

## Why GAO Did This Study

In 2023, DOD notified Congress that it had misvalued certain defense articles provided under PDA to Ukraine by about \$6.2 billion, in total. This amount was subsequently still available for use as PDA assistance.

The Consolidated Appropriations Act, 2023 included a provision for GAO to conduct oversight, including audits and investigations, of amounts appropriated in response to the war-related situation in Ukraine. Also, we were asked to review DOD's accounting of all defense articles provided to Ukraine under PDA. This report examines the extent to which the methods DOD used to value defense articles provided to Ukraine under PDA have been consistent with DOD guidance, among other objectives.

GAO reviewed DOD guidance and interviewed DOD officials. GAO also selected a statistical sample of line-item records of defense articles provided to Ukraine under PDA to estimate the extent to which the valuation methods used aligned with DOD guidance.

## What GAO Recommends

GAO is recommending that Congress consider clarifying the definition of "value" as it relates to defense articles provided under PDA. GAO is also making seven recommendations to DOD, including that it update guidance to include a PDA-specific valuation section and develop component-specific valuation procedures for PDA. DOD concurred with all seven recommendations and cited actions it will take to address them.

View [GAO-24-106934](#). For more information, contact Kristen Kociolek at (202) 512-2989 or [kociolekk@gao.gov](mailto:kociolekk@gao.gov).

# UKRAINE ASSISTANCE

## Actions Needed to Properly Value Defense Articles Provided under Presidential Drawdown Authority

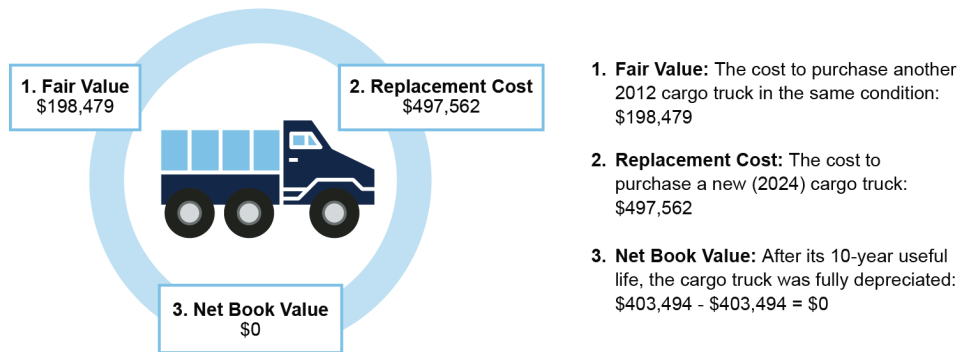
### What GAO Found

Presidential Drawdown Authority (PDA), as authorized in the Foreign Assistance Act of 1961, enables the President to direct the drawdown of defense articles and services from U.S. agencies' stocks to respond to foreign crises. Drawdown defense articles are primarily supplied by the Department of Defense (DOD) and may include articles such as ammunition, vehicles, clothing, and medical equipment. From August 2021 through March 2024, the President used PDA to authorize almost \$24 billion in drawdowns for Ukraine.

GAO found that DOD's efforts to properly value defense articles for drawdown are hampered because the Foreign Assistance Act does not clearly define certain terms and DOD lacks PDA-specific valuation guidance. First, the Foreign Assistance Act is not clear on the definition of "value" or the purpose of the maximum aggregate value as they relate to articles provided under PDA. This affects DOD's ability to establish clear guidance for valuing defense articles under PDA. Second, though DOD has accounting policy for valuing defense articles, it is not specific to valuation for PDA purposes. Not having specific guidance on methods for valuing articles provided under PDA affects the values given to those articles (see figure). As a result, DOD cannot have assurance that the articles will be valued accurately, which may result in a miscalculation of the remaining presidential determination authorization amount.

### Comparison of Values Derived from Different Valuation Methods

Depending on the valuation method used, the value of a 6x6 cargo truck with a useful life of 10 years purchased in 2012 for \$403,494 will vary.



Source: GAO. | GAO-24-106934

At the DOD component level, GAO found that some components did not consistently follow DOD's accounting policy as instructed when valuing defense articles for PDA. GAO estimates that about 12 percent of all defense articles provided to Ukraine under PDA were valued using methods that did not comply with DOD guidance and may need to be revalued. Moreover, GAO estimates that about 61 percent of the reported values do not have appropriate supporting documentation, which leads to the inability to verify the valuation. Without component-specific procedures to ensure that the methods used comply with DOD guidance and are appropriately documented, DOD cannot ensure that the values are accurately calculated across the components for PDA purposes.