided independent oversight over the funds, on top of the oversight mechanisms that USAID had put in place on its own (including "spot checks" by Deloitte and "financial statement audits" by KPMG). As part of our independent oversight, USAID OIG audit and evaluations teams gained access to and reviewed records from the government of Ukraine's Ministry of Health, Ministry of Social Policy, and payment records from the Ministry of Finance, supported by specific access language that we negotiated with the Ukrainians.

In January 2023, our [assessment](#) and information [brief](#) outlined the controls that USAID asserted were in place to safeguard funding for direct budget support to Ukraine. While those reports, and a 2024 [assessment](#), described how the Agency oversaw World Bank activities, it was our 2024 Ukraine single-donor trust fund [evaluation](#) that found a significant monitoring failure, which raised red flags. Specifically, we reported that healthcare salary expenditure reports were not verified for accuracy or supported by valid documentation. Our recommendation resulted in the Agency adding a requirement for a contractor, KPMG, to examine payments to better protect DBS funding.

Continuing our work on DBS, we are conducting an audit examining USAID's oversight of its contributions to the Public Expenditures for Administrative Capacity Endurance (PEACE) fund, the largest World Bank-managed trust fund supporting Ukraine. The audit is assessing the monitoring tools the Agency used to oversee contributions to PEACE and the extent to which contributions supported eligible internally displaced Ukrainian citizens. We expect to issue the

final report in September and will be available to brief you and your staff immediately upon its release.

OIG's Oversight of Other Foreign Assistance to Ukraine

In addition to our World Bank oversight, USAID OIG has completed, and continues to conduct, numerous oversight activities related to foreign assistance in Ukraine.

Since March 2023, our Office of Investigations has received 345 Ukraine-related complaints. We were the first OIG to post criminal investigators to Kyiv and have since added two local investigator positions to support our ongoing investigations. As of this writing, we are conducting eight Ukraine-related investigations, including one related to fraud within the direct budget support program that is being worked with our trial attorney posted at the Department of Justice Criminal Fraud section. Currently, we are reviewing 39 open investigative matters supported in part by information obtained through our memorandums of understanding with responsible Ukrainian law enforcement entities, including the National Anti-Corruption Bureau of Ukraine (NABU), the National Police of Ukraine, and the Specialized Anti-Corruption Prosecutor's Office (SAPO). We will share the results of our ongoing criminal investigations when available.

Additionally, we have issued several fraud alerts in [English](#) and [Ukrainian](#) designed to inform U.S.-funded organizations about schemes such as bid rigging, collusion, and conflicts of interests, as well as how and where to report. We also advertise our Fraud Reporting Hotline to ordinary Ukrainian citizens through social media channels.

Further, we have published several audit, inspection, and evaluation products on foreign assistance programming in Ukraine. Last month, our [audit](#) of PEPFAR in Ukraine found mixed program results and a failure to monitor performance. For example, while the Department of State did not provide specific monitoring expectations for Ukraine PEPFAR programs, USAID did issue guidance to ensure that implementer self-reported "results" are not wholly relied upon without independent verification. However, mission staff failed to validate results according to USAID's own guidance.

In March, we issued our [audit](#) on Ukraine energy procurements and made five recommendations to address shortfalls in processes for contracting, subcontracting, and equipment and material verification. For example, USAID did not follow procedures for assessing a subcontract to a government-controlled entity, which led to delayed action to address vulnerabilities associated with the entity. In February, we published an [inspection](#) on protecting against sexual exploitation and abuse (PSEA) in Ukraine, which found that 90 percent of humanitarian assistance awards did not have contract clauses requiring SEA prevention and reporting; 76 percent of the third-party monitoring visits did not include verification of PSEA measures. We made three recommendations to improve compliance with PSEA.

Lastly, our contracted audit firm completed 12 cost-incurred [audits](#) of USAID-funded NGOs and contractors, which identified questioned costs and other deficiencies across multiple projects.

In addition to our investigative and evaluative work, our [quarterly reporting](#) in coordination with the Special IG for Operation Atlantic Resolve continues to describe in detail the state and funding levels of U.S. programming in Ukraine and the surrounding region.

Conclusion

Our Ukraine oversight work will continue into FY 2026 and will be supported by our investigators in Kyiv. Our oversight [plan](#) for the coming fiscal year includes an upcoming review of USAID's \$535 million payment to guarantee a \$20 billion loan to the Ukrainian government, an ongoing audit of the disposition of assets for terminated USAID awards in Ukraine, and new and ongoing criminal investigations. We will also track issues of current and congressional interest for potential oversight consideration.

Our goal is to provide timely and transparent information to Congress and the administration to inform policy decisions. If you or your staff would like additional information on OIG's completed or ongoing oversight work, please contact OIG Senior Advisor Adam Kaplan, at adamkaplan@oig.usaid.gov.

Sincerely,

A handwritten signature in black ink, reading "Toayoa Aldridge". The signature is fluid and cursive, with a long horizontal stroke at the end.

Toayoa D. Aldridge
Acting Deputy Inspector General,
Performing the duties of the Inspector General

cc: The Honorable Jeanne Shaheen, Ranking Member
Senate Committee on Foreign Relations