



UKRAINE

State Should Build on USAID's Oversight of Direct Budget Support

Report to Congressional Requesters

September 2025

GAO-25-107057

United States Government Accountability Office

Accessible Version

GAO Highlights

UKRAINE

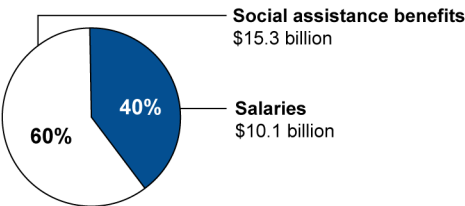
State Should Build on USAID’s Oversight of Direct Budget Support

A report to congressional requesters.
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What GAO Found

The World Bank oversees the Public Expenditures for Administrative Capacity Endurance in Ukraine (PEACE) project that has provided direct budget support (DBS) to Ukraine, while the U.S. Agency for International Development (USAID) helped oversee U.S. funding to PEACE until this responsibility was transferred to State in July 2025. DBS reimburses Ukraine’s government for eligible salaries and social assistance benefits (see figure). From July 2022 to June 2025, USAID hired contractors to oversee DBS funding and used information from contractors’ reports to enhance this oversight. For example, USAID asked one contractor to review more healthcare worker salaries after they found discrepancies. USAID canceled one of its oversight contracts in February 2025 and State officials said they took over the other in July 2025 as part of the reorganization of foreign assistance. These changes reduced U.S. oversight of DBS funding.

U.S. Funding Provided to Ukraine through the PEACE Project, as of November 2024



Source: GAO analysis of Deloitte tracking of Public Expenditures for Administrative Capacity Endurance in Ukraine (PEACE) project funding, June 2022 to November 2024. | GAO-25-107057

| | Salaries | Pensions | Social assistance benefits |
|------------|--------------|------------|----------------------------|
| Dollars | 10.1 billion | 10 billion | 5.3 billion |
| Percentage | 40% | 39% | 21% |

USAID did not regularly verify or use all available data to inform DBS oversight. While USAID reviewed aggregated expenditure data, it did not review the detailed data it received. We analyzed a subset of this data and identified 161 unusual increases out of 5,121 expenditure changes. Finding the cause for these increases would inform any continuing oversight of U.S. DBS funding. Further, information USAID reported to Congress on Ukraine’s use of this funding may be incomplete because USAID did not update this reporting once new data became available. USAID also did not submit one required report to Congress. Ensuring accurate and complete reports would provide Congress with greater transparency about how U.S. DBS funding was used.

USAID and World Bank contractors identified weaknesses in Ukraine's internal controls for managing PEACE project funding, such as decentralized processes. In response, USAID's contractor developed 56 recommendations to strengthen related controls. Ukrainian officials GAO met with in Kyiv generally agreed with the recommendations, but said they would take time to implement. USAID did not assess the weaknesses to determine which present the highest risk to managing DBS funding. Taking steps to assess these weaknesses would help Ukraine prioritize its efforts on addressing the highest risks to managing DBS. A World Bank contractor also identified weaknesses in Ukraine's internal controls for managing DBS. According to the World Bank, although these weaknesses pose risks, they are mitigated by the project's multi-layered oversight. However, USAID did not consistently request updates on Ukraine's actions to address the weaknesses which could help focus U.S. oversight priorities on areas more vulnerable to waste, fraud, or abuse.

Why GAO Did This Study

The United States has provided over \$45 billion in DBS to Ukraine since Russia's February 2022 invasion. This DBS supports Ukraine's critical government functions. USAID managed \$30.2 billion in appropriated funds, with most provided through the World Bank's PEACE project. As of December 2024, all of this funding had been disbursed to Ukraine. Treasury also disbursed \$20 billion to the World Bank for economic aid to Ukraine, including at least \$15 billion for DBS, using revenues earned from immobilized Russian assets. As of July 2025, the World Bank had disbursed \$4.64 billion of this funding to Ukraine through the PEACE project.

GAO was asked to evaluate the oversight of U.S. DBS funding provided to Ukraine through the PEACE project. This report examines (1) how USAID's oversight for U.S. DBS funding changed over time, (2) the extent to which USAID ensured it had quality data to inform its oversight activities and congressional reporting; and (3) weaknesses identified in Ukraine's processes for managing DBS funding and the extent to which USAID ensured those weaknesses were addressed.

GAO reviewed documents from USAID and the World Bank, their contractors, and the Ukrainian government; met with officials in Washington, D.C.; conducted a site visit to Ukraine; and analyzed PEACE project-related data.

What GAO Recommends

GAO is making five recommendations to State to enhance oversight of DBS funding and improve reporting to Congress on the use of DBS funds. State neither agreed nor disagreed with the recommendations.

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Abbreviations

| | |
|-------------------------|---|
| AUP | agreed-upon procedure |
| DBS | direct budget support |
| FORTIS Ukraine FIF Fund | Facilitation of Resources to Invest in Strengthening Ukraine Financial Intermediary |
| G7 | Group of Seven |
| PEACE | Public Expenditures for Administrative Capacity Endurance in Ukraine |
| USAID | U.S. Agency for International Development |

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September 24, 2025

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

The Honorable Brian J. Mast
Chairman
Committee on Foreign Affairs
House of Representatives

The Honorable Michael T. McCaul
House of Representatives

Russia's invasion of Ukraine in February 2022 has threatened the country's sovereignty and created a humanitarian crisis. In response, Congress appropriated more than \$174 billion across the federal government under five Ukraine supplemental appropriations acts.¹ From this funding, the U.S. Agency for International Development (USAID) disbursed about \$30.2 billion for direct budget support (DBS) for the government of Ukraine from April 2022 to December 2024. Responsibility for oversight of this funding transferred from USAID to the Department of State on July 1, 2025, according to State. Treasury also disbursed \$20 billion in funding to the World Bank for economic aid to Ukraine, including \$15 billion to be used for DBS, in December 2024. DBS is intended to ensure Ukraine can continue critical operations and deliver essential services to its citizens. For example, the funding has supported Ukraine in paying salaries for school and non-security sector government employees and for some types of social assistance payments. At least 15.8 million Ukrainian citizens have benefited from this assistance, according to our analysis of Ukrainian expenditure reports.

This report is part of a series of GAO reports that both describe and evaluate U.S. agencies' use of the funds appropriated in response to Russia's invasion of Ukraine. Among other topics, GAO has previously reported on the Department of State's and USAID's support for Ukrainian refugees and internally displaced persons, U.S. planning and coordination for assisting in Ukraine's recovery, and the status of foreign assistance funding

¹The "Ukraine Supplementals" refer to the applicable divisions of the following public laws: Ukraine Supplemental Appropriations Act, 2022, Pub. L. No. 117-103, Div. N, 136 Stat. 49 (Mar. 15, 2022); Additional Ukraine Supplemental Appropriations Act, 2022, Pub. L. No. 117-128, 136 Stat. 1211 (May 21, 2022); Ukraine Supplemental Appropriations Act, 2023, Pub. L. No. 117-180, Div. B, 136 Stat. 2114 (Sept. 30, 2022); Additional Ukraine Supplemental Appropriations Act, 2023, Pub. L. No. 117-328, Div. M, 136 Stat. 4459 (Dec. 29, 2022) and Ukraine Security Supplemental Appropriations Act, 2024, Pub. L. No. 118-50, Div. B, 138 Stat. 895 (Apr. 24, 2024). The more than \$174 billion appropriated does not include amounts authorized for the assistance provided through Presidential Drawdown Authority or any annual appropriations used for Ukraine assistance, but it does include the Ukraine supplemental funding amounts appropriated for the Department of Defense to replace the weapons provided in those drawdowns.

appropriated through the Ukraine supplementals.² We also previously described the existing oversight of U.S. DBS, including the scopes and limitations of these oversight approaches.³

You asked us to evaluate the oversight of the U.S. DBS funding provided to Ukraine through the Public Expenditures for Administrative Capacity Endurance in Ukraine (PEACE) project, a World Bank multi-donor trust fund established in June 2022. This report examines (1) how USAID’s oversight for U.S. DBS funding changed over time; (2) the extent to which USAID ensured it had quality data to inform its oversight activities and congressional reporting; (3) weaknesses USAID identified in Ukraine’s processes for managing DBS funding and the extent to which USAID ensured these weaknesses were addressed; and (4) weaknesses the World Bank has identified in Ukraine’s processes for managing PEACE project funding and any USAID efforts to monitor how these weaknesses are addressed.

To examine the extent to which USAID’s oversight for U.S. DBS funding changed over time, we reviewed documentation from USAID and its contractors, Deloitte and KPMG. We interviewed USAID headquarters and Mission Ukraine officials, as well as Deloitte and KPMG staff as applicable, about their use of information for DBS monitoring, oversight, and any ongoing and planned technical assistance provided from September 2022 to January 24, 2025. We also traveled to Ukraine in June 2024 to meet with many of these officials in person and visit regional Ukrainian government centers and schools to learn about their processes for compiling expenditure information for PEACE project-related reporting. To understand DBS oversight plans following the administration’s foreign assistance pause, we interviewed USAID, State, and Treasury officials, and reviewed relevant documentation.

To examine the extent to which USAID used quality data to inform oversight activities and congressional reporting, we reviewed Ukrainian expenditure verification reports, Deloitte deliverables, and communications between USAID and the World Bank. We interviewed USAID and Deloitte officials about their processes for reviewing Ukrainian expenditure data and any use of data analytics to identify anomalous transactions that warranted further examination. We evaluated USAID’s processes against a leading practice identified in GAO’s *Framework for Managing Fraud Risks in Federal Programs*—the practice of using data analytics to identify suspicious activities or transactions, including anomalies, outliers, and other concerns in data.⁴ To demonstrate the value of such analytics, we independently analyzed detailed expenditure data to identify anomalous expenditures. We also compared the DBS data that USAID had reported to Congress against Deloitte documentation to assess the reliability of reported DBS disbursements, applying federal internal control standards for quality data.⁵

²See GAO, *Ukraine Assistance: U.S. Coordinated on a Broad Range of Aid to Displaced Persons and Refugees Amidst Various Challenges*, [GAO-25-107535](#) (Washington, D.C.: July 29, 2025); *Ukraine: State Should Take Additional Actions to Improve Planning for Any Future Recovery Assistance*, [GAO-25-107043](#) (Washington, D.C.: issued September 4, 2025). This report is expected to be publicly released on GAO’s website within 30 days of issuance. See also, GAO, *Ukraine: Status of Foreign Assistance*, [GAO-24-106884](#) (Washington, D.C.: March 28, 2024).

³See GAO, *Ukraine: Oversight of U.S. Direct Budget Support*, [GAO-24-107520](#) (Washington, D.C.: July 31, 2024). The USAID Office of Inspector General also reported on some aspects of DBS oversight in 2024. See USAID Office of Inspector General, *Direct Budget Support: Ukraine Security Supplemental Appropriations Act, 2024, Mandated Assessment*, Report 9-199-24-001-M (Washington, D.C.: September 5, 2024).

⁴GAO, *A Framework for Managing Fraud Risks in Federal Programs*, [GAO-15-593SP](#) (Washington, D.C.: July 28, 2015).

⁵GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

Additionally, we examined how USAID, its contractors, and a World Bank contractor identified and addressed weaknesses in Ukraine's internal controls for managing DBS and PEACE project funding. This included a review of Deloitte, KPMG, and PwC reports, as well as USAID risk assessments. We interviewed USAID and World Bank officials to understand how these findings were used to guide oversight and technical assistance, in accordance with federal internal control standards to identify, analyze and respond to risk and to use quality information.⁶ For more details of our scope and methodology, see appendix I.

We conducted this performance audit from September 2023 to September 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Effects of Russia's Invasion on Ukraine's Economy and Operating Environment

Russia's invasion of Ukraine on February 24, 2022, has affected almost every aspect of life in Ukraine. Prior to the start of the war, Ukraine had a population of 41 million people. In early April 2022, the United Nations reported that 11.6 million Ukrainians had left their homes, with 4.5 million recorded as refugees in Europe and another 7.1 million displaced internally. The United Nations had also recorded 3,527 civilian casualties in Ukraine at that time (1,430 killed and 2,097 injured). In late May 2022, the World Bank reported that Ukraine faced sizable non-military financing needs of \$31.4 billion in 2022 because of the large civilian salaries and social assistance spending needs and sharply declining revenues following Russia's invasion.

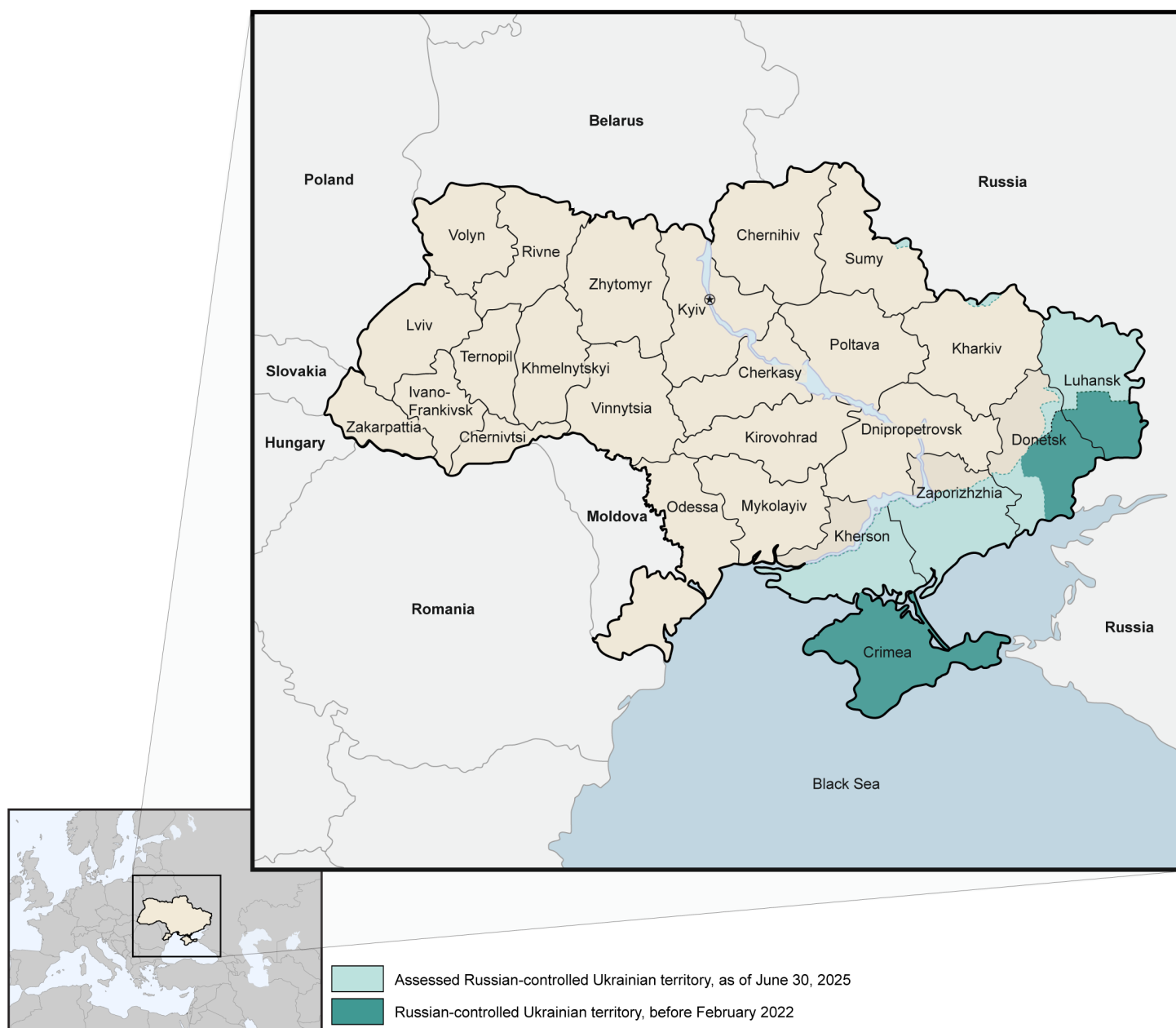
More than three years later, war continues to affect life in Ukraine as Russian government forces target civilian population centers far from the front line with aerial strikes. As of December 2024, an estimated 6.3 million people had been recorded as refugees across Europe, according to the United Nations High Commissioner for Refugees, and an estimated 3.7 million people in Ukraine remained internally displaced as a result of the ongoing conflict. In addition, as of December 2024, the number of people killed (12,456) or injured (28,382) had increased significantly. According to the United Nations, the estimated number of people needing humanitarian assistance in Ukraine rose from 2.9 million in 2021 to 17.6 million by the end of 2022. Further, approximately 56 percent of Ukraine's total expenditures for 2025 will be for security and defense, compared to less than 10 percent of expenditures from 2000 through 2021, according to State. State projects that Ukraine will need an estimated \$45.1 billion to fulfill its essential expenditures in 2025, based on International Monetary Fund information from June 2025.

In addition to Ukraine's immediate and ongoing financial needs, the country has faced operational challenges. Continuous shifts in Ukrainian territorial control have occurred since the start of the war in February 2022. See figure 1 for a map of Ukraine and its regions, including those on the front lines, as of June 2025. Moreover, missiles and drones have destroyed over half of Ukraine's energy generation capacity, damaging power plants and substations, which has cut electricity and heat in many cities. The shifting front lines of the war, power outages, and other related difficulties have resulted in challenging working conditions for Ukrainian government

⁶[GAO-14-704G](#).

officials, U.S. government officials, and other entities providing and overseeing support for Ukraine. In addition, many USAID staff from Mission Ukraine worked remotely from other locations from February 2022 through the summer of 2023 because of security conditions in Ukraine.

Figure 1: Map of Ukraine's Regions and Territory Under Russian Occupation, as of June 2025



Source: GAO analysis of Institute for the Study of War documents (data); Map Resources (map). | GAO-25-107057

U.S. DBS Provided to Ukraine

From the start of Russia's invasion through December 2024, the United States was a leading contributor of DBS to Ukraine. As of August 2025, the United States had disbursed approximately \$45 billion in DBS funding to the World Bank to support Ukraine—about \$30.2 billion in appropriated funding and \$15 billion obtained through a loan that will be serviced and repaid with the revenues from immobilized Russian sovereign assets.⁷

Approximately \$30.2 billion of the DBS funding the U.S. disbursed for Ukraine was appropriated by Congress through the Ukraine supplementals. USAID, which manages U.S. DBS, disbursed this funding from April 2022 through December 2024 to the World Bank for Ukraine. USAID disbursed this funding to four World Bank trust funds:

- **Financing of Recovery from Economic Emergency in Ukraine (FREE Ukraine) multi-donor trust fund (\$1 billion).** The U.S. disbursed this DBS funding in April and May 2022 to cover Ukraine's unanticipated budget financing gap for non-military expenses due to the outbreak of war.
- **Single-donor trust fund (\$1.7 billion).** USAID and the World Bank established this trust fund in July 2022 to allow a rapid, standalone U.S. contribution to support Ukraine. USAID and Ukraine agreed that these funds were to be used to reimburse Ukraine for salary payments made to healthcare workers. The funding was used to reimburse workers at over 2,000 healthcare organizations from January 2022 through July 2022.⁸
- **PEACE project multi-donor trust fund (\$25.9 billion).** The World Bank established this trust fund in June 2022 to reimburse Ukraine for eligible salary expenses, and later expanded it to include other categories as the war continued and donations increased. The U.S. disbursed \$25.9 billion to Ukraine through this trust fund between June 2022 and December 2024.
- **Special Program for Ukraine and Moldova Recovery (\$1.6 billion).** USAID disbursed a \$1.6 billion contribution to the World Bank's Special Program for Ukraine and Moldova Recovery, through a trust fund, in November 2024. This contribution allowed Ukraine to secure a \$4.8 billion loan from the World Bank through the PEACE project.⁹

In addition, USAID obligated approximately \$535 million from funding it received through the Ukraine Security Supplemental Appropriations Act, 2024, to guarantee a \$20 billion loan to Ukraine that Treasury secured and disbursed in December 2024. According to Treasury, the proceeds of the U.S. loan were intended for economic aid to Ukraine, including DBS.¹⁰ Funding for this loan was serviced and will be repaid with revenues

⁷The full loan amount was \$20 billion, but only \$15 billion of this loan had been allocated for DBS, as of August 2025.

⁸Oversight of U.S. DBS provided to Ukraine through FREE Ukraine and the single donor trust fund is not within the scope of our review.

⁹Ukraine used the overall \$4.8 billion loan to fund salaries for healthcare workers (\$3.1 billion), non-security sector government employees (\$1.2 billion), school employees (\$203 million), and first responders (\$199 million).

¹⁰According to a special inspector general report, the Federal Credit Reform Act provides for permanent, indefinite budgetary authority to cover the unsubsidized loan guarantee portions and to satisfy any obligations in the event these funds are insufficient to cover obligations and commitments related to USAID's guarantee that the loan is repaid. Special Inspector General Report, *Operation Atlantic Resolve: Including U.S. Government Activities Related to Ukraine*, October 1, 2024–December 31, 2024 (Washington, D.C.: Feb. 11, 2025); 2 U.S.C. § 661d(d)(3).

earned from immobilized Russian sovereign assets held in the European Union,¹¹ as part of a \$50 billion loan package from the Group of Seven (G7) countries. Canada, Japan, and the U.S. are channeling a portion of the loan proceeds to Ukraine through a World Bank fund, the Facilitation of Resources to Invest in Strengthening Ukraine Financial Intermediary Fund (FORTIS Ukraine FIF).

FORTIS Ukraine FIF contribution to PEACE (\$15 billion).¹² On December 13, 2024, the Governing Committee of the FORTIS Ukraine FIF approved the use of \$15 billion of the \$20 billion U.S. contribution to be disbursed to Ukraine as a grant for DBS through the PEACE project.¹³

As of July 2025, the World Bank had disbursed \$4.64 billion of this funding to reimburse Ukraine for eligible expenses through the PEACE project, according to Treasury officials, and \$10.36 billion remains available for the PEACE project.

PEACE Project Expenditure Categories

The PEACE project provides DBS to Ukraine on a reimbursable basis for pre-approved eligible expenses. The PEACE project was initially designed to reimburse Ukraine for a portion of salary expenses for school employees and non-security sector government employees. The project has since been expanded to reach other vulnerable populations and includes up to 13 expenditure categories, as shown in figure 2. DBS funding appropriated through the Ukraine Security Supplemental Appropriations Act, 2024, enacted in April 2024, was not allowed to be used for pension payments.¹⁴














¹¹Since February 2022, the international community has immobilized approximately \$300 billion in Russian sovereign assets held at U.S., European, Canadian, and Japanese financial institutions. Most of the immobilized assets are held in the European Union, and the European Union plans to collect and disburse the investment profits that those assets generate to pay back G7 countries' loans.




¹²As of April 29, 2025, the World Bank had collected more than \$51 billion to support Ukraine under the PEACE project. The U.S. had contributed almost 89 percent of this funding, with the remainder of the funding coming from thirteen other countries. Some donors have provided DBS to Ukraine through other means. For example, the European Union established a "Ukraine Facility" fund of 50 billion euro, 38 billion of which went to direct budget support.

¹³The FORTIS Ukraine FIF's Governing Committee includes voting members, non-voting members, and observers. The voting members of the committee consist of representatives from Canada, Japan, and the United States. In December 2024, the Governing Committee also approved the use of \$1 billion through a separate World Bank mechanism, the Second Growth Foundations Development Policy Operation. According to State, this mechanism was intended to complement the PEACE project by providing Ukraine support for reforms that would enhance Ukraine's macroeconomic stability, strengthen economic growth, and align institutions with the European Union. Ukraine agreed to follow contributors' funding mandates for this mechanism, including the U.S. government's restriction on using U.S. funding on pension payments, according to World Bank documents.

¹⁴Pub. L. No. 118-50, Div. B, 138 Stat. at 914. According to State and World Bank officials, respectively, the previous Ukraine supplemental funding and other donor funding provided to the PEACE project can still be used to reimburse pension payments.

Figure 2: Ukrainian Government Expenditure Categories Covered under the Public Expenditures for Administrative Capacity Endurance in Ukraine (PEACE) Project

| Expenditure category | Description |
|---|--|
|  Non-security sector government employee salaries | Civil servants at both the central and subnational level from most ministries and agencies. Does not include military or law enforcement personnel. |
|  School employee salaries | Teachers and administrative staff at public schools below the university level. |
|  Higher education employee salaries | Teachers and administrative staff at public universities. Does not cover military colleges or staff serving in the military or territorial defense forces. |
|  Healthcare worker salaries | Covers a portion of central government reimbursements to healthcare facilities for healthcare packages representing salaries. |
|  First responder salaries | Covers wages of first responders. |
|  Pensions^a | Central government transfer to the Pension Fund of Ukraine, which provides benefits based on old age, disability, and survivorship. |
|  Guaranteed minimum income | Anti-poverty program for low-income families. |
|  Housing and utilities subsidy | Means-tested program to subsidize utilities. |
|  Disability benefit | Monthly payment to people with permanent disabilities, including disabled children. Amount varies based on disability status. |
|  Internally displaced persons (IDP) stipend | Monthly stipend to IDPs. Slightly higher benefits for children and people with disabilities. |
|  Birth grant and adoption grant | Includes lump sum payment to parent/guardian following the birth or adoption of a child, plus monthly payments for 36 months. |
|  Social assistance to single parents | Means-tested program that pays monthly benefits to single parents who are not entitled to a survivor's or social pension. |
|  Maternity benefit | Covers maternity leave for women not covered by the social insurance system. Does not include women in the security sector. |

| | |
|--|--|
|  | Government and school employee salaries |
|  | Healthcare worker and first responder salaries |
|  | Pensions and social assistance benefits |

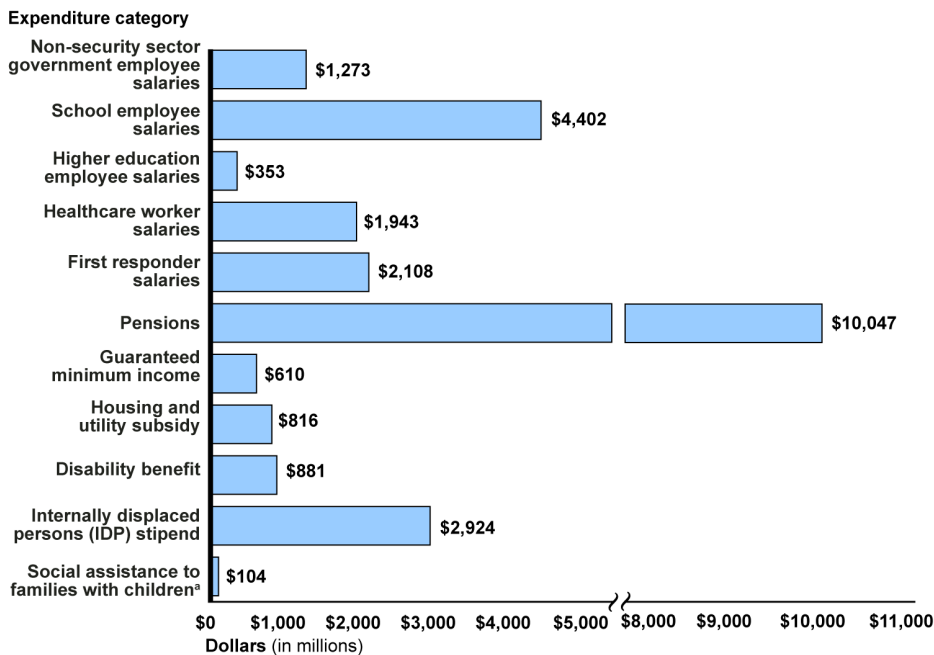
Source: GAO analysis of World Bank and Government of Ukraine documents (data); GAO (icons). | GAO-25-107057

^aU.S. DBS funding provided through the Ukraine Security Supplemental Appropriations Act, 2024, Pub. L. No. 118-50, Div. B, 138 Stat. 895, 914 (Apr. 24, 2024) could not be used to reimburse pension payments.

From June 2022 to November 2024, the majority of PEACE project funding disbursed by the U.S. was used to reimburse pension payments and salaries.¹⁵ As figure 3 shows, more than one-third of U.S. funding had been used to reimburse Ukraine for pension payments (\$10 billion) and about the same amount had been used to cover salary expenditures across five categories (\$10.1 billion), as of November 2024. The remaining funding had been used to reimburse Ukraine for other social assistance benefits, including approximately \$3 billion that the Ukrainian government provided to internally displaced persons. Deloitte verified that U.S. funding appropriated through the Ukraine Security Supplemental Appropriations Act, 2024, that USAID allocated for DBS was not used to reimburse pension payments in accordance with legislation.

¹⁵We analyzed a tracking document developed by one of USAID's contractors, Deloitte, to determine how Ukraine used U.S.-specific PEACE project funding. According to USAID, this is the most complete source of data on how U.S.-specific PEACE project funding was used; however, we did not verify the reliability of these data. Due to a January 2025 stop-work order and subsequent cancellation of the contract, these data do not include the uses of \$465 million of U.S. funding provided in December 2024, according to Deloitte.

Figure 3: U.S. Funding Provided to Ukraine through the Public Expenditures for Administrative Capacity Endurance in Ukraine (PEACE) Project, by Category, June 2022 to November 2024



Source: GAO analysis of Deloitte’s direct budget support funding tracker. | GAO-25-107057

Note: This chart does not include \$465 million that USAID disbursed to the PEACE project in December 2024 because Deloitte, USAID’s contractor, could not complete the tracking of how this funding was used due to a stop-work order and subsequent cancellation of the contract, according to Deloitte.

^aDeloitte combined the disbursement totals for the (1) birth grant and adoption grant, (2) social assistance to single parents, and (3) maternity benefit categories in its direct budget support funding tracker.

PEACE project funding has helped Ukraine substantially mitigate the negative social impacts of the war, according to World Bank reporting. For example, the World Bank found that more than 85 percent of health clinics were fully operational in 2023 and that at least 89 percent of school-aged children were enrolled in school. While in Ukraine, we met with school officials about their processes for reporting PEACE project-eligible expenditures and observed a bomb shelter that provides safety for enrolled students (see fig. 4). As of February 2025, the World Bank reported that the government of Ukraine was able to pay the salaries for 100 percent of non-security sector government employees and 100 percent of first responders on time. In addition, almost 90 percent of social assistance recipients had received their benefits on time.

Figure 4: Ukrainian Schoolchildren Taking Refuge Inside School Shelter During an Air Raid Alert, June 2024



Source: GAO (photo). | GAO-25-107057

Entities Involved in Implementation and Oversight of the PEACE Project

Several U.S. government agencies, the World Bank, the government of Ukraine, and other entities have supported the implementation and oversight of DBS funding provided to Ukraine through the PEACE project. The key U.S. agencies involved include USAID, State, and Treasury.

- **USAID.** USAID managed the U.S. DBS funding appropriated through the Ukraine supplementals. The agency was responsible for ensuring monitoring and oversight of U.S. DBS funds provided to Ukraine. In addition, as the administrator of appropriated U.S. contributions to the PEACE project, USAID assumed specific reporting responsibilities.¹⁶
- **State.** State's Bureau of European and Eurasian Affairs led U.S. government policy for providing Ukraine assistance in coordination with Treasury, USAID, and others, according to State officials. As part of this effort, State led interagency discussions to determine the mechanism through which the U.S. would provide DBS to Ukraine and agreed upon World Bank trust funds. In addition, State took on various reporting

¹⁶For example, beginning with the Ukraine Supplemental Appropriations Act, 2023, State or USAID has been required to report to Congress every 45 days, until all such funds have been expended, on the use of funds USAID allocated for DBS, including a description of the use of these funds, the results achieved by DBS funding, and how those results are measured. Pub. L. No. 117-180, Div. B, § 1302; Pub. L. No. 117-328, Div. M, § 1705; and Pub. L. No. 118-50, Div. B, § 405.

responsibilities related to the Ukraine supplemental funding, including reporting related to DBS funding.¹⁷ In July 2025, State absorbed USAID's responsibilities for oversight of appropriated U.S. DBS funding, according to State.

- **Treasury.** For all World Bank projects, including U.S. funding for Ukraine provided through the World Bank, Treasury acts as the primary U.S. government liaison to the Bank and conducts some due diligence activities. These activities include reviewing project-related information and coordinating with other U.S. agencies, as needed, according to Treasury officials. Treasury also works with the International Monetary Fund and the finance ministries of the G7 countries to collectively address Ukraine's financing needs, which helped to inform administration requests for DBS funding for Ukraine. Treasury, on behalf of the U.S. government, oversees the use of FORTIS Ukraine FIF funding through its role on this fund's Governing Committee and membership on the World Bank Board.

The World Bank supervises, oversees, and supports the implementation of all World Bank projects, including activities financed under the PEACE project. According to the World Bank, its risk management strategy for the PEACE project seeks to reinforce Ukraine's systems with multiple layers of controls given the high fiduciary risks resulting from the decentralized nature of PEACE expenditures, the ongoing conflict, and the related loss of experienced government staff. The strategy includes efforts to strengthen Ukraine's financial management systems, apply project-specific reporting requirements, and monitor project implementation through contractor oversight reviews, and surveys of Ukrainian citizens. In addition, the World Bank reviews expenditure reports from Ukraine's Ministry of Finance before disbursing PEACE project funding. According to USAID, this review provides accountability and visibility into the use of funds while also providing a substantial safeguard to prevent corruption. Treasury officials said the World Bank plans to follow the same operating and oversight mechanisms for the FORTIS Ukraine FIF funding as for other funding sources for the PEACE project.

In addition, the government of Ukraine provides support to oversight efforts. As the recipient of DBS funding, Ukraine coordinates and implements PEACE project funding. Ukraine's Ministry of Finance collects and verifies expenditure data from Ukrainian ministries and develops monthly expenditure reports that it submits to the World Bank to validate for reimbursement. As required for World Bank projects, Ukraine maintains a grievance redress mechanism to document any grievances reported by project beneficiaries. Ukraine shares semi-annual reports with the World Bank that include information about Ukraine's actions to address reported grievances. BDO, an audit firm, conducted financial audits of the PEACE project for Ukraine's Ministry of Finance. According to World Bank policy, such independent audits are required for World Bank projects. Further, the Accounting Chamber of Ukraine, Ukraine's supreme audit institution, also conducted audits of PEACE project funding to reimburse pension payments and U.S.-specific DBS funding provided for healthcare worker salaries.

To fulfill their oversight responsibilities, the World Bank and USAID also procured support from contractors to strengthen DBS oversight.

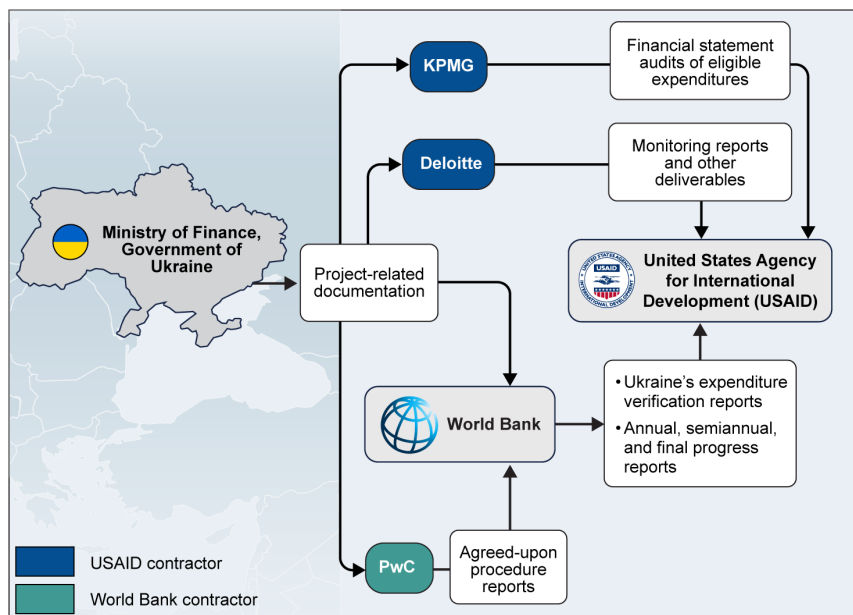
- **PwC.** The World Bank hired PwC to conduct agreed-upon procedure reviews to assess whether the project's systems are functioning as intended. According to the World Bank, it hired an independent auditor for this work given the wartime risks and the substantial amounts of funding for the project.

¹⁷E.g., Pub. L. No. 117-128, §§ 506-507; Pub. L. No. 117-180, Div. B, § 1302; Pub. L. No. 117-328, Div. M, § 1705; and Pub. L. No. 118-50, Div. B, § 405.

- **Deloitte.** USAID hired Deloitte to help Ukraine ensure the accountability of DBS funding and to provide technical assistance to build Ukraine's capacity. Part of this effort included monitoring Ukraine's use of U.S. DBS funding through analyses of Ukraine's DBS processes and spot checks of sample expenditures reimbursed with DBS funding. Deloitte also surveyed recipients of PEACE project-related salary payments to verify the timeliness of payments and amount received.
- **KPMG.** In September 2023, USAID hired KPMG to conduct financial statement audits of PEACE project-related expenditures to ensure DBS funding was used as intended.

Some of the entities involved in the monitoring and oversight of DBS funding share PEACE project-related information that helps inform other entities' efforts and decisions. Figure 5 shows which entities provided information to USAID.

Figure 5: Key Sources Informing USAID's Oversight of Direct Budget Support to Ukraine



Source: GAO analysis of USAID, World Bank, Government of Ukraine, and contractor documents and reports; Map resources (map); USAID and World Bank (icons). | GAO-25-107057

If oversight entities identify any ineligible expenditures or other inaccurately reported expenditures, Ukraine is expected to address these findings. If errors are detected after Ukraine has submitted expenditure reports to the World Bank, Ukraine must provide an explanation and correct the amounts recovered by reducing the amount of eligible expenditures in a subsequent reimbursement request, according to the World Bank. Additionally, PEACE project agreements we reviewed between the World Bank and Ukraine state that Ukraine is required to refund any payments if the World Bank determines they were ineligible.

USAID Used Various Sources to Enhance Its Oversight of DBS but State Is Planning Less Oversight

USAID Supplemented World Bank Oversight of DBS Funding

According to USAID's legal interpretation, the agency was not legally obligated to conduct detailed monitoring or oversight of the DBS funding it provided to Ukraine through the World Bank, but the agency decided to hire third-party contractors to supplement the World Bank's oversight efforts. In an April 2022 memorandum, USAID documented the legal theory that the agency typically relies on for project contributions to a public international organization. Applying this legal theory, USAID determined that the disbursement of DBS funding accomplished a significant purpose of the contribution to the World Bank and therefore USAID legal requirements would not apply post-disbursement. In USAID legal parlance, this is referred to as "purpose accomplished upon disbursement." According to the memorandum, the significant purposes of the award included providing urgently needed liquidity to Ukraine and promoting aid efficiency by utilizing established mechanisms that minimized the administrative burden on Ukraine and the U.S. government. The memorandum also cited a 2012 USAID Office of the General Counsel memorandum which stated that, for programs that meet this "purpose accomplished" principle, once the U.S. government has disbursed funding to the program, U.S. government statutory requirements no longer apply.

Despite USAID's determination that it was not legally obligated to oversee this funding, USAID hired third-party contractors to supplement the World Bank's oversight efforts because of the magnitude of U.S.-provided DBS funding, according to USAID officials. Based on interagency discussions, USAID amended its State-Owned Enterprises Reform Activity in Ukraine contract with Deloitte to establish a U.S. effort to monitor Ukraine's use of DBS funding. Specifically, USAID officials expanded the scope of work in July 2022 for Deloitte to conduct third-party monitoring of U.S. DBS to Ukraine. USAID expanded Deloitte's scope of work again in September 2022 to include the provision of technical assistance to the Ukrainian Ministry of Finance to ensure that funds received from the World Bank were properly disbursed to recipients, according to officials. Further, in September 2023, USAID hired KPMG to conduct financial statement audits.

USAID Used Information from Various Sources to Enhance Oversight of U.S. DBS

Between September 2022 and January 24, 2025, USAID used information about ongoing oversight to inform the scope of its work and expand its oversight to address some limitations. For example, USAID used findings from Deloitte's spot checks of sample expenditures reimbursed with DBS funding to inform priorities for additional spot checks. Deloitte's 2023 spot checks found that the highest proportion of discrepancies were associated with healthcare worker salaries.¹⁸ USAID directed Deloitte to conduct more spot checks on this category in 2024, according to USAID officials. Our analysis of Deloitte's spot check reports confirmed that Deloitte conducted more checks for the healthcare worker salaries category in 2024 (317) than in 2023 (196). Deloitte conducted more spot checks for this category than any other category in 2024.

In addition, USAID requested that Deloitte investigate the individual DBS recipients selected for spot checks that refused to sign consent forms to determine whether their refusal indicated any potential concerns.

¹⁸See appendix II for more information on discrepancies found through Deloitte's spot checks.

Deloitte’s spot checks include testing of salary and social benefits payments to individual recipients that were eligible for DBS reimbursement. Deloitte reported that consent is required for access to personal data, per Ukrainian law. In 2023, Deloitte conducted 443 spot checks of individual salary payments. However, Deloitte was unable to obtain consent forms from 151 individuals in the initial sample.¹⁹ According to USAID officials, the agency requested that Deloitte further examine salary payments to these individuals. Through this review, Deloitte found that 81 of the 151 individuals had resigned or died in the period between when the payment was made and Deloitte’s outreach. For the other 70 individuals that refused consent, Deloitte developed alternative spot check procedures, including a questionnaire for the individual and a certification procedure for their employing institution, to verify whether the selected payments were correct. Deloitte did not identify any discrepancies in the paid salaries for the 70 individuals in this sample.

Deloitte Surveys for the PEACE Project

Survey purpose: Deloitte used Ukraine’s official e-governance mobile application, Diia, to collect insights on (1) the timeliness of salary payments reimbursed by DBS, (2) the completeness of payments, and (3) feedback on any issues that arose during the reimbursement process.

Survey population: Non-security sector government employees and first responders whose salaries were reimbursed by DBS and who were active users of the Diia application.

Survey results: Ninety-nine percent of survey respondents that should have received salary payments in March 2022 through at least December 2023 had received all expected payments. At least 97 percent of respondents had not experienced two or more delays with payments.

Source: GAO analysis of Deloitte reports. | GAO-25-107057

USAID also took steps to expand its oversight approach to address some scoping limitations of ongoing oversight efforts. For example, the agency took steps to enhance its spot checks of individual payments made by Ukraine that were later reimbursed with U.S. DBS funding. According to USAID officials, USAID directed Deloitte in 2023 to conduct surveys that could reach a larger population than its spot checks, based on feedback from USAID leadership. Deloitte conducted surveys pertaining to non-security sector government employee salaries and first responder salaries in 2024. Deloitte staff said they selected these two groups because they were the simplest population to survey, in part because their salaries are paid in full by the central government. In contrast, school employees with salaries reimbursed by U.S. DBS funding also receive part of their salary from local budgets, which are not reimbursed by U.S. DBS funding.

See table 1 for a comparison of the number of recipients Deloitte reached through its spot checks and surveys. Deloitte reported that the surveys provided an additional level of confidence that U.S. DBS had been received by its intended recipients.

| Table 1: Number of Employees and Deloitte Reviews of Salary Reimbursements, by Category | | | |
|---|--|---|---|
| Expenditure Category | Total Population When Survey Conducted | Survey Participants, as of October 2024 | Individual Spot Checks Completed, as of December 2024 |
| Non-security sector government employee salaries | 170,509 | 6,369 | 170 |
| First responder salaries | 71,161 | 6,024 | 137 |

Source: GAO analysis of Deloitte reports. | GAO-25-107057

World Bank’s Listening to Citizens of Ukraine Surveys

Survey purpose: To monitor timeliness of social benefits payments eligible for reimbursement through the PEACE project.

Survey population: Between 1,500 and 2,000 households have participated in this monthly phone survey since April 2023. The same households are tracked over time, but households that drop out are replaced by other randomly selected households.

¹⁹In 2023, Deloitte had to replace the individuals that refused to provide consent with other randomly selected individuals to complete the planned spot checks.

Survey Results: Average percentage of timely payments, by category, as of June 2024:

- Old age pensions – 97 percent
- Social assistance benefits – 85 percent
- Internally displaced persons benefits – 91 percent

The World Bank stated that these findings do not demonstrate any prolonged delays in payments. The World Bank plans to continue this method of monitoring on an ongoing basis.

Source: GAO analysis of World Bank information. | GAO-25-107057

Between September 2022 and January 24, 2025, USAID also relied on Deloitte to review other oversight-related reports to determine whether Deloitte should make changes to its monitoring approach. For example, BDO conducted a financial audit of the PEACE project in 2023 for Ukraine’s Ministry of Finance, which Ukraine was required to obtain to meet a World Bank project requirement. In February 2024, USAID requested that Deloitte provide a summary of the BDO audit report to USAID. USAID and Deloitte officials further discussed the results of BDO’s report and determined that Deloitte did not need to alter its approach to its DBS-related work due to BDO’s lack of significant audit findings. According to Deloitte, staff also reviewed the published results from the World Bank’s “Listening to Citizens of Ukraine Surveys” and determined that the World Bank’s surveys complemented Deloitte’s survey work because they focused on different expenditure categories.

In addition, USAID recognized that while Deloitte’s monitoring work provided information about gaps in Ukraine’s processes for managing DBS, it did not officially constitute an audit that could provide a full assurance of the integrity of Ukraine’s use of U.S. DBS funding. As a result, USAID hired KPMG to conduct financial statement audits. In response to USAID instructions, KPMG initially designed financial statement audits of the three ministries receiving the largest shares of DBS funding: the Pension Fund of Ukraine, the Ministry of Education and Science, and the National Health Service of Ukraine, according to USAID officials.²⁰ The three audits cover four PEACE project expenditure categories: pensions, school employee salaries, higher education employee salaries, and healthcare worker salaries. As part of this work, KPMG said it plans to test a generalizable sample of payments to verify that the payments were eligible for reimbursement under the PEACE project.

USAID Contractor’s Technical Assistance to Ukraine Was Informed by Its DBS Oversight Work

Deloitte, under contract to USAID, provided technical assistance and other advisory support services to Ukraine that were informed by its review of Ukraine’s processes for managing U.S. DBS funding. According to Deloitte staff, USAID contracted Deloitte to review Ukraine’s processes for managing U.S. DBS funding, highlight areas requiring further attention, and offer recommendations to strengthen those areas. Deloitte’s DBS work was part of a broader contract with USAID to improve Ukraine’s public financial management processes that also included the provision of technical assistance and other support to Ukraine.

Deloitte’s Approach to Providing Technical Assistance

For each of the four focus areas, Deloitte planned to complete the following four tasks:

- **Research:** A comparative analysis of Ukraine’s processes and capabilities as they compare to other countries to identify areas for improvement.
- **Recommendations and engagement:** Based on Deloitte’s research, it planned to develop recommendations for improvements and engage with Ukrainian stakeholders to identify priorities.

²⁰KPMG designed the financial statement audits to include reviews of internal controls and compliance with agreements and laws, and staff would report on any noncompliance with agreements and provisions governing the DBS funds found through the course of their work. According to USAID officials, they had planned for KPMG to eventually audit all the ministries receiving U.S. DBS funding.

- **Capacity building:** Provide support to relevant ministries to implement recommendations through creation of templates, trainings, and other efforts.
- **Reform efforts:** In some cases, Deloitte determined that Ukraine would need to pass new legislation or undertake other reforms to address Deloitte's recommendations for improving the four focus areas. Deloitte planned to help develop a road map with milestones to guide reform implementation, draft policies, and other efforts.

Source: GAO analysis of Deloitte documents. | GAO-25-107057

Technical assistance. According to USAID and Deloitte officials, Deloitte provided technical assistance to Ukraine to improve its public financial management processes and help Ukraine implement some of the recommendations Deloitte made through its monitoring of DBS. Specifically, through its DBS-related monitoring efforts, Deloitte identified weaknesses in four areas, some of which pertained to systemic issues that could not be addressed in the short term: internal controls, internal audits, improper payments, and external audits. Deloitte staff described the technical assistance they provided or planned to provide to Ukraine's Ministry of Finance and other relevant ministries to address these areas. For example:

- **Internal controls.** Deloitte completed several efforts to improve Ukrainian government managers' ability to confirm the status of efforts to ensure government payments were used as intended. They drafted a questionnaire and a statement of assurance to help hold managers responsible for evaluating the status of the internal control environment within their offices. Deloitte also developed a brochure to help the Ministry of Finance explain the importance of these documents to various ministries.
- **Internal audits.** Deloitte proposed 55 recommendations aimed at strengthening Ukraine's internal audit capacity and developed a roadmap for Ukraine's implementation of these recommendations based on discussions with relevant officials from Ukraine's Ministry of Finance.
- **Improper payments.** Deloitte provided a workshop on improper payments in December 2023 for over 70 Ukrainian non-security government employees to discuss how to identify, prevent, and mitigate improper payments in budget expenditures.
- **External audits.** Deloitte had planned to help Ukraine's State Audit Service enhance its external audit capabilities by offering technical assistance, such as helping Ukraine to develop a risk-based approach to prioritize potential audits.²¹

Advisory support services. Deloitte also began providing advisory support services to Ukraine in 2024 to help Ukrainian ministries address DBS-related recommendations that could be implemented in the short term. In June 2024, we asked USAID about the extent to which Deloitte's technical assistance could support Ukrainian ministries receiving DBS funds. These ministries include the Ministry of Education and Science, which oversees school employee salaries, and the Ministry of Social Policy, which manages social assistance payments. Prior to June 2024, Deloitte principally provided technical assistance to Ukraine's Ministry of Finance, the primary government agency responsible for reporting to the World Bank for the PEACE project. In response to our inquiries, USAID officials and Deloitte staff said that USAID directed Deloitte to also provide advisory support services to other Ukrainian ministries involved in the management of DBS funding when requested. For example, the Ministry of Social Policy requested help addressing a Deloitte recommendation about verifying Ukrainians' eligibility for internally displaced persons benefits. Deloitte had found that regional government entities only inspected the place of residence for approximately 0.5 percent of Ukrainians receiving

²¹In addition to this technical assistance that USAID provided to Ukraine on its external audit function through the Deloitte contract, USAID also told us they contracted with GAO's Center for Audit Excellence to strengthen the capacity of the Accounting Chamber of Ukraine, Ukraine's supreme audit institution, to conduct audits of state budgetary expenses in accordance with international standards. According to USAID, the Accounting Chamber of Ukraine requested that the National Health Service of Ukraine seek reimbursement of DBS funds from ineligible medical service providers in the amount of approximately \$471,500 in July 2024 based on their audit of DBS funding used to reimburse healthcare worker salaries. As of May 2025, ineligible providers reimbursed approximately \$274,500 to the National Health Service of Ukraine.

internally displaced persons benefits. Deloitte reported this was not an efficient approach for monitoring eligibility requirements and recommended that Ukraine use geolocation information available in an existing Ukrainian mobile application. Deloitte planned to support the ministry in addressing this recommendation during fiscal year 2025 but could not provide this service due to the January 2025 stop-work order.

State Plans for Less DBS Oversight

Because of ongoing changes to U.S. foreign assistance programs, State has determined that the U.S. will rely on the World Bank and the KPMG contract for oversight of DBS funding. In accordance with an executive order issued in January 2025, USAID issued a stop-work order to almost all USAID-managed foreign aid projects worldwide, including Deloitte's and KPMG's contracts for DBS oversight-related work in Ukraine.²² As a result, USAID's DBS-related monitoring and oversight work was paused on January 25, 2025, according to USAID. This directive was part of a broader effort to reevaluate and realign U.S. foreign assistance. On February 26, 2025, USAID issued a termination notice to Deloitte instructing them to immediately cease all activities pertaining to their DBS-related contract, which had been set to run through April 2028.²³ USAID officials requested that USAID and State management reconsider the decision to terminate the Deloitte contract, but as of June 11, 2025, the requests had been denied.

The stop-work order for the KPMG award was canceled on March 5, 2025, but according to USAID, KPMG informed the agency that it would take at least 45 days to restart the contractor's activities because the audit team engaged in the DBS audits had been assigned to another project and would require time to reassemble. The audit team said it resumed its audit of healthcare worker salaries in June 2025. However, KPMG could not resume its audits of (1) school employee and higher education salaries because it would be difficult to obtain necessary information from schools during the summer vacation period, and (2) pensions because KPMG was waiting for needed contract modifications to update the audit's expected timeframe.

In March 2025, State and USAID notified Congress of their intent to undertake a reorganization of foreign assistance programming that would involve separating almost all USAID personnel from federal service, realigning certain USAID functions to State by July 1, 2025, and discontinuing the remaining USAID functions. In July 2025, the responsibility for the KPMG financial oversight contract had transitioned to State, according to State officials. The initial contract was set to end in September 2025 and, as of August 2025, it was unclear whether State would pursue adding an option year to continue the KPMG contract and whether State or other U.S. agencies would conduct any additional oversight of U.S. DBS funding provided to Ukraine.

According to USAID, the stop-work orders negatively affected (1) ongoing audit and oversight work and (2) ongoing efforts to help Ukraine strengthen internal controls and address related weaknesses observed during the oversight work. Specifically, the U.S. government did not conduct any independent monitoring of PEACE project funding from late January 2025 through early June 2025. A USAID official said that the abrupt

²²Reevaluating and Realigning United States Foreign Aid. Exec. Order No. 14169, 90 Fed. Reg. 8619 (Jan. 20, 2025). USAID issued the stop-work order pursuant to FAR 52.242-15 (2025).

²³The termination notice states the decision to terminate this individual award is a policy determination vested in the Acting Administrator and the person performing the duties and functions of the Deputy Administrator, who determined that the Deloitte contract was not aligned with agency priorities and made the determination that continuing the program was not in the national interest.

disruption to USAID's contracts severely limited the agency's ability to effectively track and monitor DBS activity during this period.

Going forward, the U.S. government will not conduct the same level of oversight and support of U.S DBS funding as USAID had from 2022 through 2024. For example, KPMG's scope of work is for financial statement audits covering DBS-related expenditures Ukraine made in 2022 and 2023, so it would not cover the use of funds appropriated in 2024 or the use of FORTIS Ukraine FIF funding. In addition, State officials said the agency does not plan to restart any ongoing monitoring and tracking of U.S. DBS funding, as Deloitte had previously done, noting that all the appropriated funds have already been disbursed. Moreover, Treasury does not have any planned oversight of FORTIS Ukraine FIF funding beyond relying on the World Bank to ensure the funding is used as intended, according to Treasury officials. Finally, Deloitte did not provide all the planned technical assistance and advisory support to Ukraine prior to the termination of their contract in February 2025, which was intended to help Ukraine improve its internal controls and processes for managing DBS funding. As a result, the U.S. will have less visibility into whether U.S. DBS funding to Ukraine is being used as intended.

USAID Did Not Analyze All Available DBS Expenditure Data and Provided Incomplete Reports to Congress

USAID did not regularly verify all available expenditure data that could have helped ensure that Ukraine used DBS funding as intended and informed oversight priorities. In addition, the information USAID included in its required reports to Congress on Ukraine's use of this funding was incomplete. Following each disbursement of U.S. funding to Ukraine through the PEACE project, the World Bank provided USAID with aggregated summary data and Ukraine's expenditure verification reports that included detailed data broken down by region or institution. For aggregated expenditure data, USAID either reviewed and requested clarification about the data itself or relied on Deloitte's monitoring efforts to verify their accuracy. However, neither USAID nor Deloitte reviewed all the detailed expenditure data USAID received from the World Bank. Reviewing these data could have helped USAID identify data anomalies to inform oversight decisions and to help ensure Ukraine's use of U.S. DBS funding was appropriate. USAID was also required to report to Congress on Ukraine's use of DBS funding, but the reports were incomplete because USAID did not update its reporting to Congress once new data became available. By ensuring the accuracy of this information, USAID's reports would provide Congress with better information about whether DBS funds were used as intended.

USAID Reviewed Some Data but Not Detailed Expenditure Data that Provided Greater Insight into Ukraine's Spending

USAID or Deloitte Reviewed Aggregated Expenditure Data

According to agency officials, USAID followed an informal process for reviewing and requesting clarification about aggregated data from the World Bank. USAID followed this process through the first four Ukraine supplementals and then relied on Deloitte to complete this review for funding from the fifth supplemental. Both USAID's and Deloitte's processes were in line with the *Standards for Internal Control in the Federal*

Government, which state that managers should identify, analyze, and respond to identified risks so they are effectively mitigated.²⁴

According to USAID, a USAID official reviewed summary information from the World Bank and requested clarification if any concerns were found. After each disbursement of U.S. funding to Ukraine through the PEACE project, the World Bank provided USAID with copies of expenditure verification reports submitted by Ukraine and aggregated summary data that included the expenditure categories and total amounts provided to reimburse Ukraine for each category. The USAID official reviewed the aggregated data to determine whether there were any potential duplicate payments to Ukraine, such as U.S. funding covering a month for a certain expenditure category that U.S. or another donor's funding had already covered. For example, USAID asked the World Bank for clarification concerning potential duplicate reimbursements for first responder salary payments made in March 2023. The World Bank clarified that it only partially reimbursed Ukraine for these salaries in April 2023 and then reimbursed the remaining portion in a July 2023 disbursement. The official also reviewed the total amounts Ukraine paid for each expenditure category for each month to see whether the aggregate expenditure totals were roughly consistent with prior months. In one example, USAID followed up with the World Bank on expenditures for school employee salaries from June 2023 when officials noticed that the expenditures for that month were more than twice as large as prior months. The World Bank explained that school employees receive additional payments at the end of the school year and that they had discussed the larger June expenditures with Ukraine the prior year.

For monitoring DBS funded through the fifth supplemental, USAID primarily relied on its contractor, Deloitte, according to USAID officials. Agency officials said that their prior efforts to review the aggregate data in the expenditure verification reports duplicated Deloitte's work to some extent. They pointed to Deloitte's spot checks and tracking of U.S. DBS funding as efforts to ensure the accuracy of expenditure verification reports. For example, Deloitte staff said they separately tracked the use of U.S. DBS funding at the aggregate level to inform their monitoring efforts, based on updated information it received from Ukraine. To develop and update its tracker, Deloitte relied on documents from the Ukrainian government, such as receipts and withdrawal letters the Ministry of Finance submitted to the World Bank. The Ministry of Finance also provided Deloitte with updated data when it identified corrections.

USAID Did Not Review Detailed Expenditure Data that Provided Insight into Ukraine's Spending

USAID did not analyze the detailed expenditure data the World Bank provided to identify potentially anomalous expenditures, to help ensure that Ukraine used DBS funding as intended, and to inform oversight priorities. According to USAID officials, the agency did not review the detailed expenditure data in the expenditure verification reports it received because Deloitte was performing spot check reviews of similar disaggregated data. Reports for 10 of the 13 categories included data broken down by region, while reports for the other three categories provided data broken down by institution. For example, the reports for first responder salaries included expenditures for the State Emergency Service units, while the reports for school employee salaries included expenditures by region and school type. This disaggregated data may provide helpful insights that may be harder to observe at the aggregate level. For example, a decrease in one disaggregated category could be balanced by an increase in another.

²⁴"Principle 7—Identify, Analyze, and Respond to Risks," [GAO-14-704G](#).

According to GAO's *Framework for Managing Fraud Risks in Federal Programs*, using data analytics to identify suspicious activity or transactions, including anomalies, outliers, and other concerns in data is a leading practice.²⁵ Conducting such analytics can enable programs to identify potential fraud or improper payments. Although USAID's contractor, Deloitte, reviewed disaggregated data at the institutional and individual levels through its spot checks, Deloitte's spot checks were not intended to review all the disaggregated data. In addition, neither USAID nor Deloitte completed any data analytics. The spot checks allowed Deloitte to monitor the use of DBS funding and identify potential discrepancies in expenditure reporting, but the sample size was small and non-representative, limiting its use for informing oversight priorities. Deloitte tested less than one percent of all payments, according to Deloitte staff.

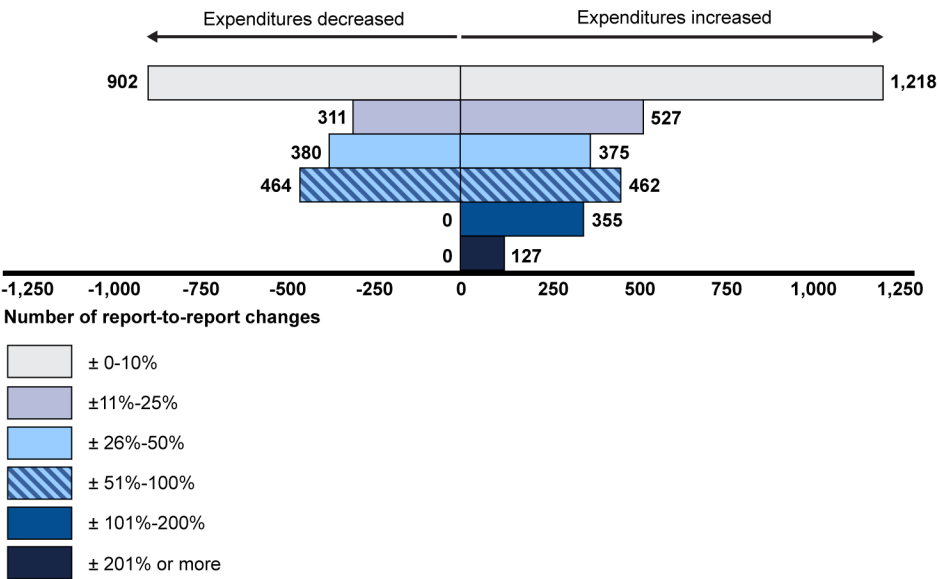
To demonstrate the value of analyzing the disaggregated data, we used several techniques for analyzing the detailed expenditure data we received. We identified anomalous report-to-report increases in expenditure amounts at regional and institutional levels that an agency responsible for continued oversight should further examine.²⁶ Specifically, we analyzed the detailed expenditure data in 78 expenditure verification reports covering Ukrainian expenditures incurred from March 2022 through August 2023.²⁷ These selected reports, which constitute our non-generalizable sample, contained 5,121 instances of report-to-report changes at a regional or institutional level. Through our analysis, we found that 42 percent of our sample (2,128 of 5,121) across all 13 expenditures experienced percentage changes of less than 10 percent, while 9 percent of our sample (482 of 5,121) showed report-to-report increases greater than 100 percent. Figure 6 shows the breakdown of percentage changes in report-to-report DBS expenditures for all 13 expenditure categories in our sample.

²⁵[GAO-15-593SP](#). In addition, GAO's *Standards for Internal Control in the Federal Government* state that management should analyze and respond to identified fraud risks so that they are effectively mitigated ("Principle 8—Assess Fraud Risk," [GAO-14-704G](#)).

²⁶See appendixes I and III for detailed information on our analysis, including its scope and limitations.

²⁷The 78 reports we analyzed included all reports we received from USAID prior to October 2024 for 12 of the 13 expenditure categories. For the higher education salaries category, we also analyzed reports we received in October 2024 because of the smaller number of reports we had previously received for this category.

Figure 6: Breakdown of the Percentage Change in Report-to-report DBS Expenditures for Our Sample, from March 2022 to August 2023



Source: GAO analysis of Government of Ukraine documents (data). | GAO-25-107057

| Percentage change in report-to-report expenditures | Left of dashed line | Right of dashed line |
|--|---------------------|----------------------|
| ± 0-10% | 902 | 1,218 |
| ± 11%-25% | 311 | 527 |
| ± 26%-50% | 380 | 375 |
| ± 51%-100% | 464 | 462 |
| ± 101%-200% | 0 | 355 |
| ± 201% or more | 0 | 127 |

Note: We reviewed all expenditure verification reports we received from USAID prior to October 2024, as well as additional reports USAID sent us in October 2024 for the higher education category, since we had previously received only one report for that category. For these reports, we compared the expenditures listed in each report and its prior report, which may have been from the prior month or multiple months earlier. Ukraine did not receive reimbursements through the PEACE project for each category every month.

As part of this analysis, we found some large percentage changes from report-to-report that merit further examination, while others had reasonable explanations. Some of the report-to-report percentage changes were in the thousands. For example, the largest percentage increase was an 86,802 percent increase (equal to \$158,533) between February and March 2023 in Luhansk for social assistance to single parents. Upon reviewing this increase, we determined it would not require further examination because it likely resulted from changes Ukraine made to the processing of this type of assistance during this period.²⁸ Another large increase was a 2,474 percent increase (equal to \$1,067,542) between April and June 2023 for salaries to non-security government employees working at the Ukraine Supreme Court. Although non-security government employees

²⁸According to the overview report that accompanied the January through March 2023 expenditure reports, Ukraine canceled the automatic extension of social assistance benefits to single parents in January 2023 and required that citizens reapply for the benefits. This explained the large drop in January 2023 beneficiaries and expenditures we noticed across all the regions when reviewing the data for this category, as well as the larger percentage changes in March 2023 that we initially identified for review through our analysis.

typically receive bonuses in June, this percentage increase was an outlier for June 2023 and merits further examination.

Ukraine included explanations for some of these changes in expenditures in overview reports that accompany the expenditure verification reports, and we took these into account as part of our analysis. For example, the May 2023 overview report for stipends provided to internally displaced persons explained that increases in expenditures were driven by delayed payments from the previous period because of Russian hostilities in certain regions. In addition, we found larger percentage increases for salaries of school employees at public schools below the university level between May 2023 and June 2023. In the accompanying overview report and during our meetings with Ukrainian officials, Ukraine clarified that teachers receive their salaries for the summer months in June. However, our analysis found that the percentage change for school employee salaries for June 2023 varied greatly across regions and school types, from negative 32 percent to 251 percent. This large distribution of changes in expenditures may benefit from further examination, including a review of how schools calculate and report summer salary payments. Through our analysis we determined that 161 of the report-to-report expenditure changes in our sample indicate anomalies, outliers, or other concerns in the data that merit further examination. For more details about our analysis see appendix III.

USAID and the World Bank have both taken steps to look into the results of our analysis. According to USAID officials and KPMG staff, USAID provided the lists of expenditures to KPMG and suggested that KPMG examine them as part of its ongoing audits of four of the 13 PEACE project expenditure categories: pensions, school employee salaries, higher education employee salaries, and healthcare worker salaries. As of July 2025, KPMG stated that it planned to follow up with the respective Ukrainian ministries about the expenditures we identified but did not have a timeline for doing so. At that time KPMG staff also told us that they lacked clarity on the timing and scope expectations for their DBS audit work. KPMG staff explained that they expected to obtain new direction from State because they had learned that State would be assuming responsibility for the KPMG contract on July 1, 2025. In addition, the World Bank shared the list of expenditures with Ukraine's Ministry of Finance, which forwarded it to the relevant line ministries to provide explanations. As of June 30, 2025, Ukraine's Ministry of Finance had provided the World Bank with initial explanations for many of the increases, as it awaited explanations from some of the other ministries. As of July 2025, the World Bank had not verified any of the explanations.²⁹ Upon initial review, we determined that some of the explanations provided were already factored into our analysis, such as expected summer pay and other benefits provided to school employees in May and June before the summer break. For these instances, the extent of the increases flagged in our analysis were well above average, even when we evaluated the expenditures for those months separately. In other cases the explanations provided were new and may be reasonable. According to the World Bank, the extent of the increases flagged in our analysis will benefit from further review.

Learning the cause for the unusually large expenditure increases would help inform oversight of the ongoing billions of dollars in disbursements of PEACE project funding from the U.S. contributions to the FORTIS Ukraine FIF. If some part of these unusually large expenditure increases is attributable to fraud, this would need to be addressed.

²⁹According to the World Bank, it intends to instruct an independent audit firm to review the explanations provided by Ukraine's Ministry of Finance.

USAID’s Reports to Congress on DBS Funding Were Incomplete

USAID submitted some of the required reports to Congress on Ukraine’s actual use of and results achieved with DBS funding, but the reports were incomplete because USAID did not update its reporting to Congress once new data became available. The second through fifth Ukraine supplemental appropriations include a requirement for State or USAID to report on the uses of and results achieved with DBS funds.³⁰ Between September 2022 and May 2023, USAID submitted reports to Congress that addressed this requirement for three of the four Ukraine supplementals. However, USAID did not submit any reports addressing this requirement for the fifth Ukraine supplemental (see table 2). USAID officials told us in December 2024 that the agency had drafted a report. However, after the process of integrating USAID into State and other personnel changes at USAID began in 2025, USAID stated that officials with related knowledge were no longer available within USAID. Completing this reporting requirement in the fifth Ukraine supplemental would strengthen Congress’ oversight by providing more recent information about how Ukraine used U.S. DBS funding. These data can be used to inform future oversight decisions, whether for DBS or Ukraine funding more broadly.

Table 2: Congressional Reports Submitted Regarding Direct Budget Support (DBS) Funds and Select Reporting Requirements

| Ukraine Supplemental and Section | Agencies Responsible for Reporting on the Use of DBS Funds ^a | Number of Reports Submitted ^b |
|--|---|--|
| Additional Ukraine Supplemental Appropriations Act, 2022; Pub. L. No. 117-128, § 507(d), 136 Stat. 1211, 1223 [Second Supplemental] | State or USAID | 1 |
| Ukraine Supplemental Appropriations Act, 2023; Pub. L. No. 117-180, Div. B, § 1302(c), 136 Stat. 2127, 2132 [Third Supplemental] | State or USAID | 2 |
| Additional Ukraine Supplemental Appropriations Act, 2023; Pub. L. No. 117-328, Div. M, § 1705(c), 136 Stat. 5189, 5199 [Fourth Supplemental] | State or USAID | 1 |
| Ukraine Security Supplemental Appropriations Act, 2024; Pub. L. No. 118-50, Div. B, § 405, 138 Stat. 905, 916 [Fifth Supplemental] | State or USAID | 0 |

Source: GAO analysis of the supplementals and USAID reports to Congress. | GAO-25-107057

Note: USAID also reported on the results of the use of DBS funding from the first Ukraine Supplemental, even though the agency was only required to report on proposed uses of State and USAID assistance funds provided through the Ukraine Supplemental Appropriations Act, 2022, Pub. L. No. 117-103, Div. N, 136 Stat. 776 (Mar. 15, 2022).

^aUSAID, as the agency managing DBS funding, submitted the reports to Congress on the use of DBS funding.

^bWhile State told us they cleared additional USAID reports for submission to Congress in response to the second through fourth supplementals, neither State nor USAID were able to provide this documentation to us, as of September 2025.

To report on Ukraine’s actual use of DBS funds appropriated through the first four Ukraine Supplementals, USAID officials said they used summary information from the World Bank. The summary information included the amount of funding the World Bank disbursed to Ukraine through the PEACE project, including total amounts for each expenditure category, based on Ukraine’s reimbursement requests. USAID then used this summary information to create a tracker of U.S. DBS funding provided to Ukraine. Agency officials used this

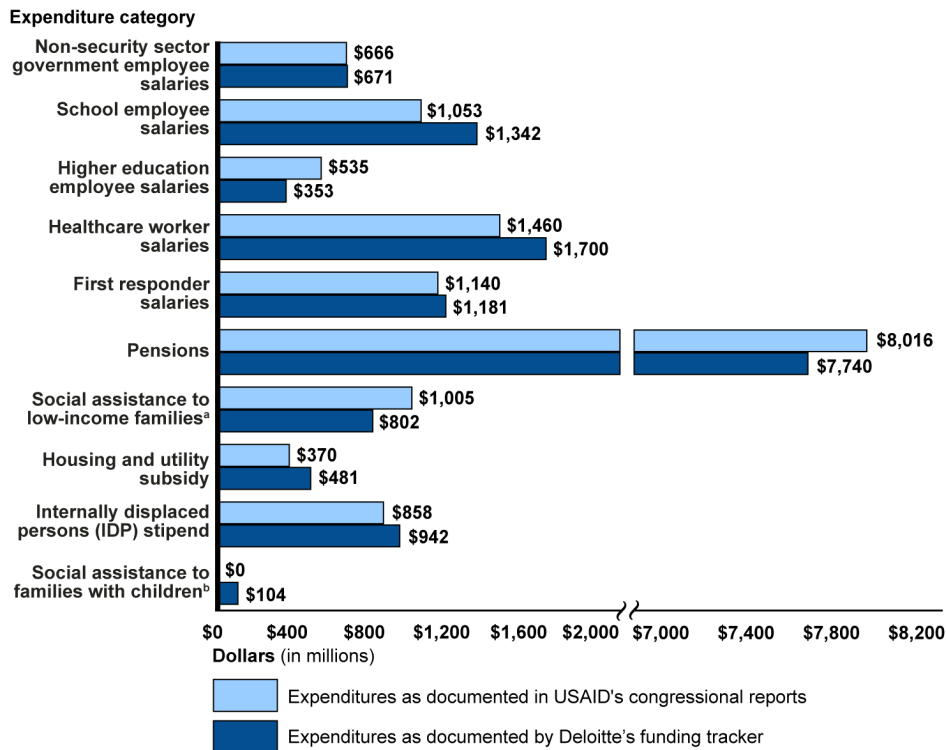
³⁰Pub. L. No. 117-128, § 507(d), 136 Stat. at 1223; Pub. L. No. 117-180, Div. B, § 1302(c), 136 Stat. at 2132; Pub. L. No. 117-328, Div. M, § 1705(c), 136 Stat. at 5199; Pub. L. No. 118-50, Div. B, § 405, 138 Stat. at 916. State and USAID also worked together to draft the Congressional certification packages that detailed the World Bank’s mechanisms for monitoring and overseeing DBS funds the U.S. intended to provide to Ukraine through the PEACE project. Further, State submitted multiple other reports to Congress on use of the overall Ukraine Supplemental funds.

internal tracker to report to Congress on the use of U.S. DBS funding, which, officials said was based on the data available to USAID up to the reporting date.

As previously discussed, Deloitte tracked U.S. DBS funding separately to inform its monitoring efforts. Deloitte relied on documents from the Ukrainian government to track U.S. DBS funding. Deloitte initially provided this tracker to USAID in January 2023 and provided USAID with updated versions following additional disbursements of U.S. DBS funding. USAID officials stated that Deloitte's tracker was more accurate than its own tracking, which relied only on summary information from the World Bank.

We compared the data in USAID's congressional reports against Deloitte's tracker covering U.S. disbursements of DBS made from late June 2022 through the end of May 2023 and identified some inconsistencies. Specifically, we identified 27 instances where USAID and Deloitte documented different expenditure amounts for the same month and category. For example, for disbursements made in late June 2022, USAID documented \$471 million in reimbursed expenditures for civil government employee salaries while Deloitte documented \$361 million. Figure 7 provides a comparison of the aggregate disbursement amounts that USAID and Deloitte reported for each category in their respective documents between June 2022 and May 2023, which covers funding from supplementals two and three and part of the funding from supplemental four. Overall, we identified approximately \$212 million in differences between what USAID and Deloitte recorded across the 13 categories in the timeframe examined.

Figure 7: Comparing Aggregate Expenditures Reported by Different Sources by Expenditure Category, June 2022 to May 2023



Source: GAO analysis of USAID and Deloitte documents. | GAO-25-107057

Dollars (in millions)

| Expenditure Category | Expenditures as documented in USAID's congressional reports | Expenditures as documented by Deloitte's funding tracker |
|--|---|--|
| Non-security sector government employee salaries | 666 | 671 |
| School employee salaries | 1,053 | 1,342 |
| Higher education employee salaries | 535 | 353 |
| Healthcare worker salaries | 1,460 | 1,700 |
| First responder salaries | 1,140 | 1,181 |
| Pensions | 8,016 | 7,740 |
| Social assistance to low-income families ^a | 1,005 | 802 |
| Housing and utility subsidy | 370 | 481 |
| Internally displaced persons (IDP) stipend | 858 | 942 |
| Social assistance to families with children ^b | 0 | 104 |

^aUSAID combined the disbursement totals for the (1) guaranteed minimum income and (2) disability benefit categories in its tracker, so we compared the tracking of this combination of categories across the two trackers.

^bDeloitte combined the disbursement totals for the (1) birth grant and adoption grant, (2) social assistance to single parents, and (3) maternity benefit categories in its tracker, so we compared the tracking of this combination of categories across the two trackers.

USAID submitted some of its reports to Congress before Deloitte provided its tracker to USAID. USAID submitted four reports to Congress on the actual uses and results of DBS, including two before Deloitte made the tracker available to USAID—September 2022 and November 2022—and two after Deloitte's tracker was available in January 2023 and May 2023. According to USAID, they continued to use their internal tracker as the basis for the January 2023 and May 2023 reports to maintain consistency with how the previous reports were prepared and submitted to Congress.

In November 2024, USAID officials stated that they believe the most recent version of the Deloitte tracker is the most accurate accounting of DBS funds, because Deloitte relied on updated information and corrections provided by Ukraine's Ministry of Finance. According to USAID officials, the DBS expenditure data they received from the World Bank was typically updated later because Ukraine identified and corrected reporting errors or provided new data. Whereas USAID relied on the data available at a specific point in time to report to Congress on the use of funds, Deloitte used the most recent available data for tracking the use of U.S. DBS funding. USAID officials noted that differences between USAID's reports to Congress and Deloitte's tracker may be due to timing, data aggregation differences, and data source differences.

Given that USAID officials consider Deloitte's tracker to be more accurate and the differences between this tracker and the information reported to Congress, USAID's reports to Congress are likely inaccurate now. However, USAID did not submit updates to its prior reporting to Congress on Ukraine's use of U.S. DBS funding even though it had access to updated information throughout 2023 and 2024. USAID said in June 2025 that it would work towards compiling and submitting updated reports to Congress to provide current information about the use of DBS funding, but it did not provide a timeframe for doing so.

Standards for Internal Control in the Federal Government state that agency managers should use quality information and should externally communicate the necessary quality information to achieve the entity's objectives.³¹ Ensuring that quality information was communicated externally could have improved the accuracy

³¹"Principle 13—Use Quality Information," and "Principle 15—Communicate Externally." [GAO-14-704G](#).

of its reporting to Congress, thereby providing Congress greater confidence that DBS funds were used as intended.

USAID Contractors Have Identified Weaknesses in Ukraine's DBS Processes but USAID Has Not Assessed Their Risk

USAID Contractors Have Identified Weaknesses in Ukraine's DBS Processes

USAID's contractors, Deloitte and KPMG, have identified weaknesses in Ukraine's processes for managing DBS funding. Deloitte identified weaknesses in Ukraine's internal controls and processes for managing U.S. DBS funding and made recommendations to address these weaknesses. KPMG was unable to complete its audits as of July 2025, but it reported to USAID on several challenges it has faced in auditing DBS funding in Ukraine.

Deloitte

Deloitte's monitoring efforts included a review of Ukraine's internal controls and processes for managing DBS funding. This review identified a variety of weaknesses and resulted in 56 recommendations to Ukraine as of August 2024.³² To help Ukraine address these weaknesses, Deloitte developed and grouped recommendations into five categories. Some of the recommendations addressed explicit process weaknesses in specific expenditure categories, while other recommendations addressed larger processes across multiple categories. See table 3 for more information about these recommendations.

³²Deloitte also conducted spot checks on sample transactions reimbursed through the PEACE project to determine if expenditures were calculated correctly and whether U.S. DBS funding was used as intended. We analyzed the results in Deloitte's spot check reports from March 2023 through December 2024, which identified some discrepancies. Our analysis of Deloitte's spot check reports and their results are described in appendix II.

Table 3: Deloitte Recommendations to Improve Ukraine’s Processes for Managing Direct Budget Support, by Category, as of August 2024

| Recommendation Category and Description | Number of Recommendations | Number Completed | Expenditure Category/s | Example of Deloitte Recommendation to Ukraine |
|---|---------------------------|------------------|--|--|
| Expense controls: Findings related to processes and controls aimed at decreasing the risks of reporting improper and ineligible expenditures. | 19 ^a | 6 | <ul style="list-style-type: none"> Healthcare worker salaries First responder salaries Internally displaced persons stipend School employee salaries Disability benefit Pensions | Improve processes for identifying irregularities, such as improper payments, that enable Ukraine to analyze the payments, determine the root causes, and develop a response to decrease irregular payments. |
| Hotlines: Findings related to the communication channels and related infrastructure that qualified parties may use for reporting defined categories of concerns. | 18 ^a | 0 | <ul style="list-style-type: none"> Not category specific | Amend laws related to the protection of personal data and complaints individuals submit via hotlines in ways that would facilitate further cooperation with informants. |
| IT general controls: Findings related to a set of security measures and protocols that ensure integrity, reliability, and accuracy of information systems within an organization. | 11 | 2 | <ul style="list-style-type: none"> Not category specific | Develop processes for assessing hardware and software for required updates to ensure sufficient protection against cyber risks. |
| Reporting controls: Findings related to Ukraine’s processes and controls over accurate reporting of information on DBS at different stages. | 6 ^a | 4 | <ul style="list-style-type: none"> Healthcare worker salaries School employee salaries Non-security sector government employee salaries | Ensure that appropriate instructions for determining the number of eligible employees are in place, such as guidance about ineligible employees that should be excluded from these calculations, to mitigate inconsistencies in reporting. |
| Reporting transparency: Findings related to the clarity of presentation of information in Ukraine’s expenditure reports. | 2 | 2 | <ul style="list-style-type: none"> Healthcare worker salaries School employee salaries Non-security sector government employee salaries | Clarify the differences between the column headings in the expenditure reports for certain salary categories to ensure the types of data reported for salary expenditures are consistent across categories. |

Source: GAO analysis of Deloitte reports. | GAO-25-107057

^aDeloitte made several recommendations to Ukraine in its interim report in August 2024. These recommendations pertained to expense controls (two recommendations), hotlines (seven), and reporting controls (one). Since these were identified in Deloitte’s interim report, Deloitte did not have an opportunity to report on Ukraine’s efforts to address these recommendations before a stop-work order and subsequent cancellation of its contract in 2025.

According to Ukrainian officials we met with in Kyiv, they generally agreed with Deloitte’s recommendations, but noted that the effort needed to implement them varied. Some recommendations could be addressed in the short-term. For example, Deloitte found that local school officials did not adequately segregate duties related to maintaining records of working hours, submitting employee timesheets, verifying the accuracy of records, and compiling related documentation. To address this weakness, Deloitte recommended in July 2023 that the Ministry of Education and Science send a letter to the Departments of Education of local governments clarifying the need to segregate duties in the job descriptions of school staff, which the Ministry of Education and Science did in June 2024.

Other recommendations pertain to systemic issues, such as weaknesses related to internal controls, internal audits, and risk management, and require sustained efforts to address, according to Deloitte staff. For example, in July 2023, Deloitte recommended that the Ministry of Health develop measures to reduce the potential for payments to fictitious employees and patients. In August 2024 Deloitte reported that, to address this recommendation, the Ministry of Finance planned to develop an IT platform to verify the validity of information and documents entered in the electronic medical system.

KPMG

KPMG has not completed any of its planned audits, and experienced challenges that led to delays in their work. KPMG started their work in January 2024 and was initially scheduled to complete the first audits in 2024. However, KPMG encountered several challenges that led to delays, such as problems with the quality of data and documentation available. For example, KPMG raised concerns that the 2022 healthcare worker salary data contained errors related to the calculation of salary taxes, and KPMG staff said they could not start the audit of the National Health Service of Ukraine without corrected data. In addition, KPMG struggled to obtain documents from medical and educational institutions located in or near the frontlines. KPMG's work was then further delayed by a January 2025 stop-work order.

In the interim, KPMG submitted quarterly performance reports to USAID that provided updates based on its ongoing work. In these reports KPMG identified differences between the data it analyzed and the data provided by Ukraine's Ministry of Finance. For instance, KPMG identified a \$777,000 discrepancy when it analyzed sample data for school employee salaries for January 2023 and March through June 2023. KPMG attributed these discrepancies to both technical and human errors, primarily related to confusion around new accounting techniques. In 2023 the Ministry of Education and Science issued new guidance for schools to transition from cash-based to accrual-based accounting for PEACE project reporting, according to KPMG.³³ Although the Ministry of Education and Science and the Ministry of Finance claimed that they had identified and subsequently corrected the discrepancies prior to KPMG's audit, the ministries were unable to provide KPMG with a detailed breakdown of the misstatements identified and corrected by month. As a result, KPMG concluded that Ukraine may have made some corrections in months for which Ukraine was not reimbursed by U.S. DBS funding, according to KPMG's reporting.

USAID Monitored Recommendation Status, But Did Not Assess Related Risks

USAID had a process in place to monitor Ukraine's implementation of Deloitte's recommendations for addressing weaknesses. However, neither USAID nor Deloitte assessed these weaknesses to determine which present the highest risk to Ukraine's management of DBS funding. USAID officials told us they relied on Deloitte to monitor Ukraine's implementation of these recommendations. USAID officials and Deloitte staff told us they met with relevant Ukrainian ministry officials to discuss Deloitte's recommendations, and Ukrainian officials determined how and when to address the recommendations based on their capacity. When Ukrainian officials requested it, Deloitte would work with Ukrainian officials to develop solutions to address certain recommendations, according to Deloitte staff. Deloitte also periodically requested updates from Ukraine on

³³The Ministry of Education and Science made this change in response to a Deloitte recommendation that the different Ukrainian ministries reporting under PEACE use a similar accounting approach, as the other ministries traditionally used accrual-based accounting. The accounting method determines the timing of the recognition of revenues and expenses. Under cash basis accounting, revenues and expenses are recorded when cash is actually paid or received. Under accrual basis accounting, revenue is recorded when it is earned and expenses are reported when they are incurred.

these recommendations. As of August 2024, Deloitte determined that Ukraine had implemented 14 of 46 recommendations it had made previously and that work on another 26 recommendations was in progress.³⁴

Standards for Internal Control in the Federal Government state that management should identify, analyze, and respond to risks related to achieving the defined objectives. This includes analyzing the identified risks to estimate their significance, which provides a basis for responding to the risks.³⁵ Further, Office of Management and Budget's guidance on enterprise risk management and internal controls identifies the importance of developing a risk profile that ranks fraud or internal control risks to inform the prioritization of limited resources.³⁶

However, neither USAID nor Deloitte assessed the weaknesses or related recommendations to determine which weaknesses present the highest risk to managing and protecting DBS funding. Deloitte staff explained that the nature and type of weaknesses vary significantly and view all their recommendations as important. Moreover, USAID did not ask Deloitte to identify priority recommendations. According to USAID, officials reviewed Deloitte's recommendations, but the agency did not prioritize the recommendations because they deemed all the recommendations useful for improving Ukraine's management of DBS funding. USAID stated that because it expected Ukraine to address all the recommendations, there was no need to prioritize them. They further explained that the agency would have needed to reprioritize recommendations every six months because Deloitte identified new weaknesses in semi-annual reports, which they said would result in delays in addressing the weaknesses.

Nevertheless, some of Deloitte's recommendations pertain to systemic weakness in Ukraine's processes that will require time and sustained effort to address, according to Deloitte staff. Taking steps to assess and prioritize the risks associated with the weaknesses Deloitte identified and the resources required to address those risks will support Ukraine's efforts to maximize its limited resources to implement the recommendations that address the highest-risk weaknesses—including any risks of fraud, waste, or abuse—in its processes for managing the ongoing billions of dollars in disbursements of PEACE project funding from the U.S. contributions to the FORTIS Ukraine FIF.

USAID Contractors Did Not Identify Fraud but Reported on Allegations of Fraud

Although USAID's contractors' work had the potential to identify fraudulent payments, the contractors had not reported any suspected fraudulent payments as part of their independent monitoring and oversight work as of May 2025, according to USAID officials.³⁷ While USAID hired Deloitte and KPMG to support and enhance its oversight of U.S.-specific DBS funding and ensure this funding was used as intended, some of the contractors' work could also identify fraudulent payments. For example, Deloitte's spot checks could have identified

³⁴Deloitte's fourth gap analysis report made an additional 10 recommendations, for 56 total recommendations. USAID expected Deloitte to report on the status of the remaining recommendations in the next gap analysis report in 2025, but Deloitte was unable to complete this report due to the stop-work order issued in January 2025.

³⁵"Principle 7—Identify, Analyze, and Respond to Risks," [GAO-14-704G](#).

³⁶Office of Management and Budget Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (2016).

³⁷Deloitte and KPMG are required to report any information about identified or suspected fraud to USAID, according to USAID officials. If the World Bank or its contractors identify any indicators of fraud, the relevant project team will report such information to the Bank's Department of Institutional Integrity for Investigation, according to World Bank officials.

potential fraud within the samples they reviewed. KPMG is also testing transactions and reviewing some of Ukraine's processes that could reduce the risk of fraud, such as fraud awareness training and whistleblower controls. Further, by finding weaknesses in internal controls and helping to ensure they are addressed, the contractors' work could reduce the risk of fraud.

However, Deloitte notified USAID in November 2024 about an alleged corruption case related to the fraudulent issuance of disability certificates to prosecutors that potentially allowed for exemption from military service and entitlement to disability benefits.³⁸ USAID then informed the World Bank about the allegations.³⁹ The alleged corruption case was widely reported in Ukrainian media. Deloitte estimated up to \$5 million, or 0.06 percent of DBS funding provided for pension payments, may have potentially been used to reimburse allegedly fraudulent pension payments.⁴⁰ According to Deloitte's memoranda to USAID, the Ukrainian government started a comprehensive review of disability certificates. According to the World Bank, Ukraine's investigations are ongoing as of June 2025, but it has already led to the cancellation of some disability certificates and adjustments to the benefits for others. In response to the investigations, the government of Ukraine has abolished the commission that issued the disability certificates and replaced it with a new disability assessment system, coupled with digital tools to support verification of eligibility and benefits, according to the World Bank.

Some World Bank Reports Identified Weaknesses in DBS Processes, but USAID Did Not Monitor Efforts to Address Those Weaknesses

World Bank Reports Provided Status Updates and Identified Weaknesses in Ukraine's DBS Processes

World Bank's Periodic Reporting

The World Bank provides donors with periodic updates about the PEACE project through annual and semiannual reports, among other means, which have generally indicated that the project is meeting its objective to support Ukraine's core government functions. For example, the World Bank publishes semiannual implementation status and results reports that include assessments of financial and project management. As of April 2025, the World Bank had rated the progress toward meeting the project development objective as satisfactory and it reported that Ukraine had provided salary and social payments on time to at least 90 percent of recipients. They also reported that Ukraine had addressed 100 percent of grievances received through the project's grievance redress mechanism.

The World Bank has provided additional updates on PEACE project implementation and oversight to USAID. For example, Bank officials shared reports from Ukraine's grievance redress mechanism with USAID on

³⁸Disability certificates are one basis for receiving benefits under the Pension Fund of Ukraine, which finances old-age, disability, and survivorship pensions. The PEACE project did not finance individual pension payments; it reimbursed a portion of the Government of Ukraine's transfers from the state budget to the Pension Fund.

³⁹According to the World Bank, it reported the allegations to its Integrity Vice-presidency and plans to assess whether the situation requires further action, including the potential repayment of funds to the Bank.

⁴⁰This estimate may be higher than the actual amount because Deloitte based its estimate on the assumption that all 525 prosecutors granted a disability pension obtained their disability certificate fraudulently. Deloitte noted that a portion of these individuals could have a real disability and a legitimate disability certificate.

several occasions. The reports show that Ukrainians have submitted grievances pertaining to delayed payments, impartial payments, and payment amounts. Ukraine generally addressed these grievances by providing explanations about the payments to the grievant.

World Bank Contractor Reports

A World Bank contractor, PwC, identified multiple weaknesses in Ukraine's internal controls for managing DBS funding provided through the PEACE project, but did not identify any major discrepancies. As a result, the World Bank determined that none of the weaknesses affected the accuracy of Ukraine's expenditure verification reports. The World Bank engaged PwC to review Ukraine's processes for compiling expenditure verification reports and reviewing related internal controls, among other things.⁴¹ The purpose of PwC's internal control review is to determine if Ukraine has adequate controls over preparation and compilation of eligible expenditure reports, according to the World Bank.

PwC identified 44 control weaknesses in the 120 internal controls it reviewed and reported on through March 2024. These reviews covered Ukraine's internal controls for managing the 13 expenditure categories eligible for DBS funding under the PEACE project. According to World Bank officials, they recognize that the weaknesses PwC identified could pose accountability and integrity risks. However, they believe that these risks are mitigated by the multiple layers of review of expenditures, compensatory controls, and alternative assurances obtained through other independent audits of the PEACE project. See table 4 for the number and percentage of identified weaknesses within each expenditure category.

⁴¹PwC has also been testing sample transactions reimbursed through the PEACE project to determine if expenditures were calculated correctly and were made in accordance with PEACE project guidance. PwC published these results in three reports as of March 2024. PwC's testing identified minor funding discrepancies in these three reports, including overstated and understated amounts. This analysis and the results are described in appendix IV. The World Bank published results of a fourth PwC report on its website in April 2025, results of which are not included in our analysis.

Table 4: Number of Internal Control Weaknesses PwC Identified by Expenditure Category, as of March 2024

| Expenditure Category | Number of Internal Controls Reviewed ^a | Number of Weaknesses Identified ^b | Percentage of Internal Controls with Weaknesses |
|---|---|--|---|
| Non-security sector government employee salaries | 8 | 4 | 50 |
| School employee salaries | 9 | 5 | 56 |
| Higher education employee salaries | 9 | 1 | 11 |
| Healthcare worker salaries | 13 | 5 | 38 |
| First responder salaries | 8 | 5 | 63 |
| Pensions | 18 | 2 | 11 |
| Internally displaced persons (IDP) stipend | 17 | 6 | 35 |
| Guaranteed minimum income; disability benefit; and housing and utilities subsidy ^c | 19 | 7 | 37 |
| Birth grant and adoption grant, social assistance to single parents, and maternity benefits | 19 | 8 | 42 |
| Total | 120 | 44 | 37 |

Source: GAO analysis of PwC reports. | GAO-25-107057

^aPwC reviewed the same set of controls for non-security sector government employee salaries, school employee salaries, and IDP stipends during two reporting periods—March to August 2022 and January to September 2023. They also reviewed controls for pension payments twice, covering the periods from March to August 2022 and September to December 2022. We did not double count these internal controls.

^bFor the expenditure categories where PwC reviewed the controls twice, PwC identified weaknesses in its initial review of internal controls and upon reviewing the same controls again, some weaknesses were not identified. Based on available information in PwC's reports, it is unclear why PwC changed these determinations.

^cUkraine follows the same process for collecting and documenting expenditure information for these three expenditure categories so PwC reviewed the internal controls that pertain to these categories together.

The types of weaknesses PwC identified vary. More than half of the weaknesses relate to processes that rely on manual documentation and decentralized reporting systems. The weaknesses, as well as steps taken to mitigate these weaknesses, include:

- **Manual processes.** Seventeen of the internal control weaknesses PwC found relate to manual processes, some of which were developed to implement the PEACE project, according to the World Bank. Some expenditure reports are completed manually by local institutions. For example, health care facilities manually enter the salary amount in the report rather than calculating the amount based on the number of workers and salary rates. The use of manual processes may increase the risk of inaccuracy. The World Bank stated that the PEACE project mitigates risks associated with manual processes by subjecting the expenditure reports to multiple reviews by different institutions.
- **Decentralized systems.** Eleven of the internal control weaknesses PwC found relate to decentralized systems, which align with the structure of government and internal controls in Ukraine, according to the World Bank. For example, PwC found that Ukraine does not have a centralized system to account for school employees' or first responders' salaries. Regional authorities maintain account records in different information technology systems and submit expenditure reports to the central government with data provided in varying formats. Such decentralized systems limit the central government's ability to validate the data it receives. The World Bank explained that some manual processes for the PEACE project were developed to compensate for decentralized systems. For instance, multiple institutions manually review school employee salary data reports. These institutions verify and cross-reference reported data on authorized positions, planned payroll, and other information before authorizing funding transfers.

- **Documentation issues.** Ten of the internal control weaknesses PwC found relate to documentation issues, such as missing seals or signatures to properly authorize payment ledgers and other documentation. For example, about half of the timesheets for non-security sector government employees PwC inspected for April 2023 from four selected regions were not properly authorized. Some timesheets only included one of two authorized signatures or no authorized signatures. Having both a seal and signature would more clearly verify the accuracy of paysheets, a key internal control. Further, the lack of this control operating as intended might indicate a material weakness exists if sufficiently tested.⁴² The World Bank believes that the risk of overpayment or fraud through payroll authorizations is mitigated by the multiple levels of verification conducted by different institutions.
- **System weaknesses.** Nine of the internal control weaknesses PwC found relate to system weaknesses. For some social assistance benefits, PwC learned that there is a lack of segregation of duties when processing applications. One person accepts, processes, and validates the application, which can speed up application processing, but segregating these duties provides greater safeguards against potential fraud or errors. There is an increased risk for fraud if paysheets are not properly authorized. According to the World Bank, other compensating controls are in place for the PEACE project to mitigate the risks of system weaknesses. For example, the use of online enrollment, cross-registry data, and automated verification of eligibility benefits compensate for system weaknesses in processing applications for social assistance benefits.
- **Other weaknesses.** Eight of the internal control weaknesses PwC found relate to other weaknesses. In one case, PwC identified a process design weakness in the eligibility for internally displaced persons stipends because there was no control or requirements that prevented military-related persons to be registered for such benefits.⁴³ According to the World Bank, Ukraine updated the eligibility criteria for internally displaced persons stipends in 2023 to effectively exclude the families of military personnel.

Addressing critical internal control weaknesses is essential to ensuring the accountability and integrity of funds and to achieving intended outcomes. *Standards for Internal Control in the Federal Government*, GAO's *Framework for Managing Fraud Risks*, and other international bodies involved in setting and enforcing best practices for auditing, identify having adequate separation of fiscal duties, appropriate processes for authorizing purchases, and adequate funding eligibility checks as critical internal control processes. The World Bank has acknowledged that the weaknesses identified in PwC's reports may pose accountability and integrity risks and has stated that it has worked with Ukraine to strengthen procedures and develop further complementary controls where feasible. The World Bank believes that such compensating controls mitigate the risks associated with the weaknesses that PwC identified.

World Bank Says It Uses Contractor Reports to Inform Oversight and Support Ukraine in Improving Processes

According to World Bank officials, the World Bank uses PwC reports to inform its oversight approach. For example, when PwC identified concerns related to Ukraine's reliance on decentralized systems to collect data for some expenditure categories, World Bank officials began reviewing reimbursement requests more closely for those categories. In another example, World Bank asked PwC to look more closely at the healthcare worker salary category based on the results in PwC's second report, which found that the accounting and calculation

⁴²PwC used a nonstatistical sampling methodology for its agreed-upon procedure reviews conducted for the World Bank.

⁴³According to the legal covenants for the Second Additional Financing for the PEACE project, none of the funding may be used for any payments made to any defense, security, or military forces.

of salaries are performed in different systems by each health care facility and there is no centralized process for verifying the accuracy of salary calculations.

The World Bank also discusses PwC's findings with Ukraine and encourages the government to address weaknesses that can be mitigated in the short term to improve PEACE project-related processes, according to World Bank officials. For example, PwC reported in June 2023 that some school employee salary accrual and payment ledgers were not properly authorized because they lacked a seal or signature. The World Bank discussed with the Ministry of Finance the need to reach out to schools to remind them to sign and stamp all documents they submit.

Some of the weaknesses PwC identified cannot be addressed in the short term through the scope of the PEACE project, according to World Bank officials. These officials said they are working with Ukraine to address some of these longer-term issues as part of the World Bank's broader work to reform Ukraine's government programs. For example, the World Bank stated that it works with Ukraine to strengthen controls and its public financial management, including updating its human resources information management systems and other information technology systems to improve data collection efforts.

USAID Did Not Monitor Ukraine's Progress in Addressing Weaknesses Identified by World Bank Contractor

USAID discussed some oversight-related findings with the World Bank, but it did not consistently request information about Ukraine's responses to the DBS-related weaknesses PwC identified. For example, USAID requested updates from the World Bank on the grievances Ukrainians submitted and clarification about specific grievances identified. The World Bank suggested that USAID request this information from the government of Ukraine, which owns the reports.

USAID officials stated that they also followed up with the World Bank on any weaknesses noted by PwC. However, USAID has only provided one such example. Specifically, USAID met with the World Bank in November 2023 to discuss World Bank oversight mechanisms, including the results of PwC's first two reports. During that meeting, World Bank staff shared examples of their efforts to encourage Ukraine to address some of PwC's findings. USAID did not provide examples of any subsequent requests for information from the World Bank, or any other actions to understand Ukraine's progress on addressing the weaknesses that PwC identified.

Such updates are not readily available without USAID asking the World Bank. According to the World Bank, PwC and the World Bank are tracking the status of the individual weaknesses that PwC identified in cases when PwC identified the weaknesses as systemic. However, USAID was not aware that the World Bank was tracking how these weaknesses were addressed or specifically asking for related updates.

Standards for Internal Control in the Federal Government state that managers should use quality information to achieve the entity's objectives.⁴⁴ This includes access to relevant information that can be used for effective decision-making and oversight related to the PEACE project. Moreover, some of the types of controls for which PwC identified weaknesses are considered critical internal control processes, according to various international bodies involved in setting and enforcing best practices for auditing. Updated information on actions that

⁴⁴"Principle 13—Use Quality Information," [GAO-14-704G](#).

Ukraine takes to address these weaknesses would help focus State's management of the KPMG contract. For example, information about any outstanding weaknesses in controls that may be more vulnerable to waste, fraud, or abuse could help State prioritize KPMG's work to maximize its oversight.

Conclusions

Since Russia's invasion of Ukraine, the U.S. government has disbursed \$45.2 billion in DBS for Ukraine, the majority through the World Bank's PEACE project, to enable its government to continue operating and providing essential services during the war. USAID, the World Bank, and their contractors have undertaken various efforts to monitor Ukraine's use of this funding. With State's plans for more limited oversight of the appropriated DBS to Ukraine, finding ways to make that oversight more effective will be important to ensure a continued understanding of how the appropriated U.S. funding was used. In addition, continued oversight could help ensure that the remaining funding the U.S. provided through the FORTIS Ukraine FIF will be used as intended.

While USAID or Deloitte have reviewed summary information provided by the World Bank on DBS expenditures and Deloitte has conducted spot checks on some of the detailed data, neither has used the more detailed data in Ukraine's expenditure verification reports for data analytics. When we did so, we identified potentially anomalous increases in expenditures in certain regions and institutions that merit examination to determine whether any of the expenditure changes indicate potential reporting errors, fraud, or other issues that may warrant greater oversight. This information could also inform oversight priorities related to categories, regions, or institutions that should be prioritized for further review.

To date, USAID has not submitted all required reports to Congress that detail how Ukraine used U.S. DBS funding, and some of the reports it did submit may include inaccurate information. Having accurate data on Ukraine's use of DBS may provide Congress with greater confidence about whether the funding was used as intended.

Moreover, USAID and World Bank-led oversight of the PEACE project have identified some weaknesses in Ukraine's internal controls and processes for managing DBS funding. USAID did not prioritize its contractor's recommendations using a risk-based approach. Given that more than \$10 billion from the U.S. loan to the FORTIS Ukraine FIF remains for PEACE project disbursement, the U.S. has a vested interest in ensuring that Ukraine addresses priority recommendations for improving its DBS management processes. USAID had also obtained limited information regarding the status of weaknesses identified through World Bank oversight. By obtaining a deeper understanding of how Ukraine is addressing these weaknesses, State could more effectively use its limited resources available for oversight of U.S. DBS funds.

Recommendations for Executive Action

We are making the following five recommendations to State.

The Secretary of State should ensure the entity within State responsible for overseeing U.S. DBS funding to Ukraine works with the World Bank and any other entities needed to continue examination of the report-to-report expenditure changes we identified, to enhance the oversight of the remaining U.S. DBS funding. (Recommendation 1)

The Secretary of State should ensure the entity within State responsible for overseeing U.S. DBS funding updates any inaccurate information previously reported to Congress on Ukraine's use of DBS funding and shares this updated information with Congress. (Recommendation 2)

The Secretary of State should ensure that the Senior Official of the Bureau of European and Eurasian Affairs submits a report to Congress on Ukraine's use of DBS funding appropriated through the fifth Ukraine Supplemental. (Recommendation 3)

The Secretary of State should ensure the entity within State responsible for overseeing U.S. DBS funding assesses and prioritizes Deloitte's recommendations to address weaknesses in Ukraine's processes for managing U.S. DBS funding and communicates these priorities to the government of Ukraine. (Recommendation 4)

The Secretary of State should ensure the entity within State responsible for overseeing U.S. DBS funding takes action to understand Ukraine's progress on addressing the weaknesses PwC identified in the country's internal controls for managing DBS funding. (Recommendation 5)

Agency Comments and Our Evaluation

We provided a draft of this report for review and comment to USAID, State, Treasury, and the World Bank.

In its comments, reproduced in appendix V, State neither agreed nor disagreed with the recommendations but it discussed planned actions for implementing some and challenges to implementing others. Specifically, State outlined some actions it would take in response to our fourth and fifth recommendations, respectively, related to weaknesses that Deloitte and PwC identified in Ukraine's management of DBS. For example, State said that it will utilize the KPMG oversight contract and work with the World Bank on any necessary follow up.

Regarding our first recommendation to examine the unusual report-to-report expenditure changes we identified, State stated that it does not own or control USAID records or data and so it cannot verify any USAID information. However, State does not need access to USAID records or data to examine the report-to-report expenditure changes we identified, which are included in appendix III. State also referred us to USAID for coordination with Treasury and the World Bank on this effort, but as State officials previously noted, State took over USAID's DBS-related oversight responsibilities on July 1, 2025. Consequently, State is best positioned to examine the expenditure changes we identified, in coordination with the World Bank, as the current lead for U.S. oversight of DBS funding. Further, given State's willingness to engage with the World Bank for efforts related to our fourth and fifth recommendations, it should be able to coordinate with the Bank on this recommendation as well.

Regarding our second and third recommendations, respectively, to update any inaccurate information previously reported to Congress and submit a report to Congress on Ukraine's use of DBS funding appropriated through the fifth Ukraine Supplemental, State referred us to USAID for any matters pertaining to USAID activities prior to July 2025. However, as we noted in the report, the related reporting requirements in the second through fifth Ukraine supplemental appropriations are for either State or USAID to report on the uses of and results achieved with DBS funds. As such, State is responsible for ensuring that any unmet reporting requirements are completed.

USAID, State, Treasury, and the World Bank provided technical comments, which we incorporated as appropriate. The World Bank also provided written comments that are reproduced in appendix VI.

We are sending copies of this report to the appropriate congressional committees, the Acting Administrator of USAID, the Secretaries of State and the Treasury, and the President of the World Bank. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at LoveGrayerL@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VII.

//SIGNED//

Latesha Love-Grayer
Director, International Affairs and Trade

Appendix I: Objectives, Scope, and Methodology

We were asked to evaluate the oversight of the U.S. direct budget support (DBS) funding provided to Ukraine through the Public Expenditures for Administrative Capacity Endurance in Ukraine (PEACE) project, a World Bank multi-donor trust fund. This report examines (1) how the U.S. Agency for International Development's (USAID) oversight for U.S. DBS funding changed over time; (2) the extent to which USAID ensured it had quality data to inform its oversight activities and congressional reporting; (3) weaknesses USAID identified in Ukraine's processes for managing this DBS funding and the extent to which USAID ensured these weaknesses were addressed; and (4) weaknesses the World Bank has identified in Ukraine's processes for managing PEACE project funding and any USAID efforts to monitor how these weaknesses are addressed.

To describe the DBS the U.S. has provided to the government of Ukraine from appropriated funds and the uses of DBS funding disbursed between April 2022 and December 2024, we reviewed USAID and Deloitte documents and reports published by the World Bank. We interviewed officials from USAID, Treasury, State, World Bank, and the government of Ukraine, as well as staff from Deloitte and KPMG, about their monitoring, oversight, and other roles related to DBS funding. We also traveled to Ukraine in June 2024 to meet with many of these officials in person. While in Ukraine, we also visited regional Ukrainian government centers and schools to learn about their processes for compiling expenditure information for PEACE project-related reporting. We also requested information from USAID and Treasury about the uses and oversight of U.S. funding provided to the PEACE project through the Facilitation of Resources to Invest in Strengthening Ukraine Financial Intermediary Fund (FORTIS Ukraine FIF) from December 2024 through July 2025.

To examine the extent to which USAID's oversight for U.S. DBS funding changed over time, we reviewed USAID policy documents, contracts and audit plans, contractor reports, oversight reports from other entities, and deliverables related to the technical assistance that Deloitte provided to Ukraine. We also interviewed USAID officials in headquarters and from Mission Ukraine, as well as Deloitte and KPMG staff, about how they used available information to inform DBS-related monitoring and oversight efforts. In addition, we interviewed USAID and Deloitte about how they used available information to inform ongoing and planned technical assistance provided between September 2022 and January 24, 2025. To understand DBS oversight plans following the administration's foreign assistance pause that began January 25, 2025,¹ we interviewed USAID, State, and Treasury officials, and reviewed relevant documentation.

To examine the extent to which USAID used quality data to inform its oversight activities, we reviewed and analyzed Ukrainian expenditure verification reports, communications between USAID and the World Bank, and Deloitte deliverables. We also interviewed USAID officials and Deloitte staff about their processes for reviewing and analyzing Ukrainian expenditure data they received. For example, we discussed any efforts USAID or its contractors undertook to use data to identify anomalous transactions that warrant further examination. We evaluated USAID's processes against a leading practice identified in GAO's *Framework for Managing Fraud Risks in Federal Programs*—the practice of using data analytics to identify suspicious activities or transactions,

¹A January 20, 2025 executive order stated that department and agency heads with responsibility for United States foreign development assistance programs shall immediately pause new obligations and disbursements of development assistance funds to foreign countries and implementing non-governmental organizations, international organizations, and contractors pending reviews of such programs for programmatic efficiency and consistency with United States foreign policy. Exec. Order No. 14169, Reevaluating and Realigning United States Foreign Aid, 90 Fed. Reg. 8619 (Jan. 20, 2025).

including anomalies, outliers, and other concerns in data.² We determined this leading practice is relevant to this objective due to the type of data available for review and the ability of these data to provide insights regarding potential indicators of fraud.

To demonstrate the value of data analytics for identifying potentially anomalous expenditures, we used several techniques to analyze the detailed expenditure data. We analyzed the detailed expenditure data in 78 of the 160 expenditure verification reports we received covering Ukrainian expenditures incurred from March 2022 through August 2023.³ Initially, we reviewed the expenditure data for any potential trends in (1) recurring digits, (2) decimal values, or (3) rounded numbers, and did not identify any anomalous expenditures through these reviews. We also analyzed the 5,121 instances of report-to-report changes in recipient numbers and expenditures at a regional or institutional level, which constituted our non-generalizable sample. We assessed the reliability of the expenditure data and determined that the data were sufficiently reliable for the purposes of this analysis. See appendix III for more specific information about the methodology for this analysis.

We also examined the extent to which USAID ensured it used quality data to inform its congressional reporting. We reviewed and analyzed communications between USAID and the World Bank, an internal tracker USAID used for DBS funding, a tracker Deloitte created for DBS funding, and USAID reports to Congress. To determine the reliability of USAID's reporting to Congress on the use of DBS funding, we compared the DBS data that USAID reported to Congress against Deloitte's tracker covering U.S. disbursements of DBS made from late June 2022 through the end of May 2023. We also interviewed USAID officials about their efforts to use quality data when reporting to Congress on the use of DBS funding, in accordance with principles 13 and 15 of the *Standards for Internal Control in the Federal Government*.⁴

To examine the weaknesses USAID identified in Ukraine's processes for managing DBS funding and the extent to which USAID ensured the weaknesses were addressed, we reviewed and analyzed relevant reports and other deliverables completed by USAID's contractors, Deloitte and KPMG, and interviewed both USAID officials and contractors' staff. Specifically, we reviewed Deloitte's gap analysis reports to identify the number and types of recommendations Deloitte developed to address the weaknesses it found in Ukraine's internal controls and processes for managing DBS funding, as well as to identify the PEACE project categories affected by the weaknesses. Through reviewing Deloitte's reports and holding discussions with Deloitte staff, we learned about Ukraine's progress in implementing the recommendations. Additionally, we discussed the extent to which USAID and Deloitte analyzed these weaknesses and the risk they posed to Ukraine's management of DBS funding. We discussed how Ukraine prioritized Deloitte's recommendations, in accordance with principle 7 of the *Standards for Internal Control in the Federal Government*⁵—to identify, analyze, and respond to risk—and the Office of Management and Budget's guidance on enterprise risk management and internal controls.⁶ We also analyzed the results of Deloitte's spot check reports and

²GAO-15-593SP.

³The 78 reports we analyzed included all reports we received from USAID prior to October 2024 for 12 of the 13 expenditure categories. For the higher education salaries category, we also analyzed reports we received in October 2024, because of the smaller number of reports we had previously received for this category.

⁴GAO-14-704G.

⁵GAO-14-704G.

⁶Office of Management and Budget Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control (2016).

calculated the total amount of expenditure-related discrepancies it identified from March 2023 through December 2024.⁷ In addition, we reviewed KPMG quarterly performance reports, which included updates on the progress of their work, including challenges they faced in their work and preliminary findings.

To examine the weaknesses the World Bank has identified in Ukraine's processes for managing PEACE project funding, we reviewed and analyzed three reports from the World Bank's contractor, PwC, that identified some weaknesses in Ukraine's internal controls. We calculated the total number of weaknesses identified and determined the percentage of internal controls with weaknesses within each expenditure category, as identified by PwC. Additionally, we categorized the types of weaknesses identified by PwC and quantified the frequency of each weakness type within each category. Within these reports, PwC also reported on their testing of sample transactions reimbursed through the PEACE project. PwC tested these transactions to determine if expenditures were calculated correctly and made in accordance with PEACE project guidance. We analyzed the results of PwC's testing from its first three reports and calculated the total expenditure-related discrepancies PwC identified.⁸ We also interviewed World Bank officials to understand how they utilize PwC's findings in carrying out their oversight responsibilities. In addition, we asked USAID officials about the extent to which they request information from the World Bank about Ukraine's progress on addressing the weaknesses that PwC identified. We evaluated these responses to determine the extent to which USAID used quality information to inform its decisions related to oversight and technical assistance priorities, in accordance with principle 13 of the *Standards for Internal Control in the Federal Government*.⁹

We conducted this performance audit from September 2023 to September 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁷See appendix II for more information on discrepancies found through Deloitte's spot checks.

⁸See appendix IV for the results of this analysis.

⁹[GAO-14-704G](#).

Appendix II: Results of Deloitte's Testing of Sample Transactions Reimbursed With U.S. Direct Budget Support Funding

The U.S. Agency for International Development (USAID) hired a contractor, Deloitte Consulting LLP (Deloitte), in part to help ensure the accountability of DBS funding. As part of this work, Deloitte tested sample transactions reimbursed with U.S. direct budget support (DBS) funding. These tests were designed to determine if expenditures were calculated and reported correctly to the World Bank.¹ Deloitte reported on the results of these tests, called spot checks, monthly from March 2023 through December 2024. Based on our analysis, Deloitte identified a net total of \$501,990 in expenditure-related discrepancies through these spot checks.²

Deloitte reviewed three types of transactions through its spot checks.

- **Macro-Level Transactions:** U.S. DBS funds transferred from the World Bank to designated Ukrainian banks and then to Ukraine's Single Treasury Account.³ Deloitte did not identify any discrepancies through its macro-level spot checks.
- **Institutional-Level Transactions:** Payroll payments from Ukraine's Single Treasury Account to Ukrainian ministries and public institutions eligible for DBS reimbursement.⁴
- **Individual-Level Transactions:** Salary and social benefits payments from Ukraine's Treasury to individual recipients eligible for DBS reimbursement.⁵

If Deloitte identified any discrepancies above a defined threshold during these spot checks, it investigated the cause. Specifically, Deloitte requested clarification from the Ministry of Finance to determine whether the discrepancy was the result of an error or represented gaps in Ukraine's processes and controls for managing DBS.

¹Deloitte stated in its reports that its sample and the results of the limited number of spot checks they completed are not representative, given the scale of the financing programs and the number of parties involved.

²The total discrepancy amount is the sum of negative and positive discrepancies identified through Deloitte's spot checks and does not include amounts related to its broader data quality checks that may have duplicated some of the discrepancies found through the spot checks. Deloitte identified negative discrepancies when Ukraine underreported expenditures and positive discrepancies when Ukraine overreported expenditures. Deloitte also identified employee-related discrepancies, many of which Deloitte determined did not affect the amount of reported expenses. For example, some institutions incorrectly classified employees, such as those on unpaid leave, as full-time eligible employees in the employee count but correctly calculated their salaries.

³For these spot checks, Deloitte reviews bank documents to confirm the transfer of U.S. government funding and to verify details including the amounts, currency conversion, and dates.

⁴For these spot checks, Deloitte randomly selected agencies or regions and reviewed Ukrainian documents detailing the number of eligible employees and expenditures for the selected entity for a specific month. Deloitte then compared the totals they calculated from their review against the totals Ukraine reported to the World Bank.

⁵For these spot checks, Deloitte randomly selected individual recipients of salaries and social assistance benefits across the expenditure categories and regions, among other selection criteria. Deloitte and a team from Ukraine's Ministry of Finance verified the selected recipients' payment calculations and payment disbursements.

Institutional-Level Transactions

According to our analysis of Deloitte’s reports, Deloitte completed 476 institutional-level spot checks across the five salary expenditure categories eligible for DBS funding, testing about \$130 million in salary payments Ukraine reported to the World Bank.⁶ From this sample, Deloitte identified a net of approximately \$500,000 in salary expenditures that Ukraine overreported.

Deloitte conducted two types of checks at the institutional-level—spot checks and data quality checks—to verify eligible expenditures reported in a selected month. For example, when selecting an institution for the school employee salaries category, Deloitte would select a region and then one school within that region for the spot check. As an additional data quality check, Deloitte also reviewed aggregated data for the total number of eligible expenditures for all schools in selected regions for a given month.⁷

Deloitte identified 243 discrepancies across the samples in its spot checks. Almost half of the discrepancies Deloitte identified were in the healthcare worker salaries category and about a third of the discrepancies were in the school employee salaries category. Fifty-three of the 243 expenditure-related discrepancies met Deloitte’s threshold for investigation.⁸ We found that the discrepancies that did not meet Deloitte’s threshold for investigation were minor, with a net amount of approximately \$16,715 in under-reported expenditures. See table 5 for more detailed results regarding the overall expenditure-related discrepancies Deloitte identified in the salary categories, including discrepancies that did and did not meet Deloitte’s threshold for investigation.

Table 5: Institutional-Level Spot Checks and Expenditure-Related Discrepancies for Salary Categories

| Expenditure Category | Total Number of Spot Checks Completed | Number of Discrepancies Identified | Total of Underreported Expenditures (USD) | Total of Overreported Expenditures (USD) | Net Discrepancy Amount (USD) ^a |
|--|---------------------------------------|------------------------------------|---|--|---|
| Non-security sector government employee salaries | 66 | 29 | (20,506) | 435,686 | 415,180 |
| School employee salaries | 157 | 71 | (28,289) | 53,976 | 25,688 |
| Higher education employee salaries | 18 | 6 | (1,539) | 1,356 | (183) |
| Healthcare worker salaries | 179 | 117 | (677,155) | 747,273 | 70,118 |
| First responder salaries | 56 | 20 | (15,221) | 6,132 | (9,090) |
| Total | 476 | 243 | (742,710) | 1,244,423 | 501,712 |

⁶Deloitte also tested about \$10.5 billion in pension payments at the institutional level. We did not include these in this total because Deloitte did not verify the number of pensioners receiving benefits through these spot checks. Deloitte completed this testing by reviewing bank statements to confirm the monthly budget transfer from a Ukrainian bank to the Pension Fund of Ukraine, and it did not identify any discrepancies through this review.

⁷Deloitte did not report on the results of data quality checks until June 2023, and it did not complete data quality checks for all institutions or regions selected for spot checks. Also, we chose not to report the results of the data quality checks because they include institutions that had been selected for the more focused spot checks, and therefore the discrepancies found through the data quality checks may double-count some amounts already included in the totals for institutional-level spot checks. According to Deloitte, the discrepancies identified during data quality checks were of the same nature as the discrepancies identified during the spot checks and Deloitte did not identify any new weaknesses in Ukraine’s processes for managing DBS through the data quality checks.

⁸For institutional-level spot checks, Deloitte investigated any expenditure-related discrepancy that was greater than one percent of the expenditure amount reported to the World Bank and greater than \$1,000.

Appendix II: Results of Deloitte's Testing of Sample Transactions Reimbursed With U.S. Direct Budget Support Funding

Source: GAO analysis of Deloitte reports. | GAO-25-107057

Notes: Deloitte reported discrepancy amounts in Ukrainian hryvnia in its 2023 reports and reported discrepancies in U.S. dollars in its 2024 reports. For consistency, we converted the discrepancy amounts that Deloitte reported in 2023 to U.S. dollars using the same conversion rate Deloitte referred to in its 2023 and 2024 reports. Our approach approximates the magnitude of expenditure-related discrepancies that Deloitte identified through its spot checks.

Net amounts may not total due to rounding.

^aThe net discrepancy amount is the sum of negative and positive discrepancies. Deloitte identified negative discrepancies when Ukraine underreported expenditures and positive discrepancies when Ukraine overreported expenditures.

Deloitte worked with Ukraine to clarify the errors that led to the 53 expenditure-related discrepancies that met their threshold for investigation, and Ukraine has already addressed many of these discrepancies. For example, Deloitte learned that the State Statistics Service in one region erroneously reported the total amount of expenditures for five months (January to May 2022) when reporting its May 2022 salary expenditures. This resulted in a discrepancy of about \$221,000. Ukraine proactively identified this error and corrected it by adjusting the expenditure report submitted to the World Bank for June 2022 for this category. In analyzing Deloitte's reports, we found that Ukraine had proactively identified and addressed 24 of the expenditure-related discrepancies prior to Deloitte's identification of the discrepancy.

Deloitte's efforts to investigate the causes for discrepancies helped influence Ukraine to undertake a broader review of the healthcare worker salaries it reported to the World Bank in 2022 and part of 2023, according to Deloitte.⁹ Thirty-eight of the discrepancies Deloitte identified that met its threshold for investigation pertained to healthcare worker salary expenditures. Deloitte found that some clinics incorrectly included the salary tax amount in total salary expenditures. Other clinics included non-eligible expenditures in their reporting to the World Bank, such as salary expenditures that had been financed by the region's local budget. Although Ukraine had already addressed many of the individual discrepancies, in 2024 the Ministry of Finance worked with the National Health Service of Ukraine to reconcile the expenditure information it provided to the World Bank with reports from the individual clinics. In reviewing expenditures reported for January 2022 through December 2022, Ukraine identified \$93 million in eligible expenditures that had not been reported to the World Bank. Ukraine did not request reimbursement for these funds. When reviewing expenditures for January 2023 through June 2023, Ukraine identified over \$5 million in expenditures that it over-reported to the World Bank. The Ministry of Finance reduced the expenditures claimed for reimbursement by \$5 million in the July 2023 expenditure report it submitted to the World Bank.

Individual-Level Transactions

According to our analysis of Deloitte's reports, Deloitte completed 883 individual-level spot checks across the salary expenditure categories eligible for DBS funding,¹⁰ testing a total of \$824,573 in salary-related payments

⁹Deloitte also identified weaknesses in Ukraine's controls for reporting healthcare worker salary expenditures through its gap analysis work completed in 2023. USAID followed up with Ukraine to stress the importance of strengthening related controls. In addition, in February 2024, the USAID Office of Inspector General reported limitations in Ukraine's processes for collecting, consolidating, and reporting healthcare worker salary expenditures.

¹⁰For these spot checks, Deloitte reviewed individual salary payments while a team from Ukraine's Ministry of Finance reviewed individual social assistance payments. Deloitte verified a selected employee's salary by confirming the base salary using employment documentation, payroll information, and bank documents on salary disbursement. For a smaller sample of employees, Deloitte also verified bonuses and other allowances earned using payroll documents. The team from Ukraine's Ministry of Finance verified the eligibility and the amount of social assistance payment each selected individual received. They followed a methodology developed by Deloitte and prepared a report with their findings for Deloitte's review.

Ukraine reported to the World Bank.¹¹ From this sample, Deloitte identified a net of \$278 in salary expenditures that Ukraine overreported to the World Bank.

Our analysis of Deloitte’s spot check reports found that Deloitte identified 136 discrepancies in this sample, including four expenditure-related discrepancies that met the threshold for investigation.¹² Deloitte identified the majority of the discrepancies in the school employee and healthcare worker salaries categories. When analyzing the discrepancies that did not meet Deloitte’s threshold for investigation, we found that they amounted to a net total of \$130, similar to the discrepancies that had met the threshold (\$148). See table 6 for more detailed results regarding the expenditure-related discrepancies Deloitte identified for individual salary payments, including discrepancies that did and did not meet Deloitte’s threshold for investigation.

Table 6: Individual-Level Spot Checks and Expenditure-Related Discrepancies for Salary Categories

| Expenditure Category | Total Number of Spot Checks Completed | Number of Discrepancies Identified | Total of Underreported Expenditures (USD) | Total of Overreported Expenditures (USD) | Net Discrepancy Amount (USD) ^a |
|--|---------------------------------------|------------------------------------|---|--|---|
| Non-security sector government employee salaries | 170 | 16 | (44) | 109 | 65 |
| School employee salaries | 218 | 56 | (81) | 229 | 148 |
| Higher education employee salaries | 24 | 3 | 0 | 14 | 14 |
| Healthcare worker salaries | 334 | 38 | (107) | 126 | 19 |
| First responder salaries | 137 | 23 | (23) | 55 | 33 |
| Total | 883 | 136 | (255) | 533 | 278 |

Source: GAO analysis of Deloitte reports. | GAO-25-107057

Notes: Deloitte reported discrepancy amounts in Ukrainian hryvnia in its 2023 reports and reported discrepancies in U.S. dollars in its 2024 reports. For consistency, we converted the discrepancy amounts that Deloitte reported in 2023 to U.S. dollars using the same conversion rate Deloitte referred to in its 2023 and 2024 reports. Our approach approximates the magnitude of expenditure-related discrepancies that Deloitte identified through its spot checks.

Net amounts may not total due to rounding.

^aThe net discrepancy amount is the sum of negative and positive discrepancies. Deloitte identified negative discrepancies when Ukraine underreported expenditures and it identified positive discrepancies when Ukraine overreported expenditures.

Deloitte worked with Ukraine to clarify the errors that led to the four individual payment discrepancies that met their threshold for investigation and learned that Ukraine had already addressed these discrepancies. For example, Deloitte learned that in two cases the relevant institutions calculated a person’s sick leave incorrectly. However, Ukraine had proactively identified and addressed all four of the discrepancies prior to Deloitte’s identification by adjusting the next month’s expenditure report submitted to the World Bank.

¹¹A team from Ukraine’s Ministry of Finance also reviewed 355 individual pension and social assistance payments on behalf of Deloitte for its spot check process. We could not include information about these tests because Deloitte did not include that information in its spot check reports due to data privacy concerns. Ukraine’s Ministry of Finance identified a duplicate disability payment to an individual while working with Deloitte on these spot checks. To address the discrepancy, Ukraine reduced the individual’s monthly payments for several months.

¹²For individual-level spot checks, Deloitte investigated any expenditure-related discrepancy that was greater than one percent of the expenditure amount reported to the World Bank and greater than \$27.

Appendix III: Analysis of Detailed PEACE Project Expenditure Data

We used data analytics to identify anomalous expenditures that merit further examination by the responsible U.S. federal oversight agency. Specifically, we analyzed the detailed expenditure data in selected government of Ukraine expenditure verification reports Ukraine submitted to the World Bank to request reimbursement through the Public Expenditures for Administrative Capacity Endurance in Ukraine (PEACE) project. We reviewed data in 78 expenditure verification reports that included Ukrainian expenditures incurred from March 2022 through August 2023. We did not receive expenditure verification reports for every category for every month during this period, in part because Ukraine did not receive reimbursements through the PEACE project for each category every month.¹ The expenditure reports we reviewed included expenditure totals and recipient numbers (numbers of people receiving salaries or benefits) at the regional and institutional levels.

In this analysis, we identified 161 report-to-report increases in expenditure amounts that may indicate anomalies, outliers, and other concerns in the data.² We made this determination by comparing data in each expenditure verification report against the data from the prior report to identify any unusual changes in recipient or expenditure totals. The selected reports, which constitute our non-generalizable sample, contained 5,121 report-to-report changes at the regional or institutional level.

To analyze the report-to-report changes for all 13 expenditure categories and identify anomalous expenditures, we took a systematic approach that included a quantitative analysis of report-to-report changes in expenditures and recipient numbers and a qualitative assessment of the context and potential justifications for anomalous expenditures. Specifically, we completed the following steps for all 13 expenditure categories:

- **Step 1: Identified large report-to-report percentage changes in expenditures.** To identify large expenditure changes, we calculated the percentage change in expenditures since the prior report for each region and institution type and then calculated the percentiles of these report-to-report changes to see how the percentage changes were distributed within our samples for each category. We identified all the expenditures with percentage changes from the prior report at or above the 90th percentile for further review. We selected the 90th percentile to focus on those expenditures with the largest percentage changes first. During this step, we also considered any known factors that would explain or influence large changes in reported expenditure amounts, such as seasonal pay and benefits in the education sector. If we knew of any factors, we separately reviewed the data for those months.
- **Step 2: Reviewed direction and magnitude of report-to-report percentage changes in recipient counts and expenditure amounts for data not selected in step 1.** To identify unusual changes in expenditure amounts that did not align with changes in recipient numbers, we reviewed the report-to-report

¹The 78 reports we analyzed included all reports we received from USAID prior to October 2024 for 12 of the 13 expenditure categories. For the higher education salaries category, we also analyzed reports we received in October 2024 because of the smaller number of reports we had previously received for this category.

²Not all report-to-report changes were between consecutive months. In some cases, we reviewed changes between reports that were two to four months apart because we did not receive expenditure verification reports for every month for every category in our time range. In addition, we could not calculate report-to-report percentage changes in a month following a month when an institution or region reported zero beneficiaries or zero expenditures.

percentage changes for both the recipients and expenditure amounts for the expenditures that were not selected in the first step. The intent of this step was to check whether large changes in expenditure amounts corresponded with large changes in the numbers of recipients of those expenditures. We selected the expenditures for further review that were both (1) below the 10th percentile in the percentage change in number of recipients and (2) were at or above the 50th percentile in percentage change in the expenditure amount.

- **Step 3: Individually examined selected expenditures.** We then examined all the selected expenditures from step 1 and step 2 to determine if they merited further examination. During this step, we compared the report-to-report percentage changes in recipient counts and expenditure amounts and removed from consideration any expenditures where reported recipient counts were generally associated with similar changes in expenditure amounts. We also reviewed the amounts and percentage changes in recipient counts and expenditure amounts to determine whether deviating trends in reporting existed by region, institution, or month. For example, we removed expenditures that corresponded with trends seen in other regions during the same month (e.g., when most regions had large increases in expenditures from one reporting period to the next). In addition, when available, we reviewed the overview reports that Ukraine submits to the World Bank with the expenditure verification reports, which sometimes provide context for increases in expenditures or other unexpected reporting changes.³ We used these reports and other available information to determine whether there were any reasonable justifications for removing the selected expenditures from our list of reported expenditures that merit further examination. We recognize there may be additional factors that would explain some of the larger than expected increases in expenditures, such as disruptions in payments due to cash flow constraints, changes in the conflict zone, population displacements, and the reorganization of government bodies. Investigating all such factors is outside the scope of this analysis.

We determined that the reported expenditures remaining after this final step merit further examination by the responsible oversight agency because they represented potentially significant discrepancies, and we did not identify explanations for the report-to-report expenditure changes from currently available information.⁴ The remaining expenditures are listed in tables below by expenditure category.

³We did not receive the associated overview reports for all the expenditure verification reports we received.

⁴We also compared the remaining expenditures to a list of government and higher education institutions that Deloitte reviewed during its spot checks and removed any expenditures that Deloitte had already reviewed. To complete our analysis, we evaluated string similarity metrics, such as Levenshtein edit distance on the entries (i.e., the minimum number of keystrokes necessary to convert one string to the other), the edit distance on the alphabetized list of words, and cosine similarity (i.e., a measure of the fraction of words shared between the two strings). We expressed these metrics as values between 0 (if the metric finds the strings entirely dissimilar) and 1 (if the metric finds the strings identical). We manually reviewed all entries with any similarity greater than 0.8 to see if the institution name was the same as an instance we identified that merited further examination. If the institution names were the same, we determined whether the Deloitte spot check matched the period covered by a reported expenditure that we identified. We identified one match that we removed from the lists of expenditures for further examination.

Non-security Sector Government Employee Salaries



Non-security sector government employee salaries

Civil servants at both the central and subnational level from most ministries and agencies. Does not include military or law enforcement personnel.

Source: GAO analysis of World Bank and government of Ukraine documents (data); GAO (icons). | GAO-25-107057

For the non-security sector government employee salaries category, we reviewed 497 report-to-report changes and identified 33 reported expenditures for which the change from the prior report merits further examination.⁵ We analyzed institutional-level data for 6 months of salary expenditures incurred between November 2022 and June 2023. When doing so, we analyzed the data for December 2022 and June 2023 separately because we would expect expenditures in these months to be higher than other months.⁶ Specifically, interviews with Ukrainian government officials and PEACE project overview reports stated that government employees receive additional benefits in December and June each year. As a result, we expected the largest percentage changes in expenditures for this category to occur in December and June, with corresponding large negative percentage changes in January and July when salary expenditures return to normal levels.

We initially identified 60 reported expenditures that met our percentile cutoffs for further review. Of these, we found likely explanations for the report-to-report changes for 26 of the expenditures. For example, we removed from consideration expenditures identified for December 2022 when we observed a nearly equal percentage change decrease for the expenditure amount in January 2023 for those same institutions, because the offsetting decrease in expenditures suggests that the December increase was related to the end of year bonuses. We also removed expenditures where the percentage change for the expenditure amount was close to the average across all institutions and when there was a similar trend in the difference in the report-to-report percentage changes for the employee numbers and expenditure amounts. In addition, we removed one expenditure for the State Export Control Service pertaining to a 23 percent increase in the expenditure amount

⁵We found that the percentage change in salary expenditures varied greatly across these institutions during reported months, ranging from negative 95 percent to 2,474 percent, while the percentage change for employee numbers ranged from negative 49 percent to 39 percent.

⁶There were approximately 100 ministries and agencies included in the monthly expenditure verification reports.

between March and April 2023 because Deloitte completed a spot check of this institution’s reporting for April 2023.⁷

The remaining 33 expenditure changes would benefit from further examination. For example, we identified a \$484,760 increase in salary expenditures for Ministry of Health employees between November and December 2022, which represented a 452 percent increase in expenditures. Although government employees typically receive bonuses in December, this increase for the Ministry of Health was significantly larger than the average percentage increase between November and December 2022, which was 35 percent. See table 7 for the full list of reported expenditures we identified that merit further examination.

Table 7: Report-to-Report Expenditure Changes Identified for Examination for Non-security Sector Government Employee Salaries

| Ministries and Agencies at the National and Regional Level | Month of First Report | Month of Second Report | Percentage Change in Employee Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
|---|-----------------------|------------------------|---|------------------------------------|---|
| Supreme Court | April 2023 | June 2023 | -2 | 1,067,542 | 2,474 |
| Ministry of Health | November 2022 | December 2022 | -7 | 484,760 | 452 |
| State Service for Ethnopolitics and Freedom of Conscience | November 2022 | December 2022 | 3 | 44,590 | 345 |
| State Judicial Administration without Judicial Protection Service | November 2022 | December 2022 | 0 | 12,860,193 | 153 |
| Ministry of Education and Science | November 2022 | December 2022 | -1 | 343,505 | 114 |
| State Agency for Cinema | November 2022 | December 2022 | 0 | 70,185 | 113 |
| Commission for the Regulation of Gambling and Lotteries | November 2022 | December 2022 | 0 | 97,981 | 85 |
| State Inspectorate for Architecture and Urban Planning | March 2023 | April 2023 | 1 | 189,556 | 70 |
| State Agency for Infrastructure Projects | January 2023 | March 2023 | 0 | 16,179 | 59 |
| Constitutional Court | November 2022 | December 2022 | -30 | 218,000 | 52 |
| Chernihiv Regional State Administration | March 2023 | April 2023 | -2 | 113,777 | 47 |
| High Council of Justice | January 2023 | March 2023 | 7 | 114,857 | 40 |
| State Financial Monitoring Service | January 2023 | March 2023 | 3 | 52,381 | 37 |
| Supreme Court | January 2023 | March 2023 | -11 | 26,263 | 35 |
| Ministry of Reintegration of the Temporarily Occupied Territories | January 2023 | March 2023 | -9 | 29,189 | 34 |
| State Agency for Water Resources | January 2023 | March 2023 | -8 | 13,983 | 31 |
| National Commission on Securities and Stock Market | March 2023 | April 2023 | 1 | 79,487 | 30 |
| Ministry of Community and Territorial Development | January 2023 | March 2023 | -49 | 85,487 | 29 |
| Ministry of Finance | March 2023 | April 2023 | 1 | 242,713 | 26 |

⁷Deloitte reported on the results of this spot check in its March 2024 spot check report. Deloitte found that the State Export Control Service underreported two employees that month.

Appendix III: Analysis of Detailed PEACE Project Expenditure Data

| Ministries and Agencies at the National and Regional Level | Month of First Report | Month of Second Report | Percentage Change in Employee Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
|--|-----------------------|------------------------|---|------------------------------------|---|
| Office of the Verkhovna Rada of Ukraine | March 2023 | April 2023 | -1 | 342,546 | 25 |
| Constitutional Court | March 2023 | April 2023 | 1 | 56,003 | 24 |
| Ministry of Development of Communities, Territories, and Infrastructure | March 2023 | April 2023 | 0 | 125,551 | 22 |
| State Directorate for Affairs | March 2023 | April 2023 | 0 | 166,417 | 22 |
| State Archival Service | January 2023 | March 2023 | -10 | 7,832 | 22 |
| State Agency for Arts and Art Education | January 2023 | March 2023 | 6 | 5,133 | 21 |
| Secretariat of the Commissioner for the Protection of the State Language | January 2023 | March 2023 | 4 | 4,637 | 21 |
| Ukrainian Institute of National Memory | January 2023 | March 2023 | -4 | 6,132 | 20 |
| Ministry of Digital Transformation | January 2023 | March 2023 | 1 | 52,873 | 20 |
| State Inspectorate for Architecture and Urban Planning | January 2023 | March 2023 | 1 | 45,316 | 20 |
| State Regulatory Service | January 2023 | March 2023 | 0 | 15,214 | 20 |
| Ministry of Agrarian Policy and Food | January 2023 | March 2023 | -4 | 31,649 | 20 |
| Ministry of Social Policy | January 2023 | March 2023 | -10 | 31,469 | 14 |
| Kherson Regional State Administration | January 2023 | March 2023 | -11 | 35,954 | 12 |

Source: GAO analysis of government of Ukraine documents (data). | GAO-25-107057

Note: Percentages and amounts are rounded.

School Employee Salaries



School employee salaries

Teachers and administrative staff at public schools below the university level.

Source: GAO analysis of World Bank and government of Ukraine documents (data); GAO (icons). | GAO-25-107057

For the school employee salaries category, we reviewed 634 report-to-report changes and identified 43 reported expenditures for which the change from the prior report merits further examination.⁸ We analyzed regional and institutional-level data for 5 months of salary expenditures incurred between November 2022 and June 2023.⁹ When doing so, we analyzed the data for June 2023 separately because school employees receive summer pay and other benefits in June each year, according to Ukrainian government officials we interviewed and documentation we reviewed. As a result, we expected the largest percentage changes in expenditures for this category to occur in June.

We initially identified 81 reported expenditures that met our percentile cutoffs for further review. Of these, we found likely explanations for the report-to-report changes for 38 of the expenditures. For example, we removed from consideration expenditures for which the percentage change for the expenditure amount was close to the average across all the regions for that specific type of school. We also removed expenditures for which it appeared that schools in the region provided summer pay in May or June, because the overview report for May 2023 noted that some schools provide summer pay in May.

The remaining 43 expenditure changes would benefit from further examination. For example, we identified a \$655,309 increase in salary expenditures for the vocational and technical education institutes in Lviv between May and June 2023, which represented a 241 percent increase in expenditures. Although school employees typically receive their summer pay in June, this increase for this school type in Lviv was much larger than the average percentage increase between May and June 2023, which was 178 percent. See table 8 for the full list of expenditures we identified that merit further examination.

Table 8: Report-to-Report Expenditure Changes Identified for Examination for School Employee Salaries

| Region | School Type | Month of First Report | Month of Second Report | Percentage Change in Employee Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
|-----------------|--|-----------------------|------------------------|---|------------------------------------|---|
| Ternopil | Orphanages | November 2022 | March 2023 | 3100 | 73,115 | 3466 |
| Kherson | Institutions of professional, vocational, and technical education | November 2022 | March 2023 | 316 | 46,724 | 1484 |
| Ivano-Frankivsk | Institutions of specialized education: art, sports, and scientific lyceums | May 2023 | June 2023 | 0 | 136,482 | 251 |
| Luhansk | Institutions of vocational pre-higher education | May 2023 | June 2023 | 0 | 13,589 | 248 |
| Luhansk | Institutions of professional, vocational, and technical education | May 2023 | June 2023 | 0 | 71,834 | 245 |

⁸We found that the percentage change in salary expenditures varied greatly across these institutions during reported months, ranging from negative 92 percent to 3,466 percent, while the percentage change for employee numbers ranged from negative 89 percent to 3,100 percent.

⁹There were 25 regions and eight types of schools included in the monthly expenditure verification reports. However, not all regions in Ukraine have all eight types of schools. For example, only three regions have the institutions of vocational pre-higher education.

Appendix III: Analysis of Detailed PEACE Project Expenditure Data

| Region | School Type | Month of First Report | Month of Second Report | Percentage Change in Employee Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
|-----------------|--|-----------------------|------------------------|---|------------------------------------|---|
| Kherson | Institutions of professional, vocational, and technical education | May 2023 | June 2023 | 0 | 100,723 | 244 |
| Lviv | Institutions of professional, vocational, and technical education | May 2023 | June 2023 | 0 | 655,309 | 241 |
| Chernivtsi | Institutions of specialized education: art, sports, and scientific lyceums | May 2023 | June 2023 | 0 | 92,170 | 237 |
| Donetsk | Institutions of professional, vocational, and technical education | May 2023 | June 2023 | 0 | 179,068 | 235 |
| Ternopil | Inclusive resource centers | May 2023 | June 2023 | 0 | 265,818 | 218 |
| Ivano-Frankivsk | Educational and rehabilitation centers | May 2023 | June 2023 | 0 | 53,570 | 211 |
| Khmelnyskyi | Educational and rehabilitation centers | May 2023 | June 2023 | -1 | 188,678 | 206 |
| Kirovohrad | Institutions of specialized education: art, sports, and scientific lyceums | May 2023 | June 2023 | -1 | 136,956 | 204 |
| Kherson | Special schools | April 2023 | May 2023 | -5 | 30,046 | 164 |
| Kherson | Special schools | November 2022 | March 2023 | 1222 | 26,740 | 103 |
| Kherson | Institutions of specialized education: art, sports, and scientific lyceums | April 2023 | May 2023 | -15 | 29,751 | 101 |
| Kherson | Educational and rehabilitation centers | April 2023 | May 2023 | -23 | 4,242 | 83 |
| Dnipropetrovsk | Special schools | April 2023 | May 2023 | 0 | 277,790 | 63 |
| Khmelnyskyi | Institutions of specialized education: art, sports, and scientific lyceums | November 2022 | March 2023 | 0 | 1,992 | 60 |
| Sumy | Educational and rehabilitation centers | April 2023 | May 2023 | 0 | 13,681 | 49 |
| Odessa | Orphanages | April 2023 | May 2023 | 0 | 6,720 | 44 |
| Odessa | Special schools | April 2023 | May 2023 | 0 | 20,125 | 44 |
| Luhansk | Institutions of general primary and secondary education | April 2023 | May 2023 | 0 | 466,146 | 42 |
| Volyn | Special schools | April 2023 | May 2023 | 0 | 47,197 | 40 |
| Kyiv City | Educational and rehabilitation centers | November 2022 | March 2023 | -4 | 19,660 | 39 |
| Chernivtsi | orphanages | November 2022 | March 2023 | -5 | 2,341 | 39 |
| Zaporizhzhia | Special schools | April 2023 | May 2023 | -1 | 150,417 | 37 |

Appendix III: Analysis of Detailed PEACE Project Expenditure Data

| Region | School Type | Month of First Report | Month of Second Report | Percentage Change in Employee Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
|-----------------|--|-----------------------|------------------------|---|------------------------------------|---|
| Sumy | Institutions of specialized education: art, sports, and scientific lyceums | April 2023 | May 2023 | 0 | 20,683 | 36 |
| Kyiv City | Inclusive resource centers | April 2023 | May 2023 | -2 | 15,098 | 36 |
| Ivano-Frankivsk | Inclusive resource centers | April 2023 | May 2023 | 0 | 23,326 | 34 |
| Zaporizhzhia | Educational and rehabilitation centers | April 2023 | May 2023 | 0 | 15,628 | 33 |
| Dnipropetrovsk | Institutions of specialized education: art, sports, and scientific lyceums | April 2023 | May 2023 | 0 | 50,970 | 31 |
| Kyiv City | Institutions of specialized education: art, sports, and scientific lyceums | April 2023 | May 2023 | -6 | 14,036 | 29 |
| Odessa | Educational and rehabilitation centers | April 2023 | May 2023 | 0 | 76,612 | 28 |
| Cherkasy | Educational and rehabilitation centers | November 2022 | March 2023 | -2 | 18,359 | 27 |
| Kirovohrad | Special schools | April 2023 | May 2023 | 0 | 44,913 | 24 |
| Zaporizhzhia | Special schools | November 2022 | March 2023 | -8 | 79,402 | 24 |
| Vinnitsia | Inclusive resource centers | November 2022 | March 2023 | -9 | 16,410 | 16 |
| Poltava | Institutions of specialized education: art, sports, and scientific lyceums | April 2023 | May 2023 | -29 | 13,272 | 13 |
| Kharkiv | Institutions of specialized education: art, sports, and scientific lyceums | November 2022 | March 2023 | -7 | 6,475 | 13 |
| Chernivtsi | Institutions of specialized education: art, sports, and scientific lyceums | November 2022 | March 2023 | -7 | 3,127 | 9 |
| Sumy | Institutions of specialized education: art, sports, and scientific lyceums | November 2022 | March 2023 | -17 | 4,004 | 8 |
| Chernivtsi | Special schools | November 2022 | March 2023 | -15 | 5,645 | 7 |

Source: GAO analysis of government of Ukraine documents (data). | GAO-25-107057

Notes: Percentages and amounts are rounded.

Some of the expenditures listed involved larger-than-expected May increases as well as large increases in June. The total salary expenditures for the school type in those regions in May and June, as compared to April, are much larger than expected even if some schools provided summer pay in May while others provided it in June.

Higher Education Employee Salaries



Higher education employee salaries

Teachers and administrative staff at public universities. Does not cover military colleges or staff serving in the military or territorial defense forces.

Source: GAO analysis of World Bank and government of Ukraine documents (data); GAO (icons). | GAO-25-107057

For the higher education employee salaries category, we reviewed 2,723 report-to-report changes and identified 54 reported expenditures for which the change from the prior report merits further examination.¹⁰ We analyzed institutional-level data for 9 months of salary expenditures incurred between March 2022 and December 2022.¹¹ When doing so, we analyzed the data for June 2022 separately because higher education employees receive vacation benefits in June each year, according to documentation we reviewed. As a result, we expected the largest percentage changes in expenditures for this category to occur in June.

We initially identified 148 reported expenditures that met our percentile cutoffs for further review.¹² Of these, we found likely explanations for the report-to-report changes for 94 of the expenditures. For example, we removed from consideration expenditures with a large percentage change from August to September 2022 when (1) the institute reported very low expenditures in August and (2) the September expenditure amount was similar to amounts reported in March, April, October, and November, because this indicated that most employees were on summer break in August.¹³ We also removed expenditures from further consideration when it appeared that the institution experienced a reporting issue or other hardship the prior month that

¹⁰We found that the percentage change in salary expenditures varied greatly across these institutions during reported months, ranging from negative 100 percent to 2,125 percent, while the percentage change for employee numbers ranged from negative 100 percent to 436 percent.

¹¹Approximately 376 institutions reported expenditures from March 2022 through October 2022. This number dropped to 304 in November 2022 and to 200 in December 2022.

¹²Because the data set for the higher education employee salaries included a much larger number of report-to-report percentage changes for review, we modified the percentiles used in steps 1 and 2 of the analysis. For Step 1, we identified all the expenditures with percentage changes from the prior report at or above the 95th percentile for further review. For Step 2, we selected the expenditures for further review that were both (1) below the 5th percentile in the percentage change in number of recipients and (2) were at or above the 90th percentile in percentage change in the expenditure amount.

¹³We kept expenditures reported in September when the expenditure amount was much larger than that reported in April and October because there were no immediate explanations for why an institution's September expenditures would have been larger than other months when school was in session.

resulted in abnormally low expenditures and then a larger than expected percentage change in the month in question.

The remaining 54 expenditure changes would benefit from further examination. For example, we identified a \$851,156 increase in salary expenditures for a National Pedagogical University between November and December 2022, which represented a 366 percent increase in expenditures. This increase was much larger than the average percentage change for expenditures between November and December 2022 across all institutes, which was 43 percent, while this institute also experienced a 26 percent decrease in employee numbers. Moreover, the institution's expenditure amount for December was larger than that for June, when employees receive their vacation benefits. See table 9 for the full list of expenditures we identified that merit further examination.

Table 9: Report-to-Report Expenditure Changes Identified for Examination for Higher Education Employee Salaries

| Institution | Month of First Report | Month of Second Report | Percentage Change in Employee Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
|---|-----------------------|------------------------|---|------------------------------------|---|
| Separate Structural Unit - Professional College, Yuri Fedkovych Chernivitsi National University | March 2022 | April 2022 | 0 | 43,012 | 706 |
| Automobile and Road Professional College, Lviv Polytechnic National University | June 2022 | July 2022 | 0 | 100,976 | 611 |
| Zaporizhzhia State Medical University | August 2022 | September 2022 | -11 | 143,357 | 579 |
| Mykhailo Boychuk Kyiv State Academy of Decorative and Applied Arts and Design | August 2022 | September 2022 | 8 | 54,931 | 534 |
| V. O. Sukhomlynskyi Mykolayiv National University | June 2022 | July 2022 | 0 | 170,346 | 520 |
| N. E. Zhukovsky National Aerospace University, Kharkiv Aviation Institute | November 2022 | December 2022 | 1 | 618,740 | 491 |
| Separate Structural Unit - Specialized College of Economics and Technologies, Chernihiv Polytechnic National University | March 2022 | April 2022 | 0 | 45,719 | 485 |
| Donbas National Academy of Construction and Architecture | August 2022 | September 2022 | 0 | 45,443 | 462 |
| K. D. Ushinsky South Ukrainian National Pedagogical University | August 2022 | September 2022 | 0 | 180,003 | 418 |
| Kherson State Agrarian and Economic University | June 2022 | July 2022 | 0 | 232,728 | 410 |
| Kherson State Agrarian and Economic University | November 2022 | December 2022 | 0 | 185,569 | 390 |
| Dnipro State Academy of Physical Culture and Sports | August 2022 | September 2022 | -10 | 93,447 | 369 |
| Uman National University of Horticulture | August 2022 | September 2022 | 0 | 222,776 | 368 |
| Lviv Ivan Franko National University | August 2022 | September 2022 | 0 | 1,104,454 | 367 |
| M. P. Drahomanov National Pedagogical University | November 2022 | December 2022 | -26 | 851,156 | 366 |

Appendix III: Analysis of Detailed PEACE Project Expenditure Data

| Institution | Month of First Report | Month of Second Report | Percentage Change in Employee Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
|--|-----------------------|------------------------|---|------------------------------------|---|
| Kyiv Professional College of Communications | November 2022 | December 2022 | 5 | 73,458 | 364 |
| Separate Structural Unit -Specialized College of Technology, Business and Law, Lesya Ukrainka Volyn National University | August 2022 | September 2022 | 0 | 40,471 | 364 |
| Bila Tserkva National Agrarian University | August 2022 | September 2022 | 0 | 210,945 | 362 |
| National University of Bioresources and Nature Management of Ukraine, Kyiv | August 2022 | September 2022 | 3 | 1,308,821 | 359 |
| Odesa National Technological University | August 2022 | September 2022 | 1 | 282,608 | 357 |
| Donetsk National Technical University | July 2022 | August 2022 | 0 | 90,309 | 353 |
| State Tax University | November 2022 | December 2022 | -3 | 500,617 | 308 |
| Separate Structural Unit - Smilyansk Technological Vocational College, National University of Food Technologies | August 2022 | September 2022 | -6 | 44,118 | 296 |
| Separate Structural Unit - the Bar Professional College of Transport and Construction, National Transport University | June 2022 | July 2022 | 0 | 79,804 | 288 |
| Kharkiv National University of Construction and Architecture | June 2022 | July 2022 | 1 | 175,297 | 283 |
| Separate Structural Division - Zalishchyky Vocational College, E. Khraplyvy National University of Bioresources and Natural Management | August 2022 | September 2022 | -3 | 36,320 | 275 |
| Separate Structural Unit of the Specialist College of Maritime Transport, National University "Odesa Maritime Academy" | August 2022 | September 2022 | 6 | 35,180 | 274 |
| Lviv National Stepan Szgzytskyi University of Veterinary Medicine and Biotechnology | August 2022 | September 2022 | 1 | 287,590 | 272 |
| Lutsk National Technical University | November 2022 | December 2022 | 0 | 295,646 | 258 |
| Dnipro State Technical University | August 2022 | September 2022 | 0 | 94,861 | 255 |
| P. I. Tchaikovsky National Music Academy of Ukraine | August 2022 | September 2022 | -11 | 266,867 | 250 |
| V. O. Sukhomlynskyi Mykolayiv National University | August 2022 | September 2022 | -4 | 90,531 | 248 |
| Kharkiv National University of Construction and Architecture | November 2022 | December 2022 | 0 | 307,050 | 247 |
| State University of Trade and Economics | August 2022 | September 2022 | 0 | 357,929 | 247 |
| Separate Structural Subdivision – O. Mainova College of Economics and Management in Bobrovytsia, National University of Bioresources and Nature Management | August 2022 | September 2022 | 0 | 32,451 | 231 |

Appendix III: Analysis of Detailed PEACE Project Expenditure Data

| Institution | Month of First Report | Month of Second Report | Percentage Change in Employee Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
|---|-----------------------|------------------------|---|------------------------------------|---|
| Bukovyna State Medical University | August 2022 | September 2022 | -15 | 109,634 | 230 |
| Kharkiv Medical Academy of Postgraduate Education | November 2022 | December 2022 | -1 | 293,683 | 227 |
| Kamianets-Podilsky Ivan Ohienko National University | November 2022 | December 2022 | 1 | 239,867 | 221 |
| Ivan Bobersky Lviv State University of Physical Culture | November 2022 | December 2022 | 0 | 225,563 | 199 |
| Vinnitsia National Agrarian University | November 2022 | December 2022 | 1 | 267,043 | 193 |
| Volodymyr Dahl Eastern Ukrainian National University | April 2022 | June 2022 | -4 | 631,230 | 182 |
| Separate Structural Unit of Sumy Vocational College, Sumy National Agrarian University | March 2022 | April 2022 | 0 | 13,088 | 176 |
| Separate Structural Unit - Kherson Polytechnic College, Odesa Polytechnic State University | April 2022 | June 2022 | -21 | 131,956 | 164 |
| Yaroslav the Wise National Law University | April 2022 | June 2022 | 0 | 796,447 | 163 |
| State Biotechnological University | November 2022 | December 2022 | -42 | 527,225 | 152 |
| Separate Structural Unit - Berezhany Professional College, National University of Bioresources and Nature Management of Ukraine | April 2022 | June 2022 | 0 | 62,678 | 143 |
| Kramatorsk Vocational College of Industry, Information Technology and Business, Donbas State Machine Building Academy | April 2022 | June 2022 | 0 | 68,495 | 139 |
| Separate Structural Unit - Zaporizhzhia Humanitarian Vocational College, Zaporizhzhia Polytechnic National University | April 2022 | June 2022 | 0 | 9,331 | 138 |
| Separate Structural Unit - Rivne Technical Vocational College, National University of Water Management and Nature Management | April 2022 | June 2022 | 0 | 54,044 | 136 |
| Separate Structural Unit - Starobilsk Vocational College, Luhansk National Agrarian University | April 2022 | June 2022 | 0 | 42,644 | 133 |
| Odesa Automobile and Road Professional College, Odesa Polytechnic National University | April 2022 | June 2022 | 0 | 106,919 | 131 |
| Azov State Technical University | November 2022 | December 2022 | -11 | 279,696 | 120 |
| Mykhailo Boychuk Kyiv State Academy of Decorative and Applied Arts and Design | April 2022 | June 2022 | -20 | 66,125 | 114 |
| Sumy National Agrarian University | August 2022 | September 2022 | -6 | 145,037 | 84 |

Source: GAO analysis of government of Ukraine documents (data). | GAO-25-107057

Note: Percentages and amounts are rounded.

Healthcare Worker Salaries



Healthcare worker salaries

Covers a portion of central government reimbursements to healthcare facilities for healthcare packages representing salaries.

Source: GAO analysis of World Bank and government of Ukraine documents (data); GAO (icons). | GAO-25-107057

For the healthcare worker salaries category, we reviewed 150 report-to-report changes and identified nine reported expenditures for which the change from the prior report merits further examination.¹⁴ We analyzed regional-level data for 7 months of salary expenditures incurred between August 2022 and March 2023 across the 25 Ukrainian regions.

We initially identified 17 reported expenditures that met our percentile cutoffs for further review. Of these, we found likely explanations for the report-to-report changes for eight of the expenditures. For example, we removed from consideration several March 2023 expenditures because data for that region in prior months was consistent with the possibility that the March 2023 expenditures included delayed payments. The overview report for March 2023 explains that increases in expenditure amounts for March were connected to delayed payments to healthcare providers for January and February 2023.

The remaining nine expenditure changes would benefit from further examination. For example, we identified a \$710,004 increase in salary expenditures for healthcare workers in Rivne between September and October 2022, which represented a 9 percent increase in expenditures. This increase was larger than the average for the report-to-report percentage change for all regions in October (3.36 percent), and the increased expenditures did not align with the small percentage increase in employees that month (0.44 percent). See table 10 for the full list of reported expenditures we identified that merit further examination.

¹⁴We found that the percentage change in salary expenditures across these institutions during the reported months ranged from negative 20 percent to 61 percent, while the percentage change for employee numbers ranged from negative 16 percent to 66 percent.

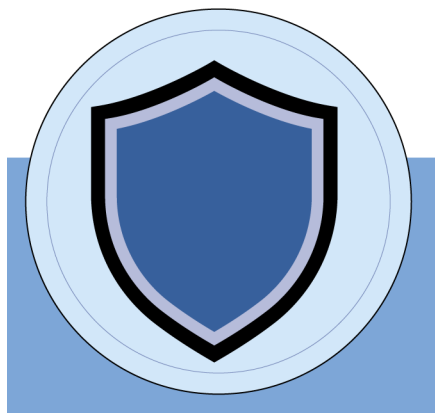
Table 10: Report-to-Report Expenditure Changes Identified for Examination for Healthcare Worker Salaries

| Region | Month of First Report | Month of Second Report | Percentage Change in Employee Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
|-----------|-----------------------|------------------------|---|------------------------------------|---|
| Luhansk | January 2023 | February 2023 | -6 | 141,542 | 18 |
| Mykolayiv | September 2022 | October 2022 | 1 | 611,502 | 10 |
| Volyn | September 2022 | October 2022 | 0 | 605,973 | 9 |
| Rivne | September 2022 | October 2022 | 0 | 710,004 | 9 |
| Donetsk | August 2022 | September 2022 | -3 | 503,593 | 9 |
| Chernihiv | September 2022 | October 2022 | 1 | 556,764 | 8 |
| Kyiv | September 2022 | October 2022 | 0 | 743,071 | 8 |
| Sumy | September 2022 | October 2022 | 0 | 582,305 | 8 |
| Luhansk | November 2022 | January 2023 | -3 | 48,977 | 7 |

Source: GAO analysis of government of Ukraine documents (data). | GAO-25-107057

Note: Percentages and amounts are rounded.

First Responder Salaries



First responder salaries

Covers wages of first responders.

Source: GAO analysis of World Bank and government of Ukraine documents (data); GAO (icons). | GAO-25-107057

For the first responder salaries category, we reviewed 25 report-to-report changes and identified two reported expenditures for which the change from the prior report merits further examination.¹⁵ We analyzed institutional-level data for 6 months of salary expenditures incurred between November 2022 and June 2023 across five State Emergency Service Units. When doing so, we analyzed the data for December 2022 separately because first responders received additional payments in that month for increased workloads and for working in dangerous conditions, according to Ukrainian overview reports we reviewed. As a result, we expected the largest percentage changes in expenditures for this category to occur in December 2022.

¹⁵We found that the percentage change in salary expenditures across these institutions during reported months ranged from negative 48 percent to 52 percent, while the percentage change for employee numbers ranged from negative 10 percent to 4 percent.

We initially identified three reported expenditures that met our percentile cutoffs for further review. Of these, we found likely explanations for the report-to-report changes for one of the expenditures. We removed this expenditure from consideration as it was from December 2022 and we noted a similar decreasing percentage change in the following expenditure report we reviewed. This would be the expected result if the percentage change increase in December was due to a one-time set of additional payments.

The remaining two expenditure changes would benefit from further examination. For example, we identified a \$416,520 increase in salary expenditures for one of the first responder units between April and May 2023, which represented an 18 percent increase in expenditures. This increase was larger than the average for the report-to-report percentage change for all regions in May (6 percent), and the increased expenditures did not align with the small percentage decrease in employees that month (-0.3 percent). See table 11 for the full list of reported expenditures we identified that merit further examination.

Table 11: Report-to-Report Expenditure Changes Identified for Examination for First Responder Salaries

| State Emergency Service Unit | Month of First Report | Month of Second Report | Percentage Change in Employee Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
|---|-----------------------|------------------------|---|------------------------------------|---|
| Educational institutions and research institutions in the field of civil protection and fire safety | April 2023 | May 2023 | 0 | 416,520 | 18 |
| Organizational units of the Ukrainian Hydrometeorological Center | April 2023 | May 2023 | 0 | 191,717 | 12 |

Source: GAO analysis of government of Ukraine documents (data). | GAO-25-107057

Note: Percentages and amounts are rounded.

Pensions



Pensions

Central government transfer to the Pension Fund of Ukraine, which provides benefits based on old age, disability, and survivorship.

Source: GAO analysis of World Bank and government of Ukraine documents (data); GAO (icons). | GAO-25-107057

For the pensions category, we reviewed 300 report-to-report changes and identified eight instances for which the change from the prior report merits further examination.¹⁶ We analyzed regional-level data for 5 months of benefits expenditures incurred between November 2022 and August 2023 for three types of pension benefits (old age, survivorship, and disability) across the 25 Ukrainian regions. When doing so, we analyzed the data for March 2023 separately because Ukraine adjusted pension payments for inflation that month, according to the related Ukrainian overview report. As a result, we expected the largest percentage changes in expenditures for this category to occur in March 2023.

We initially identified 31 reported expenditures that met our percentile cutoffs for further review. Of these, we found likely explanations for the report-to-report changes for 23 of the expenditures. For example, we removed from consideration expenditures identified for March 2023 with a percentage change less than the 19.7 percent inflation adjustment. We also removed the expenditures for which the percentage change was near the average for that month and type of pension payment.

The remaining eight expenditure changes would benefit from further examination. For example, we identified a \$5,454,826 increase in old age pension expenditures for the Rivne region between March and July 2023, which represented an 18 percent increase in expenditures. This increase was larger than the average for the report-to-report percentage change for all regions in July (-0.65 percent), and the increased expenditures did not align with the small percentage decrease in beneficiaries that month (-0.18 percent). See table 12 for the full list of reported expenditures we identified that merit further examination.

| Table 12: Report-to-Report Expenditure Changes Identified for Examination for Pensions | | | | | | |
|--|--------------|-----------------------|------------------------|--|------------------------------------|---|
| Region | Pension Type | Month of First Report | Month of Second Report | Percentage Change in Beneficiary Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
| Rivne | Disability | December 2022 | March 2023 | 0 | 1,101,702 | 26 |
| Rivne | Old Age | December 2022 | March 2023 | 0 | 5,814,129 | 24 |
| Rivne | Disability | March 2023 | July 2023 | 1 | 1,124,982 | 21 |
| Rivne | Old Age | March 2023 | July 2023 | 0 | 5,454,826 | 18 |
| Kyiv | Survivorship | November 2022 | December 2022 | 1 | 309,083 | 13 |
| Zhytomyr | Disability | March 2023 | July 2023 | 2 | 1,035,418 | 12 |
| Rivne | Survivorship | March 2023 | July 2023 | -1 | 125,862 | 10 |
| Donetsk | Disability | November 2022 | December 2022 | 0 | 549,749 | 8 |

Source: GAO analysis of government of Ukraine documents (data). | GAO-25-107057
Note: Percentages and amounts are rounded.

¹⁶We found that the percentage change in pension expenditures across regions and pension types during these months ranged from negative 17 percent to 26 percent, while the percentage change for beneficiary numbers ranged from negative 17 percent to 3 percent.

Guaranteed Minimum Income



Guaranteed minimum income

Anti-poverty program for low-income families.

Source: GAO analysis of World Bank and government of Ukraine documents (data); GAO (icons). | GAO-25-107057

For the guaranteed minimum income category, we reviewed 123 report-to-report changes and we did not identify any reported expenditures for which the change from the prior report merits further examination.¹⁷ We analyzed regional-level data for 6 months of expenditures incurred between September 2022 and March 2023 across the 25 Ukrainian regions.

We initially identified 20 reported expenditures that met our percentile cutoffs for further review but we found likely explanations for the report-to-report changes for all of the expenditures.¹⁸ According to the overview report that accompanied the January through March 2023 expenditure reports, Ukraine canceled the automatic extension of guaranteed minimum income benefits in January 2023 and required that citizens reapply for the benefits. This explained the large drop in January 2023 expenditures we noticed when reviewing the data, as well as the larger percentage change increases in February and March 2023 that we initially identified for review through our analysis.

¹⁷We found that the percentage change in benefit expenditures varied greatly across the regions during reported months, ranging from negative 100 percent to 176 percent, while the percentage change for beneficiary numbers ranged from negative 100 percent to 80 percent.

¹⁸We noted that all expenditures that met our percentile cutoffs for further review were from February and March 2023. As a result, we reviewed the expenditures below our cutoffs to see if there were any expenditures from other months we may want to consider. We determined that was not necessary when we found that the largest percentage changes after those are from October 2023, with percentage increases of up to 14.2 percent that were aligned with increases in beneficiary numbers during that month.

Housing and Utilities Subsidy



Housing and utilities subsidy

Means-tested program to subsidize utilities.

Source: GAO analysis of World Bank and government of Ukraine documents (data); GAO (icons). | GAO-25-107057

For the housing and utilities subsidy category, we reviewed 122 report-to-report changes and identified six reported expenditures for which the change from the prior report merits further examination.¹⁹ We analyzed regional-level data for 6 months of benefit expenditures incurred between September 2022 and March 2023 across the 25 Ukrainian regions. When doing so, we analyzed the data for October and November 2022 separately. According to the World Bank, Ukraine instituted changes to the administration and payment model for housing and utility subsidies in September 2022 and these changes resulted in some arrears in payments that may have contributed to larger than expected increases in expenditures in October 2022. In addition, Ukrainian overview reports indicated the number of beneficiaries increased in November due to colder weather and the need for utility subsidies to pay for heating costs. As a result, we expected the largest percentage changes in expenditures for this category to occur in October and November.

We initially identified 14 reported expenditures that met our percentile cutoffs for further review. Of these, we found likely explanations for the report-to-report changes for eight expenditures. For example, we removed from consideration reported expenditures when the percentage change for expenditure amount aligned with the percentage change for beneficiaries. We also removed expenditures for which the data for recipient numbers and expenditure amounts followed the same trend as the other regions in that month.

The remaining six expenditure changes would benefit from further examination. For example, we identified a \$1,912,116 increase in benefit expenditures for the Sumy region between September and October 2022, which represented a 706 percent increase in expenditures. This increase was larger than the average for the report-to-report percentage change for all regions in October (410 percent). See table 13 for the full list of reported expenditures we identified that merit further examination.

¹⁹We found that the percentage change in benefit expenditures varied greatly across the regions during reported months, ranging from negative 77 percent to 728 percent, while the percentage change for beneficiary numbers ranged from negative 78 percent to 225 percent.

Table 13: Report-to-Report Expenditure Changes Identified for Examination for Pensions Housing and Utilities Subsidies

| Region | Month of First Report | Month of Second Report | Percentage Change in Beneficiary Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
|-----------------|-----------------------|------------------------|--|------------------------------------|---|
| Kyiv | September 2022 | October 2022 | 225 | 1,802,984 | 728 |
| Sumy | September 2022 | October 2022 | 148 | 1,912,116 | 706 |
| Ivano-Frankivsk | September 2022 | October 2022 | 167 | 1,361,005 | 689 |
| Khmelnyskyi | September 2022 | October 2022 | 172 | 1,605,336 | 680 |
| Ternopil | September 2022 | October 2022 | 190 | 1,205,596 | 626 |
| Luhansk | September 2022 | October 2022 | -4 | 255,573 | 159 |

Source: GAO analysis of government of Ukraine documents (data). | GAO-25-107057

Note: Percentages and amounts are rounded.

Disability Benefit



Disability benefit

Monthly payment to people with permanent disabilities, including disabled children.
Amount varies based on disability status.

Source: GAO analysis of World Bank and government of Ukraine documents (data); GAO (icons). | GAO-25-107057

For the disability benefit category, we reviewed 125 report-to-report changes and identified four reported expenditures for which the change from the prior report merits further examination.²⁰ We analyzed regional-level data for 6 months of benefit expenditures incurred between September 2022 and March 2023 across the 25 Ukrainian regions.

We initially identified 16 reported expenditures that met our percentile cutoffs for further review. Of these, we found likely explanations for the report-to-report changes for 12 of the expenditures. For example, we removed from consideration expenditures when the data for beneficiaries and expenditures followed the same trend as

²⁰We found that the percentage change in benefit expenditures varied across the regions during reported months, ranging from negative 22 percent to 63 percent, while the percentage change for beneficiary numbers ranged from negative 17 percent to 22 percent.

the other regions in that month. We also removed expenditures when the percentage change for expenditure amount aligned with the percentage change for beneficiaries.

The remaining four expenditure changes would benefit from further examination. For example, we identified a \$1,597,674 increase in benefit expenditures for Kyiv City between November 2022 and January 2023, which represented a 63 percent increase. This increase was much larger than the average for the report-to-report percentage change for all regions in January (5 percent). See table 14 for the full list of reported expenditures we identified that merit further examination.

Table 14: Report-to-Report Expenditure Changes Identified for Examination for Disability Benefit

| Region | Month of First Report | Month of Second Report | Percentage Change in Beneficiary Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
|-----------|-----------------------|------------------------|--|------------------------------------|---|
| Kyiv City | November 2022 | January 2023 | 2 | 1,597,674 | 63 |
| Chernihiv | September 2022 | October 2022 | 1 | 135,131 | 13 |
| Vinnitsia | November 2022 | January 2023 | 1 | 161,496 | 10 |
| Kharkiv | October 2022 | November 2022 | 0 | 128,585 | 6 |

Source: GAO analysis of government of Ukraine documents (data). | GAO-25-107057
Note: Percentages and amounts are rounded.

Internally Displaced Persons (IDP) Stipend



Internally displaced persons (IDP) stipend

Monthly stipend to IDPs. Slightly higher benefits for children and people with disabilities.

Source: GAO analysis of World Bank and government of Ukraine documents (data); GAO (icons). | GAO-25-107057

For the IDP stipends category, we reviewed 125 report-to-report changes and identified one reported expenditure for which the change from the prior report merits further examination.²¹ We analyzed regional-level

²¹We found that the percentage change in IDP stipend expenditures varied across the regions during the reported months, ranging from negative 18 percent to 29 percent, while the percentage change for beneficiary numbers ranged from negative 6 percent to 16 percent.

data for 6 months of benefit expenditures incurred between September 2022 and March 2023 across the 25 Ukrainian regions.

We initially identified 13 reported expenditures that met our percentile cutoffs for further review. Of these, we found likely explanations for the report-to-report changes for 12 of the expenditures. For example, we removed from consideration expenditures for which the percentage change for the expenditure amount was around or below the average for that month. We also removed expenditures when the percentage change in expenditure amount corresponded with a moderate increase in newly approved IDP stipend beneficiaries. Newly approved IDP stipend beneficiaries receive the largest benefits in their first month to help get them settled in their new location, according to officials from Ukraine’s Ministry of Social Policy, and so we would not expect the percentage change for recipient numbers and expenditure amounts to align.

The remaining expenditure change would benefit from further examination. The percentage changes for the expenditure amount and for recipient numbers for the Dnipropetrovsk region did not follow the same trend as other regions between November 2022 and January 2023. See table 15 for more information about this reported expenditure that we identified that merits further examination.

| Table 15: Report-to-Report Expenditure Changes Identified for Examination for Internally Displaced Persons Stipends | | | | | |
|---|-----------------------|------------------------|--|------------------------------------|---|
| Region | Month of First Report | Month of Second Report | Percentage Change in Beneficiary Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
| Dnipropetrovsk | November 2022 | January 2023 | 7 | 3,625,017 | 18 |

Source: GAO analysis of government of Ukraine documents (data). | GAO-25-107057

Note: Percentages and amounts are rounded.

Birth and Adoption Grants



Birth grant and adoption grant

Includes lump sum payment to parent/guardian following the birth or adoption of a child, plus monthly payments for 36 months.

Source: GAO analysis of World Bank and government of Ukraine documents (data); GAO (icons). | GAO-25-107057

The data for birth and adoptions grants are included in the same expenditure reports but documented separately, so we analyzed the data for these two types of grants independently. We reviewed regional-level

data for 4 months of benefit expenditures incurred between December 2022 and March 2023 across the 25 Ukrainian regions.

Birth Grants

For the birth grants category, we reviewed 75 report-to-report changes and did not identify any reported expenditures for which the change from the prior report merits further examination.²² We initially identified eight reported expenditures that met our percentile cutoffs for further review but found likely explanations for the report-to-report changes for all expenditures. All women who give birth receive birth grants, including a larger lump sum payment upon the birth of the baby and then smaller monthly payments for a set number of months. The number of children a woman has determines the benefit amounts and the number of monthly payments she receives. Given the variations in payment amounts for these benefits, the changes in beneficiary numbers and expenditure amounts for the reported expenditures we initially identified appeared justifiable.

Adoption Grants

For the adoption grants category, we reviewed 75 report-to-report changes and identified one reported expenditure for which the change from the prior report merits further examination.²³ We initially identified 10 reported expenditures that met our percentile cutoffs for further review. Of these, we found likely explanations for the report-to-report changes for nine of the expenditures. Adoption grants are provided to all people who adopt a child. Beneficiaries receive a larger lump sum payment upon the adoption of a child and then smaller monthly payments for 36 months. Given the variations in payment amounts for these benefits, the changes in beneficiary numbers and expenditure amounts for nine of the reported expenditures we initially identified appeared that they could be justified.

The one remaining expenditure change would benefit from further examination. The percentage change for the expenditure amount for the Ternopil region between February and March 2023 was a large outlier compared to other regions. See table 16 for more information about this reported expenditure that we identified that merits further examination.

Table 16: Report-to-Report Expenditure Changes Identified for Examination for Adoption Grants

| Region | Month of First Report | Month of Second Report | Percentage Change in Beneficiary Numbers (%) | Change in Expenditure Amount (USD) | Percentage Change in Expenditure Amount (%) |
|----------|-----------------------|------------------------|--|------------------------------------|---|
| Ternopil | February 2023 | March 2023 | 5 | 1,305 | 112 |

Source: GAO analysis of government of Ukraine documents (data). | GAO-25-107057
Note: Numbers are rounded.

²²We found that the percentage change in benefit expenditures across the regions during reported months ranged from negative 26 percent to 36 percent, while the percentage change for beneficiary numbers ranged from negative 19 percent to 23 percent.

²³We found that the percentage change in benefit expenditures varied across the regions during reported months, ranging from negative 54 percent to 112 percent, while the percentage change for beneficiary numbers ranged from negative 22 percent to 23 percent.

Social Assistance to Single Parents



Social assistance to single parents

Means-tested program that pays monthly benefits to single parents who are not entitled to a survivor's or social pension.

Source: GAO analysis of World Bank and government of Ukraine documents (data); GAO (icons). | GAO-25-107057

For the social assistance to single parents category, we reviewed 75 report-to-report changes and we did not identify any reported expenditures for which the change from the prior report merits further examination.²⁴ We analyzed regional-level data for 4 months of expenditures incurred between December 2022 and March 2023 across the 25 Ukrainian regions.

We initially identified nine reported expenditures that met our percentile cutoffs for further review,²⁵ but found likely explanations for the report-to-report changes for all the expenditures. We removed these expenditures because of changes Ukraine made to processing these benefits in January 2023. According to the overview report that accompanied the January through March 2023 expenditure reports, Ukraine canceled the automatic extension of social assistance benefits to single parents in January 2023 and required citizens to reapply. This explained the large drop in January 2023 beneficiaries and expenditures we noticed across all the regions when reviewing the data more closely, as well as the larger percentage changes in February and March 2023 that we initially identified in our analysis.

²⁴We found that the percentage change in benefit expenditures varied greatly across the regions during reported months, ranging from negative 100 percent to 86,802 percent, while the percentage change for beneficiary numbers ranged from negative 100 percent to 37,400 percent.

²⁵For this analysis, we excluded the reported expenditure with a percentage change of 86,802 percent when we calculated the percentiles to avoid the number skewing the results. Instead, we automatically included this expenditure for further review. The region of Luhansk's benefit expenditure increased by this percentage between February and March 2023, when expenditures increased from about \$183 to \$158,716 and beneficiaries increased from 5 to 1,875. Because Luhansk reported a similar number of beneficiaries in December 2022 (1,924) as it did in March 2023 and only 5 beneficiaries in January and February 2023, the region may have experienced reporting issues early in 2023 that may explain the large increase in beneficiaries and expenditures in March 2023.

Maternity Benefit



Maternity benefit

Covers maternity leave for women not covered by the social insurance system. Does not include women in the security sector.

Source: GAO analysis of World Bank and government of Ukraine documents (data); GAO (icons). | GAO-25-107057

For the maternity benefits category, we reviewed 72 report-to-report changes and we did not identify any reported expenditures for which the change from the prior report merits further examination.²⁶ We analyzed regional-level data for 4 months of expenditures incurred between December 2022 and March 2023 across the 25 Ukrainian regions.

We initially identified eight reported expenditures that met our percentile cutoffs for further review but found likely explanations for the report-to-report changes for all expenditures. Maternity benefits are provided in full in one lump sum and the benefit amount varies based on employment status and other factors.²⁷ Given the variations in payment amounts for these benefits, we determined that the changes in beneficiary numbers and expenditure amounts for the expenditures we initially identified were reasonable.

²⁶We found that the percentage change in benefit expenditures varied greatly across the regions during reported months, ranging from negative 50 percent to 268 percent, while the percentage change for beneficiary numbers ranged from negative 68 percent to 300 percent.

²⁷Employed women are entitled to maternity benefits that equate to 100 percent of their average salary and unemployed women are entitled to a minimum benefit, according to a government of Ukraine website.

Appendix IV: Results of PwC's Testing of Sample Transactions Reimbursed Through World Bank Funding

The World Bank hired PwC to conduct agreed-upon procedure (AUP) reviews to verify that the government of Ukraine used funding from the Public Expenditures for Administrative Capacity Endurance in Ukraine (PEACE) project as intended, according to the World Bank. As part of this work, PwC tested sample transactions reimbursed through the PEACE project. Based on our analysis of the first three AUP reports that the World Bank had published before we completed our analysis,¹ PwC identified a net total of \$3,999,415 in expenditures that Ukraine underreported to the World Bank.² While PwC attributed some of the discrepancies to human or rounding errors, PwC reported that the largest discrepancies—the underreporting of \$6,161,329 and an overreporting of \$2,526,839 for pensions—are mostly explained by time differences between the compilation of pension payment ledgers and the report on payment of pensions submitted to the World Bank for reimbursement.

To conduct this work, PwC generally tested sample transactions reimbursed through the PEACE project. At the institutional and individual levels, PwC tested sample transactions to determine whether expenditures were calculated correctly and made in accordance with PEACE project guidance, and requested information from the government of Ukraine to understand the reasons for any discrepancies. PwC's institutional-level testing included reviewing payroll and other payments from Ukrainian ministries and public institutions that were eligible for DBS reimbursement. For salary payments, the individual-level testing reviewed salary payments to individual recipients that were eligible for DBS reimbursement, while for social payments, the individual-level testing involved calling beneficiaries to confirm that they received their payment and did not attempt to determine if there had been discrepancies in the amount provided.

Institutional-Level Testing

PwC completed institutional-level testing for 11 of the 13 expenditure categories eligible for PEACE project funding,³ and identified a net total of \$3,999,447 in expenditures that Ukraine underreported to the World Bank.⁴ PwC completed three types of checks, known as reconciliations, to test transactions at the institutional

¹PwC completed AUP reports in June 2023, September 2023, January 2024, and December 2024. The World Bank did not publish the fourth PwC report on its website until April 2025.

²The total discrepancy amount is the net total of any amounts underreported and overreported to the World Bank.

³PwC had planned to test the Housing and Utilities Subsidy category in its third report, but it did not receive sufficient information from Ukraine to complete testing and include the results in this report. It stated that these findings would be incorporated into its fourth report. In addition, PwC did not complete testing for the Higher Education Employee Salary category, because Ukraine did not submit reimbursement requests for this category for the time period covered by that report (January to September 2023). PwC and the World Bank agreed to postpone testing this category until PwC's fourth report.

⁴PwC did not clearly identify the sample size or the total dollar amount of transactions tested at the institutional-level in its reports. However, PwC reviewed limited samples, based on the AUP terms of reference.

level.⁵ Specifically, PwC compared monthly reports Ukraine submitted to the World Bank to (1) Ukrainian ministries' monthly reports, (2) the monthly report from Ukraine's Treasury on cash expenditures (e.g., the amounts Ukraine paid out in a given month), and (3) the monthly reports that Ukrainian ministries received from lower-level units, such as territorial subunits of each region. For the third type of reconciliation, PwC selected one region from each of the four geographic areas of Ukraine (Central, Western, Eastern, and Southern).

PwC sample testing identified that Ukraine underreported \$6,750,103 and overreported \$2,750,656, as shown in table 17. Pensions had the largest discrepancies, with an underreporting of \$6,161,329, and an overreporting of \$2,526,839.

Table 17: Institutional-Level Transaction Testing and Expenditure-Related Discrepancies, by Category

| Expenditure Category ^a | Date of Sample Transactions | Total Underreported Discrepancy Amount (USD) | Total Overreported Discrepancy Amount (USD) | Net Total (USD) ^b |
|--|---|--|---|------------------------------|
| Non-security sector government employee salaries | March – July 2022 and January – June 2023 | (163,979) | 40,096 | (123,883) |
| School employee salaries | March – July 2022 and January – June 2023 | (25,981) | 56,088 | 30,108 |
| Healthcare worker salaries | September – December 2022 | (310,254) | 984 | (309,270) |
| First responder salaries ^c | September – December 2022 | 0 | 0 | 0 |
| Pensions | July and October 2022 | (6,161,329) | 2,526,839 | (3,634,490) |
| Guaranteed minimum income | September – December 2022 | 0 | 20,934 | 20,934 |
| Disability benefit | September – December 2022 | (7,273) | 24,435 | 17,162 |
| Internally displaced persons stipend | July 2022 and April 2023 | (8) | 0 | (8) |
| Birth grant and adoption grant | January – March 2023 | (54,186) | 54,186 | 0 |
| Social assistance to single mothers | January – March 2023 | (27,093) | 27,093 | 0 |
| Maternity benefit | January – March 2023 | 0 | 0 | 0 |
| Totals | | (6,750,103) | 2,750,656 | (3,999,447) |

Source: GAO analysis of PwC reports. | GAO-25-107057

^aPwC did not complete sample testing for two expenditure categories. For the Housing and Utilities Subsidy category, PwC did not receive sufficient information to include the results in its third report and stated that these findings would be incorporated into its next phase of agreed-upon procedure reporting. PwC did not complete testing for the Higher Education Employee Salary category, because Ukraine did not submit reimbursement requests for this category for the period covered by that report (January to September 2023). PwC and the World Bank agreed to postpone testing this category until PwC's fourth report.

^bThe net total is the sum of negative and positive discrepancies. PwC identified negative discrepancies when Ukraine underreported expenditures to the World Bank and positive discrepancies when Ukraine overreported expenditures.

^cFor first responders, PwC identified instances of minor rounding discrepancies during sample testing but did not provide further details regarding these discrepancy amounts.

⁵PwC reviewed both expenditure totals and recipient numbers, but we only analyzed PwC's results concerning expenditure discrepancies.

PwC consulted the relevant Ukrainian ministries regarding the identified discrepancies, according to PwC. Ukrainian officials attributed the discrepancies to manual reporting errors at the local level, rounding mistakes, and timing differences between the compilation of expenditure reports and the actual disbursement of payments, among other things. For example, PwC noted that discrepancies in pensions and social assistance payments primarily stemmed from time differences between the compilation of pension payment ledgers and the report on payment submitted to the World Bank for reimbursement. PwC also noted three instances where discrepancies it identified were corrected by Ukrainian ministries prior to PwC's identification of the error. For example, Ukraine corrected an overreporting of \$6,895 in March 2022 for non-security sector government employees in April 2022 by underreporting the expenditures for that month.

Individual-Level Testing

PwC performed sample testing on payments made to individuals across 12 of the 13 expenditure categories, using different testing approaches for (1) salary and pensions categories and (2) other social assistance benefits categories.⁶ For the salary and pensions categories, PwC tested samples from five categories, while performing payment confirmation procedures for seven social assistance benefit categories.

Salary and Pensions Categories

For the salary and pensions categories, PwC identified a net of approximately \$32 in expenditures that Ukraine overreported to the World Bank. PwC employed several verification steps to assess the accuracy of these payments, according to PwC. For example, PwC reported that it verified that pensions in the sample were properly categorized (age, disability, or loss of breadwinner), supported by valid evidence, and in compliance with current Ukrainian pensions legislation. The sample size for the salaries and pensions categories ranged from 120 to 130 transactions, which makes up a small percentage of the total number of individual transactions Ukraine made to recipients of salaries and pensions eligible for PEACE project funding.⁷ See table 18 for the results of testing for these categories.

⁶PwC did not test sample transactions for the Higher Education Salary expenditure category eligible under the PEACE project because there was no submission for reimbursement of salaries from January to September 2023. PwC and the World Bank agreed to postpone testing procedures to its fourth report.

⁷The sample size for each of the salary categories represents between 0.02 and 0.2 percent of the average number of transactions eligible for PEACE project reimbursements in a single month. The sample size for pensions represents 0.001 percent of the average number of transactions in a single month.

Table 18: Individual-Level Transaction Testing and Expenditure-Related Discrepancies for Salaries and Pensions Categories

| Expenditure Category ^a | Date of Samples | Sample Size Selected | Total Underreported Discrepancy Amount (USD) | Total Overreported Discrepancy Amount (USD) | Net Discrepancy Amount (USD) |
|--|-----------------|----------------------|--|---|------------------------------|
| Non-security sector government employee salaries | July 2022 | 120 | (60) | 0 | (60) |
| School employee salaries | July 2022 | 120 | (1) | 44 | 43 |
| Healthcare worker salaries | October 2022 | 130 | (1) | 8 | 7 |
| First responder salaries | October 2022 | 120 | 0 | 42 | 42 |
| Pensions ^b | July 2022 | 120 | 0 | 0 | 0 |
| Total | | 490 | (62) | 94 | 32 |

Source: GAO analysis of PwC reports. | GAO-25-107057

^aPwC did not complete testing for the Higher Education Employee Salary category, because Ukraine did not submit reimbursement requests for this category for the period covered by that report (January to September 2023). PwC and the World Bank agreed to postpone testing this category until PwC's fourth report.

^bFor pensions, PwC identified instances of minor rounding discrepancies during sample testing.

PwC identified discrepancies stemming from various factors, including manual calculation errors and rounding inconsistencies. For example, for school employee salaries, Ukrainian officials attributed some discrepancies to errors related to miscalculating vacation pay. PwC also identified five instances where Ukrainian ministries took action to address identified discrepancies prior to PwC's identification of the error. For example, for some discrepancies in non-security sector government employee salaries, Ukraine purposely overreported a total of \$60 in August and September 2022 to correct the underreporting of the same amount in July 2022. PwC noted that they reviewed relevant documentation to verify this correction.

Social Assistance Benefits

For other social assistance benefits categories, PwC called a sample of recipients to confirm the eligibility and receipt of payments and did not attempt to identify any specific discrepancies regarding the payments to the individuals it reached through this testing method, according to World Bank officials. The sample size for these categories varied, ranging from 25 for maternity benefits to 180 for internally displaced persons stipends. PwC attempted to call 562 individual recipients and successfully reached 440 of these individuals. Of those reached, 418 individuals confirmed receipt of the assistance payment, according to PwC. Of the 22 that did not confirm receipt, 13 of these should have received internally displaced persons stipends. PwC attributed some of the 22 unconfirmed cases to outdated or incorrect contact information or to recipients refusing to respond, often citing distrust of the inquiry amid a heightened awareness of scams.

Appendix V: Comments from the Department of State

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

September 10, 2025

Kimberly Gianopoulos
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Gianopoulos:

We appreciate the opportunity to review your draft report, "UKRAINE: Oversight of Direct Budget Support to Be Provided by State Should Be Enhanced." GAO Job Code 107057.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

Sincerely,

Robert Collins
Deputy Executive Director
Office of the Under Secretary for Management

Enclosure:

As stated

cc: GAO - Latesha Love-Grayer
OIG - Norman Brown

Department of State Comments on GAO Draft Report

UKRAINE: Oversight of Direct Budget Support to Be Provided by State Should Be Enhanced

(GAO-25-107057, GAO Code 107057)

The Department of State appreciates the opportunity to comment on GAO's draft report "Ukraine: Oversight of Direct Budget Support to Be Provided by State Should Be Enhanced." The Department is appreciative of GAO's thorough analysis of budget support to Ukraine.

The Secretary of State should ensure the entity within State responsible for overseeing U.S. DBS funding to Ukraine works with the World Bank and any other entities needed to continue examination of the report-to-report expenditure changes we identified, to enhance the oversight of the remaining U.S. DBS funding.

(Recommendation 1)

For matters pertaining to USAID activities prior to July 2025, the Department of State refers you to USAID about coordination with the Department of the Treasury regarding its ongoing work with the World Bank to continue examination of the GAO-identified report-to-report expenditure changes.

State does not own or control USAID records or USAID data so cannot verify any USAID information. Therefore, the State Department cannot respond on USAID's behalf regarding information requests for USAID data. We have to refer you to USAID officials who retain control of records and data at the agency.

The Secretary of State should ensure the entity within State responsible for overseeing U.S. DBS funding updates any inaccurate information previously reported to Congress on Ukraine's use of DBS funding and shares this updated information with Congress.

(Recommendation 2)

For matters pertaining to USAID activities prior to July 2025, the Department of State refers you to USAID in responding to inaccuracies from previous reporting and providing corrections and updates to Congress. State does not own or control USAID records or USAID data so cannot verify any USAID information. Therefore, the State Department cannot respond on USAID's behalf regarding information requests for USAID data. We have to refer you to USAID officials who retain control of records and data at the agency.

The Secretary of State should ensure that the Senior Official of the Bureau of European and Eurasian Affairs submits a report to Congress on Ukraine's use of DBS funding appropriated through the fifth Ukraine Supplemental.

(Recommendation 3)

For matters pertaining to USAID activities prior to July 2025, the Department of State refers you to USAID on the uses of budget support provided from funding appropriated in the Ukraine Security Supplemental Appropriations Act, 2024. The Department of State will be responsible for submitting any required congressional reports related to budget support for Ukraine going forward.

The Secretary of State should ensure the entity within State responsible for overseeing U.S. DBS funding assesses and prioritizes Deloitte's recommendations to address weaknesses they have found in Ukraine's processes for managing U.S. DBS funding and communicates these priorities to the government of Ukraine.

(Recommendation 4)

Going forward, the World Bank will continue to be responsible for oversight of budget support for Ukraine provided through World Bank mechanisms and will utilize the KPMG mechanism in their monitoring functions. The Department of State will work with the World Bank to follow up as needed.

The Secretary of State should ensure the entity within State responsible for overseeing U.S. DBS funding takes action to understand Ukraine's progress on addressing the weaknesses PwC identified in the country's internal controls for managing DBS funding.

(Recommendation 5)

The Department of State will continue to coordinate with the Department of Treasury to continue working with the World Bank on any necessary follow ups to address weaknesses PwC identified in Ukraine's internal controls for managing budget support.

Appendix VI: Comments from the World Bank

August 25, 2025

Ms. Latesha Love
Director, International Affairs and Trade
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Bank's Response to Draft Report GAO-25-107057

Ukraine: Oversight of US Direct Budget Support to Be Provided by State Should Be Enhanced

Dear Ms. Love,

The International Bank for Reconstruction and Development (the Bank) welcomes the U.S. Government Accountability Office's (GAO) review of U.S. direct budget support to Ukraine. We consider GAO's report a valuable contribution to our ongoing supervision of the Public Expenditures for Administrative Capacity Endurance (PEACE) project.

The PEACE project was designed to provide budgetary support to the Ukrainian Government, allowing the government to sustain critical operations and deliver essential services to its citizens, including paying salaries for school and non-security government employees and funding important social assistance programs. The PEACE project has enabled the government to continue its reform agenda in the face of relentless security and economic challenges.

The PEACE project relies on Ukrainian Government financial management systems to verify and consolidate information on expenditures by relevant units spread across numerous local authorities. These systems incorporate multiple layers of controls, given the exceptionally high risks inherent to operating in a wartime environment. These include additional layers of oversight and accountability in the PEACE project's risk management approach. This requires project specific reporting, independent reviews of the efficacy of the Ukrainian Government's expenditures controls, independent audits, grievance redress channels, and surveys of citizens to assess whether benefits are received.

The Bank appreciates GAO's analysis of detailed PEACE project expenditure data. The Ministry of Finance has provided explanations for the majority of the expenditure variance identified in the report. Following the applicable legal framework, the Bank continues to seek information on remaining cases as part of its fiduciary responsibility to shareholders and donors.

The PEACE project has undergone annual audits since its inception, covering operations up to June 30, 2024. The independent auditors have thus far issued clean, unmodified opinions on the PEACE Project financial statements prepared by the Ministry of Finance and confirmed that the project's controls function effectively. The Bank will remain actively engaged in monitoring and addressing potential risks for the duration of the project.

As with all Bank-financed projects, any reports of corruption or fraud are referred to the Integrity Vice Presidency, an independent unit within the World Bank Group that investigates and pursues sanctions related to allegations of fraud and corruption.

We remain committed to ensuring that the direct budget support provided to the Government of Ukraine is used as intended and in a manner that is transparent and accountable to donors.

The Bank affirms its readiness to continue collaborating with U.S. entities in the ongoing monitoring and oversight of that funding.

Sincerely,

Gallina A. Vincelette
Vice President, Operations Policy and Country Services

Appendix VII: GAO Contact and Staff Acknowledgments

GAO Contact

Latesha Love-Grayer, lovegrayerl@gao.gov

Staff Acknowledgments

In addition to the contact named above, Heather Latta (Assistant Director), Amanda Bartine (Analyst-in-Charge), Larissa Barrett, Sergio Enriquez, Bahareh Etemadian, Toby Lister, and Roy J. Taylor made key contributions to this report. Daniel Adorno, Pedro Almoguera, David Dornisch, Jeffrey Isaacs, Alexa Stechschulte, and Frances Tirado provided technical assistance.

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