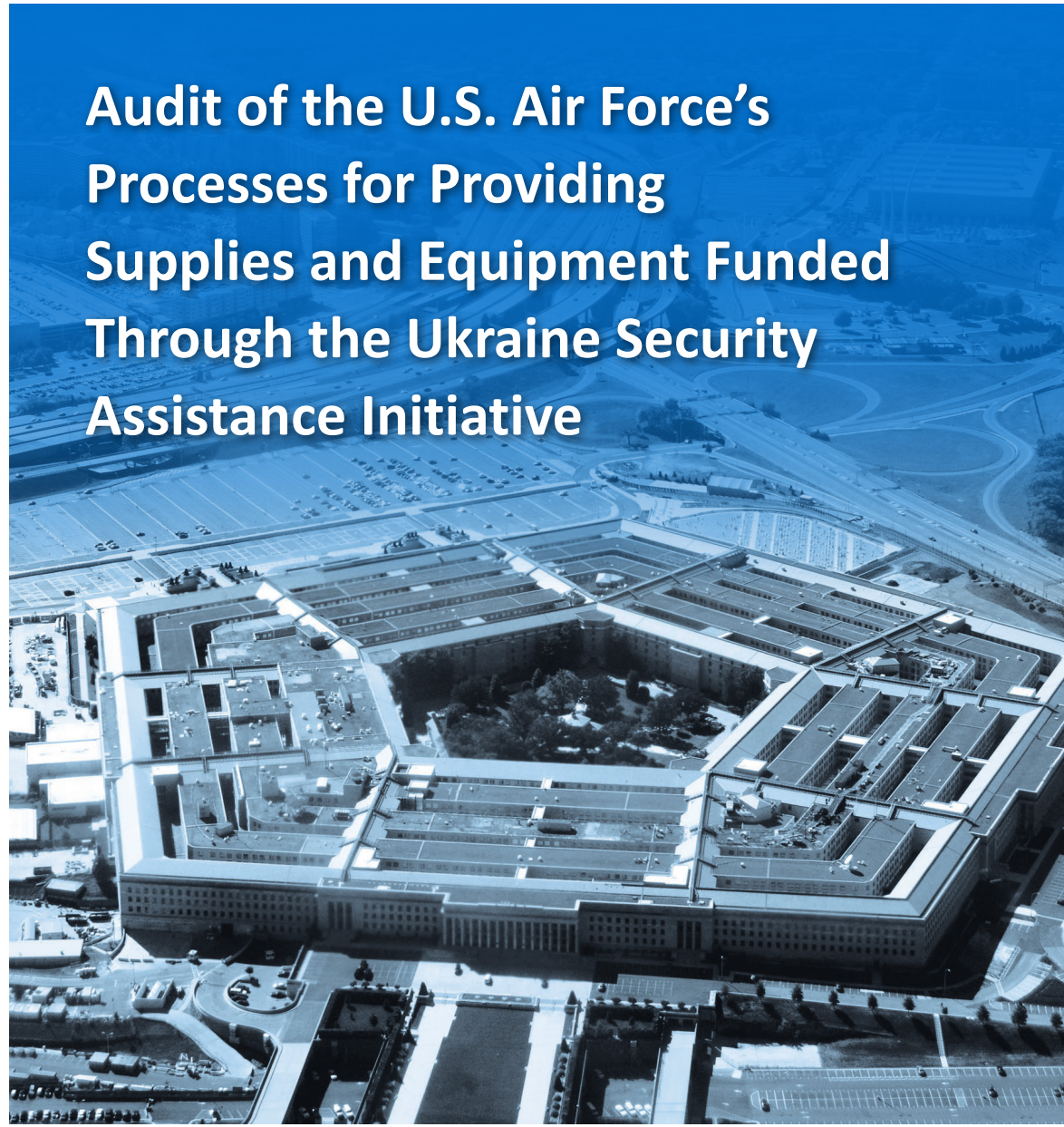




# INSPECTOR GENERAL

*U.S. Department of Defense*

SEPTEMBER 18, 2025



## **Audit of the U.S. Air Force's Processes for Providing Supplies and Equipment Funded Through the Ukraine Security Assistance Initiative**

INDEPENDENCE ★ INTEGRITY ★ EXCELLENCE ★ TRANSPARENCY





# Results in Brief

## *Audit of the U.S. Air Force's Processes for Providing Supplies and Equipment Funded Through the Ukraine Security Assistance Initiative*

September 18, 2025

### Objective

The objective of this audit was to assess the effectiveness of the DoD's processes for ensuring the quality and timeliness of supplies and equipment provided to the Ukrainian Armed Forces funded through the Ukraine Security Assistance Initiative (USAI). This is one of two reports on the DoD's use of USAI authorities and relates to the U.S. Air Force's processes.

### Background

In November 2015, Congress created the USAI to provide support, including training, equipment, logistics, supplies, and services, to military and other security forces of the Government of Ukraine. From March 31, 2022, through September 26, 2024, the DoD provided \$22.8 billion in security assistance to Ukraine under the USAI.

### Finding

Of the five contracts we reviewed, valued at \$900 million, Air Force personnel performed effective oversight to ensure that contractors complied with established quality control requirements for all five contracts and ensured that contractors delivered supplies and equipment on time for three contracts, valued at \$618 million. For the other two contracts, valued at \$282 million, the contractors are not required to deliver the supplies and equipment until at least October 2025. However, for one of those two contracts, valued at \$63.7 million, personnel responsible for overseeing the contract do not anticipate that the contractor will meet the contract's production schedule because the contractor does not have sufficient personnel to complete the required work and used a single production line to produce the missiles.

### Finding (cont'd)

While most relevant to the contract that is at risk of late deliveries, Air Force personnel did not implement controls in any of the contracts we reviewed, such as contractual remedies, to hold contractors accountable for missed delivery timelines. This occurred because contracting personnel are not required to implement contractual remedies; however, they may do so at their discretion. Although we did not identify any late deliveries, contractual remedies incentivize contractors to meet deadlines and allow the Air Force to collect consideration in instances of missed deliveries.

As a result of the Air Force's oversight, as of March 31, 2025, the DoD provided supplies and equipment to support Ukraine's continued defense against Russia. However, the Air Force left the Government at risk of not obtaining consideration for instances in which the contractor does not deliver items in a timely manner. Additionally, if the \$63.7 million in missiles that may not be delivered according to contract timelines are no longer needed, the Air Force could potentially cancel the contract and put those funds to better use.

### Recommendations, Management Comments, and Our Response

We made two recommendations related to implementing contractual remedies and ensuring funds are put to their best use.

An Air Force official disagreed with the recommendations. Although they disagreed, the actions proposed addressed the underlying finding of one recommendation. Therefore, it is resolved but will remain open. We will close the recommendation once we verify that all agreed-upon actions to implement the recommendation are complete. For the other recommendation, the official did not agree with or propose actions that would address the recommendation; therefore, it is unresolved and open.

We request that the Commander, Air Force Life Cycle Management Center, provide comments in response to the final report to address the recommendation within 30 days. Please see the Recommendations Table on the next page for the status of the recommendations.

## Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Commander, Air Force Life Cycle Management Center	2	1	None

Please provide Management Comments by October 20, 2025.

**Note:** The following categories are used to describe agency management’s comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – The DoD OIG verified that the agreed-upon corrective actions were implemented.



**OFFICE OF INSPECTOR GENERAL**  
**DEPARTMENT OF DEFENSE**  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

September 18, 2025

MEMORANDUM FOR COMMANDER, U.S. EUROPEAN COMMAND  
AUDITOR GENERAL, DEPARTMENT OF THE AIR FORCE

SUBJECT: Audit of the U.S. Air Force's Processes for Providing Supplies and  
Equipment Funded Through the Ukraine Security Assistance Initiative  
(Report No. DODIG-2025-162)

This final report provides part of the results of the DoD Office of Inspector General's audit. We previously provided copies of the draft report and requested written comments on the recommendations. We considered management's comments on the draft report when preparing the final report. These comments are included in the report.

The Director, Air Force Materiel Command, Office of International Affairs, responding for the Commander, Air Force Life Cycle Management Center, proposed actions that satisfy the intent of one recommendation. Therefore, it is resolved but open. We will close it when you provide us documentation showing that all agreed-upon actions to implement the recommendation are completed. Within 90 days, please provide a response concerning specific actions in process or completed on the recommendation. Send your response to either [REDACTED] if unclassified or [REDACTED] if classified SECRET.

The Director did not agree with or propose actions that would address the second recommendation. Therefore, it is unresolved. We will track it until management has agreed to take actions that we determine to be sufficient to meet the intent of the recommendation and management officials submit adequate documentation showing that all agreed-upon actions are completed.

DoD Instruction 7650.03 requires that recommendations be resolved promptly. Therefore, within 30 days, please provide a response concerning specific actions in process or alternative corrective actions proposed on the recommendation. Send your response to either [REDACTED] if unclassified or [REDACTED] if classified SECRET.

If you have any questions, please contact me at [REDACTED].

A handwritten signature in cursive script, reading "Carmen J. Malone", is positioned above the typed name.

Carmen J. Malone  
Assistant Inspector General for Audit  
Acquisition, Contracting, and Sustainment

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# Introduction

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## Objective

The objective of this audit was to assess the effectiveness of the DoD's processes for ensuring the quality and timeliness of supplies and equipment provided to the Ukrainian Armed Forces (UAF) funded through the Ukraine Security Assistance Initiative (USAI). This report is one in a series of two reports on the DoD's use of USAI authorities and relates to the U.S. Air Force's processes.<sup>1</sup> See Appendix A for our scope and methodology and a summary of prior audit coverage.

## Background

On March 16, 2022, the President announced that the United States would dramatically increase the amount and types of defense items provided to Ukraine. As of November 20, 2024, the United States had provided approximately \$60.7 billion in military assistance since Russia launched its full-scale invasion of Ukraine on February 24, 2022.

The United States has provided this assistance through various programs and authorities, including security assistance under the USAI. Specifically, from March 31, 2022, through September 26, 2024, the DoD provided \$22.8 billion in security assistance to Ukraine under the USAI.

### ***Ukraine Security Assistance Initiative***

In November 2015, Congress created the USAI to provide security assistance and intelligence support, including training, equipment, and logistics support, supplies, and services, to military and other security forces of the Government of Ukraine. The purpose of the USAI is to enhance Ukraine's defense capabilities.

By using the USAI, the Secretary of Defense, in coordination with the Secretary of State, can procure capabilities from industry rather than delivering equipment that is drawn down from DoD stocks.

### ***Air Force Life Cycle Management Center***

The Air Force Life Cycle Management Center (AFLCMC) is one of six centers reporting to the Air Force Materiel Command and is responsible for executing sales of aircraft and other defense-related equipment while building security assistance

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<sup>1</sup> We initially intended to issue a series of three reports addressing the Army's, Air Force's, and Navy's processes. We will issue a report on the Army's processes; however, during this audit, we conducted a preliminary review of the Navy's processes and determined that conducting further review of the Navy would not be an effective use of the DoD OIG's resources. Therefore, we will not issue a third report addressing the Navy's processes.

relationships with foreign partner nation air forces.<sup>2</sup> The AFLCMC is charged with the life cycle management of U.S. Air Force weapon systems from their inception to retirement with a mission to acquire and support war-winning capabilities.

### **Defense Contract Management Agency**

The Defense Contract Management Agency (DCMA) is responsible for ensuring the integrity of contractual processes and providing a broad range of contract-procurement management services. After contract award, the DCMA monitors contractor performance and management systems to ensure that cost, product performance, and delivery schedules comply with the contract’s terms and conditions.

### **USAI Contract Sample Selection**

We selected a nonstatistical sample of five Air Force contracts, valued at \$900 million.<sup>3</sup> See Table 1 for a summary of the sample contracts selected for review.

*Table 1. Air Force USAI-Funded Contracts Reviewed*

Contract/Delivery Order Number	Item Supplied	Value
G4023 – F4065	Unmanned Aerial Systems	\$92,132,218
G4023 – F4070	Unmanned Aerial Systems	326,167,214
G4023 – F4160	Unmanned Aerial Systems	199,896,532
D0001 – FB023	Small Diameter Bombs	218,202,756
C0037	Missiles	63,725,041
<b>Total</b>		<b>\$900,123,761</b>

Source: The DoD OIG.

<sup>2</sup> The Air Force Materiel Command manages installation and mission support, discovery and development, test and evaluation, and life cycle management services and sustainment for every major weapon system.

<sup>3</sup> As of April 18, 2024, the five Air Force sample contracts were valued at \$853 million, which represented 53.4 percent of the total value of Air Force USAI awards at that time. However, as of April 23, 2025, the value of these contracts increased to \$900 million because of contract modifications.

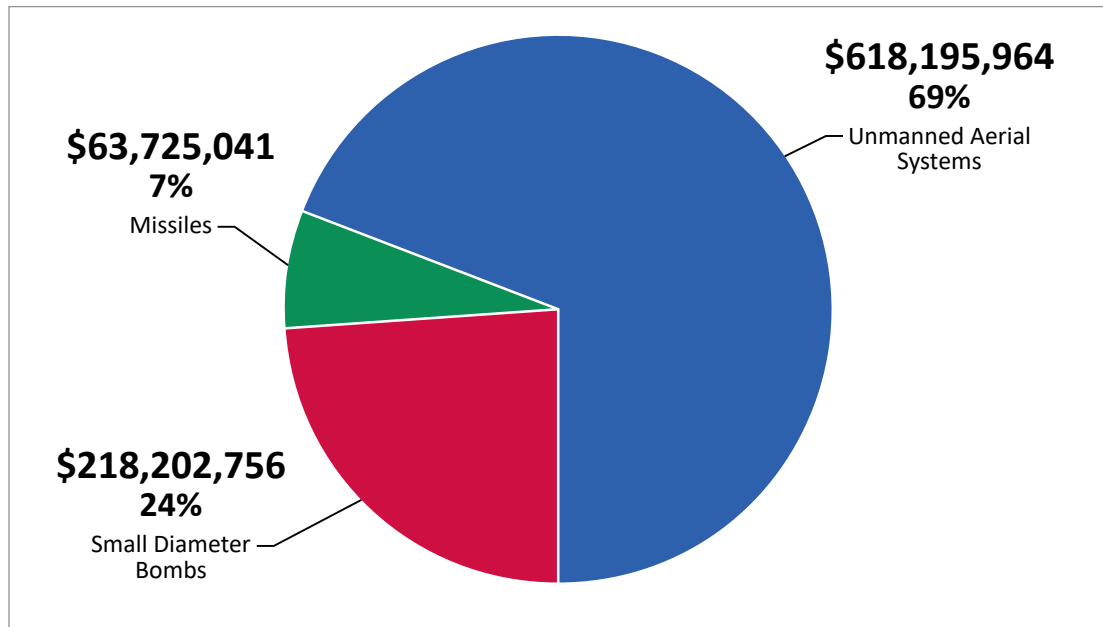
For the three contracts supplying unmanned aerial systems, the Air Force funded the entire contracts through the USAI. For the other two contracts, the Air Force only partially funded the contracts through the USAI.

The Air Force awarded the contracts to supply unmanned aerial systems and small diameter bombs as delivery orders under a basic ordering agreement or an indefinite-delivery indefinite-quantity base contract. Throughout the report, we use the terms “contract” and “delivery order” interchangeably.



Figure 1 also illustrates a summary of the value of the Air Force sample contracts by supply and equipment category. In addition, see Appendix A for our scope, methodology, and sample selection procedures.

*Figure 1. Distribution of the \$900 Million in Air Force Sample Contracts by Supply and Equipment Category*



Source: The DoD OIG.

### ***Federal and DoD Oversight Guidance***

The Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Supplement (DFARS) are the primary Federal and DoD guidance for ensuring the purchase of quality and timely supplies and equipment. The FAR states that the contracting officer is responsible for ensuring performance of all necessary actions for effective contracting, compliance with the terms of the contract, and safeguarding the interests of the United States in its contractual relationships.<sup>4</sup>

The FAR requires agencies to ensure that supplies and services acquired under Government contracts conform to the contract's quality and quantity requirements and include inspection, acceptance, and other measures associated with quality requirements.<sup>5</sup> The type and extent of contract quality requirements needed depends on the particular acquisition and may range from inspection at time of acceptance to a requirement for the contractor's implementation

<sup>4</sup> FAR Part 1, "Federal Acquisition Regulations System," Subpart 1.6, "Career Development, Contracting Authority, and Responsibilities," Section 1.602, "Contracting Officers," Subsection 1.602-2, "Responsibilities."

<sup>5</sup> FAR Part 46, "Quality Assurance."

of a comprehensive program for controlling quality. Overall, contract quality requirements fall into four general categories. Table 2 provides an overview of each category.

*Table 2. Contract Quality Requirement Categories*

Types of Contract Quality Requirements	Summary
Contracts for commercial products and commercial services.	When acquiring commercial products, the Government must rely on contractors' existing quality assurance systems as a substitute for Government inspection and testing.
Government reliance on inspection by contractor.	For supplies or services acquired at or below the simplified acquisition threshold (\$250,000), the Government must rely on the contractor to accomplish all inspection and testing needed to ensure that the supplies or services conform to contract quality requirements.
Standard inspection requirements.	Standard inspection requirements require the contractor to provide and maintain an inspection system that is acceptable to the Government; gives the Government the right to inspect and test while work is in progress; and requires the contractor to keep complete, and make available to the Government, records of its inspection work.
Higher-level contract quality requirements.	Higher-level quality requirements are necessary in solicitations and contracts for complex or critical items or when the technical requirements of the contract require control of such things as design, work operations, and testing; or attention to such factors as organization, planning, and documentation control.

Source: The DoD OIG.

The FAR also states that contracting officers must ensure that delivery or performance schedules are realistic and meet the requirements of the acquisition.<sup>6</sup> Contract delivery or performance schedules may be expressed in terms of specific:

- calendar dates;
- periods from the date of the contract, such as from the date of award or acceptance by the Government;
- periods from the date of receipt by the contractor of the notice of award or acceptance by the government; or
- time for delivery after receipt by the contractor of each individual order issued under the contract.

<sup>6</sup> FAR Part 11, "Describing Agency Needs," Subpart 11.4, "Delivery or Performance Schedules," Section 11.401, "General."

The DoD Contracting Officer's Representatives Guidebook states that the contracting officer's representative must routinely monitor the contractor's performance throughout the contract, including timeliness and delivery.<sup>7</sup> Within this assessment, the Guidebook states that the contracting officer's representative should determine whether the contractor is on schedule to meet the contractual delivery requirements, and whether there is an award for early deliveries, or a penalty for late deliveries.

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<sup>7</sup> "DoD Contracting Officer's Representatives Guidebook," October 2022.

## Finding

### **Air Force Personnel Generally Ensured That Contractors Delivered Quality and Timely Supplies and Equipment to Ukraine**

Air Force personnel performed effective oversight to ensure that contractors complied with established quality control requirements. In addition, Air Force personnel generally ensured that contractors met agreed-upon delivery dates. Specifically, of the five contracts we reviewed, valued at \$900 million, Air Force personnel:

- performed effective oversight to ensure that contractors complied with established quality control requirements for all five contracts and
- ensured that contractors delivered supplies and equipment on time for three contracts, valued at \$618 million. For the other two contracts, valued at \$282 million, the contractors are not required to deliver the supplies and equipment until at least October 2025. However, for one of those two contracts, valued at \$63.7 million, both Air Force and DCMA personnel responsible for overseeing the contract do not anticipate that the contractor will meet the contract's production schedule because the contractor does not have sufficient personnel to complete the required work and uses a single production line to produce the missiles.<sup>8</sup>

Air Force personnel did not implement controls in any of the contracts we reviewed, such as contractual remedies, to hold contractors accountable for missed delivery timelines. This occurred because contracting personnel are not required to implement contractual remedies; however, they may do so at their discretion. Although we did not identify any late deliveries, contractual remedies incentivize contractors to meet deadlines and allow the Air Force to collect consideration in instances of missed deliveries. The lack of remedies could have a direct impact on the Air Force's ability to hold contractors accountable for contracts that are at risk of late deliveries, or any other contracts that experience future delays, including the missiles contract we reviewed.

As a result of the Air Force's oversight, as of March 31, 2025, the DoD provided supplies and equipment to support Ukraine's continued defense against Russia. However, the Air Force left the Government at risk of not obtaining consideration for instances in which the contractor does not deliver items in a timely manner.

<sup>8</sup> For the other contract, valued at \$218 million, the Air Force anticipates that the contractor will meet the required delivery date of December 31, 2025.

Additionally, if the \$63.7 million in missiles that may not be delivered according to contract timelines are no longer needed, the Air Force could potentially cancel the contract and put those funds to better use.

## **Air Force Personnel Performed Effective Oversight of Contractors' Quality Control and Delivery Timelines**

Air Force personnel performed effective oversight to ensure that contractors complied with contract quality control requirements for all five contracts, valued at \$900 million. In addition, for three of the five contracts, valued at \$618 million, the contractors delivered the required items in accordance with contractual delivery schedules.<sup>9</sup> The contractors are not required to deliver the supplies and equipment for two of the five contracts we reviewed, valued at \$282 million, until at least October 2025. However, the Air Force is aware that at least one of the contractors may not meet the required deliveries and contracting personnel did not implement controls within the contracts to hold contractors accountable if they do not meet future delivery requirements.

### ***Air Force Personnel Ensured the Quality of Equipment and Supplies***

Air Force personnel performed effective oversight to ensure that contractors complied with established quality control requirements for all five contracts we reviewed, valued at \$900 million.<sup>10</sup>

Specifically, Air Force personnel ensured that the contractors implemented all quality control requirements, conducted required inspections, and submitted required deliverables addressing quality control activities as required by the

*Air Force personnel performed effective oversight to ensure that contractors complied with established quality control requirements for all five contracts we reviewed, valued at \$900 million.*

contracts. In addition, Air Force personnel monitored the contractors' quality control activities and conducted inspections, as required, in accordance with established oversight procedures and applicable Federal and DoD policies.

For two of the five contracts, Air Force personnel ensured that contractors provided quality program plans, where applicable, and the results of required inspections and tests. Air Force personnel also obtained status reports, such as production status updates and meeting minutes, in accordance with the contract requirements. For the other three contracts we reviewed, each for the procurement

<sup>9</sup> We limited the scope of this audit to quality control activities and supply and equipment deliveries that occurred up to March 31, 2025, to collect and analyze required data and documentation and develop the conclusions necessary to support this report.

<sup>10</sup> For three of the five contracts reviewed, AFLCMC personnel oversaw the contractor's quality control activities; however, the DCMA conducted this oversight for two contracts.

and sustainment of unmanned aerial systems, the Air Force issued performance-based services acquisition waivers. The performance-based services acquisition waivers removed specific contract requirements, including performance work statements, measurable performance standards, and methods of assessing contractor performance against performance standards.<sup>11</sup> According to the FAR, when acquiring services, including those acquired under supply contracts or orders, agencies must use performance-based acquisition methods to the maximum extent practicable.<sup>12</sup> The FAR also identifies exemptions to this requirement, such as services that are incidental to supply purchases. The waivers, signed by the agency's Deputy Director, explained why performance-based service acquisition procedures were not practical or appropriate for these contracts. In addition, the waivers outlined contracting personnel's oversight procedures, including their direct involvement with the contractor's day-to-day activities, which allowed them to maintain the ability to identify potential issues.

### ***Air Force Personnel Ensured That Contractors Delivered Supplies and Equipment on Time***

The Air Force ensured that contractors delivered supplies and equipment in a timely manner. Specifically, for three of the five contracts we reviewed, valued at \$618 million, the contractors delivered the required items, such as unmanned aerial systems, in accordance with contractual delivery schedules. For example, personnel in the AFLCMC awarded a contract on February 28, 2023, with a modified total contract value of \$326.2 million, to procure and sustain unmanned aerial systems. The contract required the supplies and equipment to be delivered between March 31, 2024, and November 30, 2024. The Government accepted delivery of the items on, or ahead of, schedule.



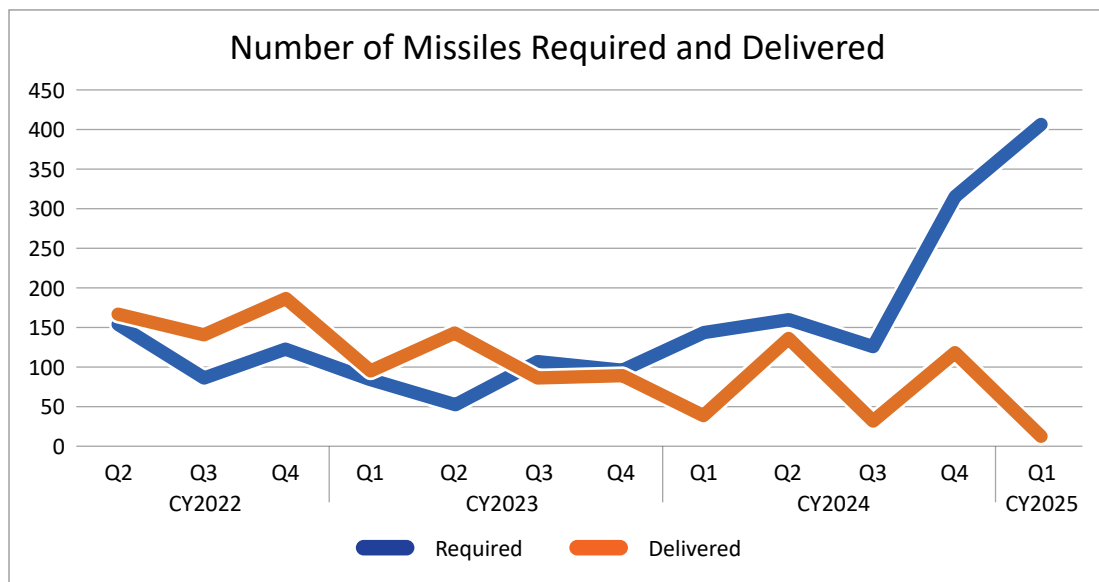
Figure 2. Image of an Unmanned Aerial System  
Source: United States Air Force Academy.

<sup>11</sup> FAR Part 37, "Service Contracting," Subpart 37.6, "Performance-Based Acquisition."

<sup>12</sup> FAR 37.102, "Policy."

For the remaining two contracts, valued at \$282 million, the contractors are not required to deliver the supplies and equipment until at least October 2025. However, at the time of our review, we identified that for one of these contracts, valued at \$63.7 million, the contractor was behind schedule in producing the required items.<sup>13</sup> The AFLCMC awarded a contract on June 20, 2023, to procure 1,143 Advanced Medium Range Air-to-Air Missile Air Vehicles and deliver them to various customers, between October 31, 2025, and July 31, 2026. Of this amount, the contractor is required to deliver 84 to Ukraine on or before July 31, 2026. As of February 28, 2025, the contractor was behind in production by 498 missiles across the entire contract and had not fulfilled any Ukraine-designated deliveries. Figure 3 illustrates the number of missiles the contractor delivered each quarter and the number of missiles the Air Force required to be delivered each quarter.

Figure 3. Number of Missiles Required and Delivered



Source: The DoD OIG.

According to Air Force contracting personnel, the contractor is delivering only 30 percent of the missiles on time, even after the Air Force extended the delivery schedules, because the new guidance section presented production challenges and

<sup>13</sup> The Air Force awarded the contract, valued at \$1.2 billion, to supply 1,143 Advanced Medium Range Air-to-Air Missile Air Vehicles to the Air Force, U.S. Navy, and 11 foreign governments, including Ukraine. The contract line item number to supply the 84 Advanced Medium Range Air-to-Air Missile Air Vehicles to Ukraine was funded through the USAI and valued at \$63.7 million. Because our audit scope was limited to USAI-funded items, we did not analyze the remaining missiles the Air Force will supply to other customers.

required multiple tests to meet acceptability criteria. Air Force personnel added that not having sufficient personnel to complete the required work and the contractor's use of a single production line for the missiles could also have been contributing factors. At the time of our review, both Air Force and DCMA personnel responsible for overseeing the contract do not anticipate that the contractor will meet the production schedule for the USAI-funded missiles. However, in response to our discussion draft report, Air Force personnel stated that the contractor developed a plan to address the delays and has shown signs of delivery improvements. Therefore, the AFLCMC Commander should evaluate the current and future need for the Air Force to provide the delayed missiles to the UAF and institute all appropriate contract actions, which might include modification or termination of the contract, to ensure that all funds, including the \$63.7 million allocated to the contract, are put to their best use.

*Personnel responsible for overseeing the contract do not anticipate that the contractor will meet the production schedule; however, the contractor developed a plan to address the delays and has shown signs of delivery improvements.*

Air Force personnel did not implement controls in the contracts we reviewed, such as contractual remedies, to hold contractors accountable for missed delivery timelines. However, in response to our discussion draft report, Air Force personnel responsible for the missiles contract stated that they will seek contractual remedies if the contractor breaches the contract, and they will not accept late items until they obtain consideration from the contractor. While contracting personnel are not required to implement contractual remedies, they may do so at their discretion to incentivize contractors to meet deadlines and allow the Air Force to collect consideration in instances of missed deliveries. Therefore, as a best practice, the AFLCMC Commander should require contracting personnel to incorporate contractual remedies into production contracts and delivery orders, which might include financial disincentives.

## Conclusion

As of March 31, 2025, the DoD provided supplies and equipment that conformed with contract quality specifications to support Ukraine's continued defense against Russia and ensured that contractors delivered supplies and equipment in accordance with each contract's delivery schedule. However, for two of the contracts we reviewed, the contractors are not required to deliver the supplies and equipment until at least October 2025, and for one of those contracts, Air Force and DCMA personnel do not anticipate that the contractor will meet the required production schedule. Air Force contracting personnel did not implement controls



in the contracts to hold contractors accountable for missed delivery timelines, leaving the Government at risk of not obtaining consideration for instances in which the contractor does not deliver items in a timely manner. Additionally, if the \$63.7 million in missiles that may not be delivered according to contract timelines are no longer needed, the Air Force could potentially cancel the contract and put those funds to better use. The Air Force also issued this contract to support 13 additional requirements. Although we did not review those requirements as part of this audit, the DoD may also want to include them in any assessments conducted as a result of this audit.

## Recommendations, Management Comments, and Our Response

### ***Recommendation 1***

**We recommend that the Commander, Air Force Life Cycle Management Center, evaluate the current and future need for the Air Force to provide the delayed missiles to the UAF and institute all appropriate contract actions, which might include modification or termination of the contract, to ensure that all funds, including the \$63.7 million allocated to the contract, are put to their best use.**

### ***Commander, Air Force Life Cycle Management Center Comments***

The Director, Air Force Materiel Command, Office of International Affairs, responding for the AFLCMC Commander, disagreed with the recommendation. The Director stated that the AFLCMC will continue to monitor and evaluate the current and future need for the Air Force to provide the missiles to Ukraine. Furthermore, the Director stated that the AFLCMC will evaluate all appropriate contract actions, which might include seeking contractual disincentives, to ensure the funds are put to their best use. The Director noted that the contractor is meeting the current delivery schedule and may deliver missiles to Ukraine on time because of recent improvements in its delivery rates.

### ***Our Response***

Although the Director disagreed with the recommendation, the actions taken to monitor the current and future need of the missiles to ensure the funds are put to their best use satisfy the intent of the recommendation. Therefore, the recommendation is resolved but will remain open. We will close this recommendation once the AFLCMC provides documentation that supports the improvements in the contractor's delivery rates and the anticipated on-time delivery for the Ukraine-designated missiles.

## ***Recommendation 2***

**We recommend that the Commander, Air Force Life Cycle Management Center, require contracting personnel incorporate contractual remedies into production contracts and delivery orders, which might include financial disincentives.**

### ***Commander, Air Force Life Cycle Management Center Comments***

The Director, Air Force Materiel Command, Office of International Affairs, responding for the AFLCMC Commander, disagreed with the recommendation. The Director stated that the AFLCMC requires contracting personnel to incorporate appropriate language into production contracts and delivery orders based on the contracting vehicle, which might include financial disincentives. Furthermore, the Director stated that the Advanced Medium Range Air-to-Air Missile contract contains built-in financial incentives because of the contract type. The Director stated that the contractor's failure to deliver could mean a total loss of profit dollars and potentially a net loss of contractor capital. The Director added that if the contractor breaches the contractual delivery schedule, the program office would seek meaningful contractual consideration for the harm caused to the U.S. Government and its foreign partners.

### ***Our Response***

Comments from the Director did not address the specifics of the recommendation; therefore, the recommendation is unresolved. We agree with the Air Force's position that contracts may already contain built-in incentives based on the contract type and that a contractor may experience a loss of profit when it fails to deliver in accordance with the delivery schedule. However, none of the five contracts we reviewed included contractual remedies, specifically financial disincentives, as mentioned within the Director's response. Incorporating contractual remedies would incentivize contractors to meet deadlines and allow the Air Force to collect consideration in instances of missed deliveries. Therefore, we request that the AFLCMC Commander reconsider their position and provide comments within 30 days of the final report describing what actions they plan to take to implement contractual remedies into production and delivery orders or provide documentation supporting that the five contracts we reviewed contained contractual remedies.

## Appendix A

### Scope and Methodology

We conducted this performance audit from December 2024 through July 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.

We obtained a universe of USAI contracts from the Office of the Under Secretary of Defense for Acquisition and Sustainment, which included 303 contracts, valued at \$8.6 billion, awarded as of April 18, 2024. The DoD awarded these contracts to provide Ukraine a variety of items, such as ammunition, radios and communication equipment, tactical vehicles, unmanned aerial systems, small diameter bombs, and missiles. Of this amount, the Army awarded 201 of the contracts, valued at \$6.3 billion; the Navy awarded 48 of the contracts, valued at \$651 million; and the Air Force awarded 56 of the contracts, valued at \$1.6 billion.

We nonstatistically selected 15 contracts, valued at \$3.3 billion, based on highest dollar value.<sup>14</sup> To select the sample, we selected the highest dollar contracts from the highest dollar supply and equipment categories for each Military Service. In selecting the sample, we distributed the number of sample contracts selected for each Military Service based on the overall distribution of the USAI contract dollars. Therefore, we selected seven contracts awarded by the Army, three contracts awarded by the Navy, and five contracts awarded by the Air Force. Table 3 identifies the number and dollar value of the sample USAI contracts selected by Military Service.

*Table 3. USAI Sample Contracts*

Military Service	Number of Sample Contracts	Dollar Value of Sample Contracts (in Millions)
Army	7	\$1,871
Navy	3	557
Air Force	5	853
<b>Total</b>	<b>15</b>	<b>\$3,280</b>

Source: The DoD OIG.

<sup>14</sup> Although we focused on high-dollar contracts to select the sample, we excluded undefinitized contract actions and contracts for services, which resulted in some of the highest dollar contracts being excluded from the sample. Therefore, the sample does not include the top 15 high-dollar contracts from the data obtained from the Office of the Under Secretary of Defense for Acquisition and Sustainment.

### ***Review of Documentation and Interviewing Air Force Personnel***

For each contract, we obtained the contract and relevant modifications from the Electronic Document Access system and documentation prepared or maintained by relevant oversight personnel through requests for information submitted to Air Force and DCMA personnel, as applicable. Additionally, we interviewed Air Force and DCMA personnel, as applicable, to discuss their roles and responsibilities for each contract and identify their policies and procedures for ensuring that prime contractors provided quality and timely supplies and equipment to the UAF.

### ***Procedures to Assess Contractor Compliance with Quality Control Requirements***

We assessed whether the Air Force ensured that the contractor provided quality supplies and equipment to the UAF. Specifically, we reviewed the contracts and related documentation to identify the contractors' quality control requirements, including requirements for conducting inspections and submitting related deliverables to the Air Force. We also reviewed documentation related to the contractors' completed quality control activities and assessed whether the contractors complied with established quality control requirements and addressed and corrected any identified supply and equipment quality deficiencies, where applicable.

Furthermore, we reviewed documentation prepared or maintained by Air Force and DCMA personnel, as applicable, to assess whether the responsible oversight personnel monitored the contractors' quality control activities and conducted inspections, as required, in accordance with established oversight procedures and applicable Federal and DoD policies.

### ***Procedures to Determine Whether Contractors Delivered Supplies and Equipment Timely***

We assessed whether the Air Force ensured that the contractor provided supplies and equipment to the UAF in a timely manner. Specifically, we reviewed the contracts and related documentation to identify the contractors' production and delivery schedules. We also reviewed documentation related to shipments made by the contractors and assessed whether the contractors delivered supplies and equipment in accordance with required delivery timelines.

Furthermore, we reviewed documentation prepared or maintained by Air Force and DCMA personnel, as applicable, to assess whether the responsible oversight personnel monitored the contractors' production and delivery of the supplies and equipment in accordance with established oversight procedures and applicable Federal and DoD policies.

## Criteria

We evaluated the quality, timeliness, and delivery procedures according to the following criteria.

- FAR Part 42, “Contract Administration and Audit Services”
- FAR Part 46, “Quality Assurance”
- FAR Part 47, “Transportation”
- FAR Subpart 1.6, “Career Development, Contracting Authority, and Responsibilities”
- FAR Subpart 11.4, “Delivery and Performance Schedules”
- DFARS Part 246, “Quality Assurance”
- DFARS Subpart 242.11, “Production Surveillance and Reporting”
- “DoD Contracting Officer’s Representatives Guidebook,” October 2022

## Internal Control Assessment and Compliance

We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed the control environment, control activities, monitoring, information and communication, and risk assessment components of internal controls. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

## Use of Computer-Processed Data

We did not use computer-processed data to perform this audit.

## Prior Coverage

During the last 5 years, the DoD Office of Inspector General (DoD OIG) and the Government Accountability Office (GAO) issued six reports discussing the delivery of supplies and equipment to Ukraine.

Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>.

Unrestricted GAO reports can be accessed at <http://www.gao.gov>.

## **DoD OIG**

Report No. DODIG-2024-101, “Audit of Remote Maintenance and Distribution Cell–Ukraine Restructuring Contract Surveillance Planning and Contractor Oversight,” June 25, 2024

The DoD OIG determined that Army contracting personnel planned and established controls to conduct surveillance of contractor performance at the Remote Maintenance and Distribution Cell–Ukraine in accordance with Federal and DoD policies. Army contracting personnel also adjusted the surveillance procedures and number of oversight personnel located onsite to adapt to changing requirements in the Remote Maintenance and Distribution Cell–Ukraine’s mission and to ensure continued surveillance of the contractor’s maintenance efforts. Lastly, Army contracting personnel tasked to conduct contract oversight at the Remote Maintenance and Distribution Cell–Ukraine were nominated in writing, possessed the necessary experience, and completed the required training in accordance with DoD policy.

Report No. DODIG-2024-093, “Evaluation of the Accountability of Ukraine-Bound Equipment to Sea Ports of Embarkation in the Continental United States,” June 10, 2024

The DoD OIG determined that DoD Components accounted for and rapidly transported defense materials the United States provided to Ukraine from their points of origin to seaports of embarkation within the continental United States. However, DoD Components did not move and track equipment as efficiently as possible and did not follow some DoD policies.

Report No. DODIG-2024-053, “Evaluation of the U.S. European Command’s Planning and Execution of Ground Transportation of Equipment to Support Ukraine from Port to Transfer Locations,” February 8, 2024

The DoD OIG determined that the U.S. European Command and U.S. Army Europe-Africa implemented security controls for equipment transferred from seaport to ground transportation. However, U.S. Army Europe-Africa did not always maintain in-transit visibility of Presidential Drawdown equipment in accordance with the theater movement control center standard operating procedures. In addition, U.S. European Command personnel did not have an English translation of the Deutsche Bahn service requirements for providing rail services.

Report No. DODIG-2023-092, "Management Advisory: DoD's Transportation of Ammunition in Support of Ukraine," July 5, 2023

This report contains controlled unclassified information.

Report No. DODIG-2023-084, "Evaluation of Accountability Controls for Defense Items Transferred Via Air to Ukraine within the U.S. European Command Area of Responsibility," June 8, 2023

The DoD OIG determined that DoD personnel received, inspected, staged, and transferred defense items to Government of Ukraine representatives in Jasionka effectively and swiftly, often within hours of receipt. However, among the five shipments the DoD OIG observed and reviewed, DoD personnel did not always have the required accountability for the items received and transferred at Jasionka.

## **GAO**

Report No. GAO-24-106289, "DoD Should Improve Data for Both Defense Article Delivery and End-Use Monitoring," March 2024

The GAO determined that the DoD established new entities to help deliver an unprecedented amount of security assistance to Ukraine in condensed time frames. However, the DoD has not fully documented the roles and responsibilities of these new entities in its guidance. In addition, the GAO determined that DoD data indicate that the agency has delivered most of the defense articles approved for provision to Ukraine under two key security assistance authorities, Presidential Drawdown Authority and the USAI. However, the DoD has not maintained accurate data in Defense Security Cooperation Agency 1000, the system of record used to track deliveries of defense articles provided under Presidential Drawdown Authority, because the service branches record defense articles as delivered at different points in the delivery process. Furthermore, the DoD has not used its data systems to track the delivery of some defense articles provided under the USAI. Lastly, the DoD modified its enhanced end-use monitoring program in response to challenges presented by the ongoing conflict in Ukraine. However, the DoD has not formally evaluated whether the modified program effectively achieves its intended goals.

## Appendix B

### Potential Monetary Benefits

This recommendation may result in potential monetary benefits for the Air Force as shown in Table 4.

*Table 4. Potential Monetary Benefits*

Recommendation	Type of Benefit	Amount of Benefit	Account
1	Funds put to better use – Funds associated with undelivered missiles. A portion may be avoidable if the Air Force no longer needs to provide the missiles to the UAF.	\$63.7 million	TBD

Note: Potential monetary benefits are questioned costs or funds put to better use.

Source: The DoD OIG.



# Management Comments

## Air Force Life Cycle Management Center



**DEPARTMENT OF THE AIR FORCE  
HEADQUARTERS AIR FORCE MATERIEL COMMAND  
WRIGHT-PATTERSON AIR FORCE BASE OHIO**

19 August 2025

MEMORANDUM FOR US DEPARTMENT OF DEFENSE – OFFICE OF INSPECTOR GENERAL  
4800 MARK CENTER DRIVE  
ALEXANDRIA VA 22350-1500

FROM: HQ AFMC/IA  
1940 Allbrook Road, Building 1  
Wright-Patterson AFB OH 45433-5337

SUBJECT: Management Comments to Draft DoD Inspector General Report, Processes for Providing Supplies and Equipment Funded Through the Ukraine Security Assistance Initiative (USAI), Project D2024-D000AX-0151.001

1. AFMC respectfully submits a non-concur to two recommendations for the Air Force Life Cycle Management Center (AFLCMC) contained in the Draft DoD IG Report cited above with management comments following below. The comments originated from the Program Executive Officer (PEO) for Armaments/Weapons (AFLCMC/EB) and the AFLCMC Contracting Directorate (AFLCMC/PK). The AFLCMC Director of Staff and AFMC Director of Staff coordinated on the comments.
2. Draft Report Recommendations for AFLCMC and Management Comments.
  - a. Recommendation #1. AFLCMC/CC evaluate the current and future need for the Air Force to provide the delayed missiles to the Ukraine Air Force and institute all appropriate contract actions, which might include modification or termination of the contract, to ensure all funds, including the \$63.7 million allocated to the contract, are put to their best use.
  - b. Management Comments: Non-concur. The contract includes built-in financial incentives due to the contract type of Fixed Price Incentive (Firm Target). As such, AFLCMC will continue to monitor and evaluate the current and future need for the Air Force to provide delayed missiles to the Ukraine Air Force and all appropriate contract actions, which might include seeking contractual incentives or disincentives to ensure the \$63.7 million allocated to the contract is put to best use. However, AFLCMC notes that the contractor is not currently late with the Lot 37 delivery schedule, and with recent improvements in delivery rates there is still a possibility of on-time delivery. Action complete 1 Jul 25.
  - c. Recommendation #2. AFLCMC/CC require contracting personnel incorporate language into production contracts and delivery orders which might include financial incentives or disincentives.
  - d. Management Comments: Non-concur. AFLCMC requires contracting personnel to incorporate appropriate language into production contracts and delivery orders based on the contracting vehicle utilized which might include financial incentives and disincentives. Advanced Medium-Range Air-to-Air Missile (AMRAAM) Lot 37 is a Fixed Price Incentive (Firm Target) contract to produce and deliver Lot 37 missiles. The contract contains built-in financial incentives due to its contract type including an overrun share, a point of total assumption, and a ceiling value. Failure of the contractor to deliver could mean a total loss of profit dollars and potentially a net loss of contractor capital. Additionally, if the contractor breaches the contractual delivery schedule, the program office seeks meaningful contractual consideration for the harm caused to the US government and its foreign partners in order to rebaseline the

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## Air Force Life Cycle Management Center (cont'd)

schedule *before* allowing liquidation of funding for accepted units (see comment above). Finally, AFLCMC/EB is currently evaluating adding delivery incentives as disincentives for the upcoming Lot 39 and 40 AMRAAM contract. Action complete 1 Jul 25.

3. If you have any questions, please contact [REDACTED]

GERAGHTY,JEFFREY  
EY.THOMAS [REDACTED]

JEFFREY T. GERAGHTY  
Brigadier General, USAF  
Director of International Affairs

cc:  
SAF/AG  
AFMC/DS  
AFLCMC/DS

## Acronyms and Abbreviations

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<b>AFLCMC</b>	Air Force Life Cycle Management Center
<b>DCMA</b>	Defense Contract Management Agency
<b>DFARS</b>	Defense Federal Acquisition Regulation Supplement
<b>FAR</b>	Federal Acquisition Regulation
<b>UAF</b>	Ukrainian Armed Forces
<b>USAI</b>	Ukraine Security Assistance Initiative



# **Whistleblower Protection**

## **U.S. DEPARTMENT OF DEFENSE**

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**For more information about DoD OIG reports or activities, please contact us:**

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