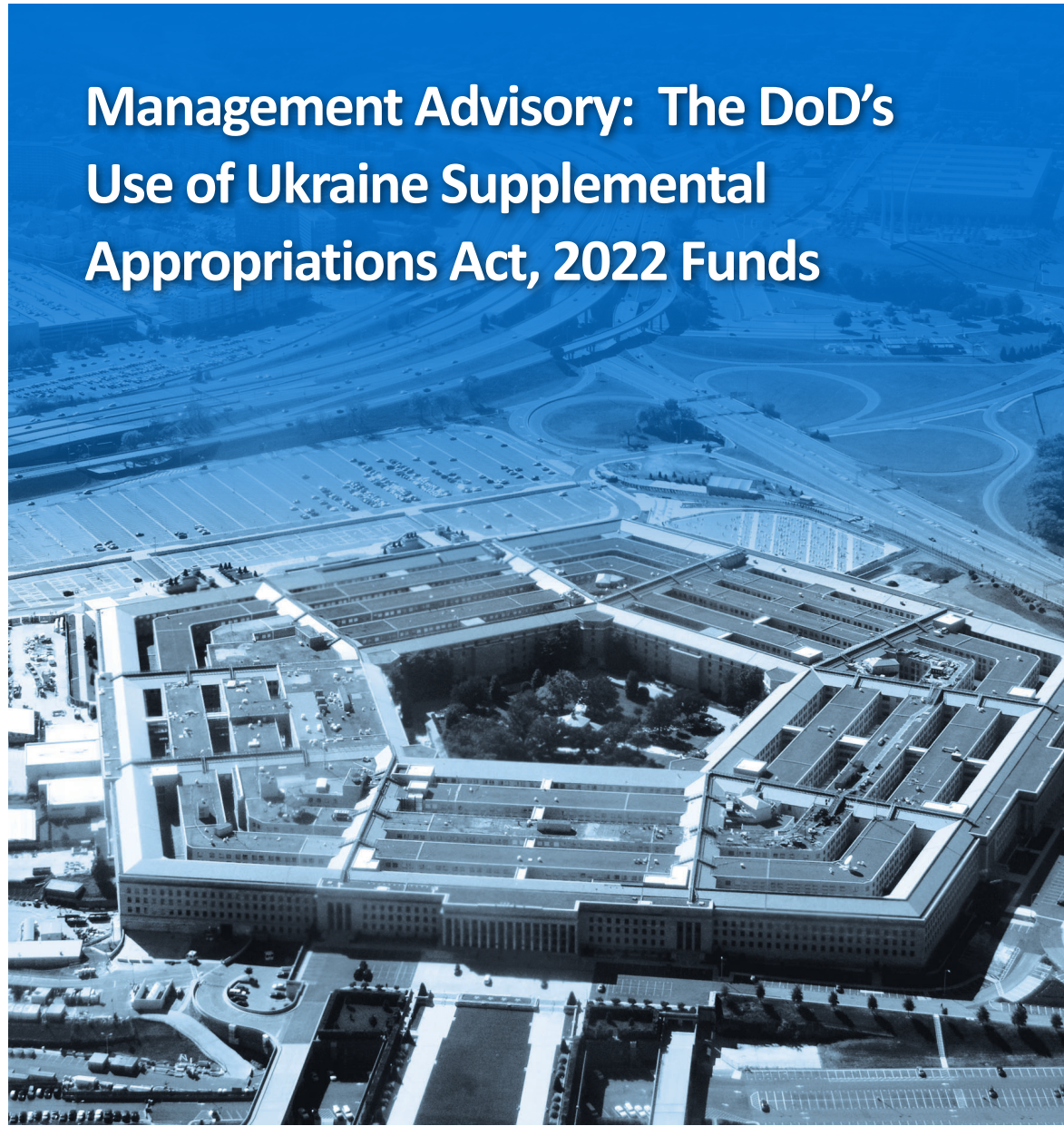




INSPECTOR GENERAL

U.S. Department of Defense

JULY 8, 2022



Management Advisory: The DoD's Use of Ukraine Supplemental Appropriations Act, 2022 Funds

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





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

July 8, 2022

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/
CHIEF FINANCIAL OFFICER, DOD

SUBJECT: Management Advisory: The DoD's Use of Ukraine Supplemental Appropriations Act,
2022 Funds (Report No. DODIG-2022-112)

The purpose of this management advisory is to inform Congress and DoD leadership of the DoD's use of Ukraine Supplemental Appropriations Act, 2022 funds and highlight areas of concern with the DoD's tracking and reporting of the supplemental funds. We identified these areas of concern during our research project on the DoD's use of Ukraine Supplemental Appropriations Act, 2022 funds (Project No. D2022-D000FL-0123.000). The President signed the Act, which provided the DoD with \$6.5 billion in funding to assist Ukraine, on March 15, 2022. We conducted the work on this management advisory with integrity, objectivity, and independence, as required by the Council of the Inspectors General for Integrity and Efficiency's Quality Standards for Federal Offices of Inspector General. However, we are not providing an assertion on the accuracy of the information reported from Advana.

We provided a copy of the draft management advisory to Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD (OUSD[C]/CFO) personnel and considered their comments when preparing the final management advisory. We appreciate the cooperation and assistance received during this research project. If you have any questions, please contact me at [REDACTED].

A handwritten signature in cursive script that reads "Lorin T. Venable".

Lorin T. Venable, CPA
Assistant Inspector General for Audit
Financial Management and Reporting



Transparency of the DoD's Reporting of Ukraine Supplemental Appropriations Act, 2022 Funds

We determined that as of June 2, 2022, the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, (OUSD[C]/CFO) has implemented procedures for DoD Components to follow in reporting through Advancing Analytics (Advana) the execution of the \$6.5 billion in funds appropriated to the DoD to provide assistance to Ukraine.¹

OUSD(C)/CFO personally implemented processes to help ensure DoD Components are reporting, through their respective accounting systems, the transactions supporting the assistance the DoD is providing to Ukraine. However, the DoD's use of systems that are not able to directly feed into Advana could limit the transparency of the execution of the Ukraine supplemental funds.

The DoD received **\$6.5 billion** in funding under the Ukraine Supplemental Appropriations Act:

- **\$3.5 billion** for reprogramming to replenish DoD Stocks and reimburse DoD services
- **\$2.1 billion** for Operations and Maintenance
- **\$409.0 million** for Defense Working Capital Funds
- **\$227.1 million** for Procurement
- **\$195.5 million** for Military Personnel
- **\$130.3 million** for Research, Development, Test, and Evaluation

Background

The President enacted the Ukraine Supplemental Appropriations Act, 2022 (the Act) on March 15, 2022 as part of the Consolidated Appropriations Act, 2022.² Congress designates each amount provided by the Act as being for an emergency requirement.³ The Act provided the DoD with \$6.528 billion in funds for assistance to Ukraine, specifically:

- \$3.028 billion directly appropriated for U.S. European Command operations mission support, the deployment of personnel to the region, and intelligence support; and
- \$3.500 billion of reprogramming funds to replace the DoD's stocks, and to reimburse the DoD for defense services, education, and training provided to Ukraine.

The Act requires that the \$3.5 billion remain available for transfer under the appropriation "Operation and Maintenance, Defense-Wide." These funds may only be transferred to accounts under the heading "Operation and

¹ Advana is the official reporting system for Ukraine Supplemental Appropriations Act, 2022 funds. It is a common enterprise data repository and a centralized data and analytics platform that provides DoD users with common business data, decision support analytics, and data tools.

² Public Law 117-103, "Consolidated Appropriations Act, 2022," March 15, 2021, includes Division N, "Ukraine Supplemental Appropriations Act, 2022," Title III, "Department of Defense."

³ "Ukraine Supplemental Appropriations Act, 2022," Title VII, "General Provisions – This Act," Section 2705.

Maintenance” and “Procurement” for the replacement of defense articles from DoD stocks and reimbursement for services. Furthermore, the Act requires the Secretary of Defense to notify the congressional defense committees of the details of transfers at least 30 days before any transfer, and the funds transferred must be used for the same purposes and same period as the appropriations to which the funds are transferred.

Table 1 represents the status of the DoD’s use of the funds, organized by recipient and reported from Advana as of June 2, 2022. Office of Management and Budget (OMB) Circular No. A-11 explains that funds must be realized or available for execution before the Components can incur obligations.⁴ Funds can then be obligated toward an approved expense or contract, and disbursed when payments are made to the obligated person or vendor. We are not providing an assertion on the accuracy of the information reported from Advana. However, we are reporting on the DoD’s use of the Act funds and areas of concern over the reporting status of the Act funds.

Table 1. Status of Ukraine Supplemental Funds by Execution Level as of June 2, 2022

Recipient (Treasury Index No.)	Total Supplemental (in Millions)	Available for Execution (in Millions) ¹	Cumulative Obligations (in Millions)	Cumulative Disbursements (in Millions)
Army (TI-21)	\$1,243.6	\$1,881.3	\$383.8	\$61.7
Air Force ² (TI-57)	727.8	162.2	232.3	32.6
Marine Corps (TI-17)	24.5	0	185.0	0.1
Navy (TI-17)	245.5	0	48.9	38.9
Defense-Wide ³ (TI-97)	4,286.6	537.8	416.9	177.0
Total⁴	\$6,528.1	\$2,583.4	\$1,267.0	\$310.3

¹ Execution amounts represent the amounts that each DoD Component has available for use. This column may include amounts from reprogramming, while some DoD Components had yet to receive or record receipt of their funds from the OUSD(C)/CFO.

² Includes the U.S. Space Force.

³ Includes the \$3.5 billion in reprogramming funds.

⁴ Amounts may differ due to rounding.

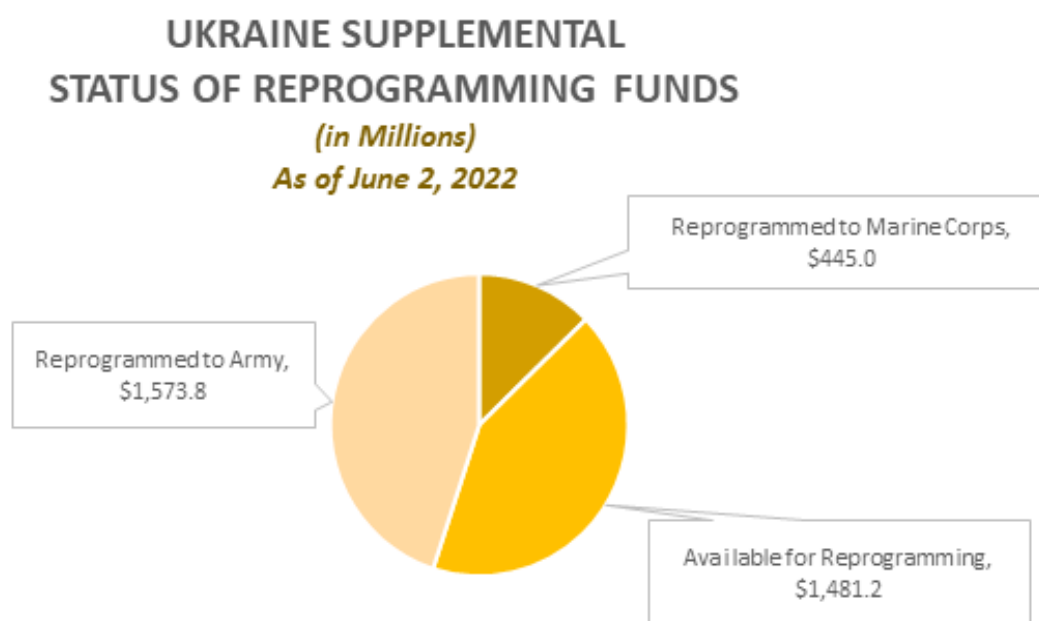
Source: Advana.

The Total Supplemental amount reported in Table 1 for Defense-Wide includes the \$3.5 billion in reprogramming funds. However, Advana is not yet able to separately report the status of the reprogrammed funds in the Execution, Obligation, or Disbursement amounts.

⁴ OMB Circular No. A-11, “Preparation, Submission, and Execution of the Budget,” August 6, 2021 Revision.

Figure 1 represents the status of the \$3.5 billion appropriated for reprogramming to replace the DoD's stocks, and to reimburse for defense services, education, and training provided to Ukraine. According to the information contained in the Reprogramming Actions related to the Ukraine supplemental funds, the DoD has reprogrammed \$2.0 billion in funds, and \$1.5 billion remains available for reprogramming.⁵

Figure 1. Status of the DoD's Reprogrammed Ukraine Supplemental Funds as of June 2, 2022



Source: The OUSD(C)/CFO.

Guidance for Execution and Reporting on the Use of Ukraine Supplemental Funds

The Office of the Under Secretary of Defense (Comptroller) Memorandum

On March 16, 2022, the Deputy Under Secretary of Defense (Comptroller) (DUSD[C]) issued a memorandum outlining the budget execution and cost reporting requirements for the “DoD Ukraine contingency operations.”⁶ The memorandum states that Advana will be the authoritative and only source for reporting the Ukraine supplemental funding and that DoD Components are required to update Advana weekly with their execution of direct funds.

⁵ The DoD uses “Reprogramming Action – Internal Reprogramming” (Form DD 1415-3) to document appropriation reprogramming actions. Once the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, signs the Reprogramming Actions, they are posted for the public at comptroller.defense.gov.

⁶ DoD Regulation 7000.14-R, “DoD Financial Management Regulation” (DoD FMR), volume 12, “Special Accounts, Funds, and Programs,” chapter 23, “Contingency Operations,” discusses financial policy and procedures for small, medium, and large-scale campaign-level military contingency operations related to the DoD. According to the DoD FMR, contingency operations might include support for peacekeeping operations, foreign disaster relief efforts, and noncombatant evacuation operations. The DoD FMR notes that its use of “contingency operation,” in volume 12, chapter 23, is more encompassing than the specific definition contained in Title 10, United States Code, section 101(a), paragraph 13.

The memorandum also states that for all transactions related to the Ukraine supplemental funding, all systems must record the Standard Financial Information Structure (SFIS) elements as represented in Table 2.⁷

Table 2. Ukraine Supplemental Funds SFIS Reporting Requirements

SFIS Element Name	SFIS Element Code	Ukraine Supplemental Value	Ukraine Supplemental Value Name
Contingency Code	B8	UKR022	Support to Ukraine During Russian Invasion
Disaster Emergency Fund Code	A32	3*	Emergencies*

*OMB established on April 4, 2022.

Source: The DoD OIG.

According to the DUSD(C) memorandum, all DoD Components were required to implement fields that would support reporting of complete budget execution and cost accounting within 5 days of the memorandum issue date. Also, for systems not yet compliant with SFIS version 11.2, the memorandum instructed the DoD Components to work with the Advana data operations teams to identify where the contingency code and Disaster Emergency Fund Code (DEFC) data are located in their existing feeds.

DoD Financial Management Regulation

The DoD Financial Management Regulation (DoD FMR) states that cost reporting is an integral part of the DoD's stewardship and that the DoD Components must make every effort possible to capture and accurately report the cost of the contingency operation. According to the DoD FMR, DoD Components are required to report the obligation of all funds (regardless of the source) to cover the incremental costs of the contingency, including funds received in a supplemental.

Additionally, the DoD FMR states that incremental costs are additional costs that DoD Components would not have incurred had they not supported the contingency operation. The DoD FMR further explains that the cost of material, equipment, and supplies from regular stocks is an allowable incremental cost when DoD Components use these items for providing directed assistance.⁸

⁷ SFIS is a comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance, and external reporting needs across the DoD enterprise. It standardizes financial reporting across the DoD and allows revenues and expense to be reported by programs that align with major goals, rather than basing reporting primarily on appropriation categories.

⁸ DoD FMR, volume 12, chapter 23, "Contingency Operations," section 9.2, "Incremental Costs."

The DoD's Use of the Ukraine Supplemental Funds

Of the \$6.5 billion in Ukraine supplemental funds, \$2.6 billion has been programmed for use (execution level) into the DoD accounting systems, \$1.3 billion has been obligated (cumulative obligations), and \$310.3 million has been disbursed (cumulative disbursements). The following are some examples of OMB Object Classification categories and the associated amounts reported in Advana as of June 2, 2022, as obligated in support of Ukraine operations.

- Other Contractual Services (\$668.0 million)
- Supplies and Materials (\$264.0 million)
- Equipment (\$239.2 million)
- Transportation of Things (\$45.1 million)
- Travel & Transportation of Persons (\$44.3 million)

The \$3.5 billion of reprogramming funds was initially appropriated to “Operation and Maintenance, Defense-Wide” and available for subsequent transfer. As of June 2, 2022, the OUSD(C)/CFO has issued two reprogramming action documents that impacted the reprogramming funds. According to the two reprogramming actions, the OUSD(C)/CFO has reprogrammed \$2,018.8 million as follows:

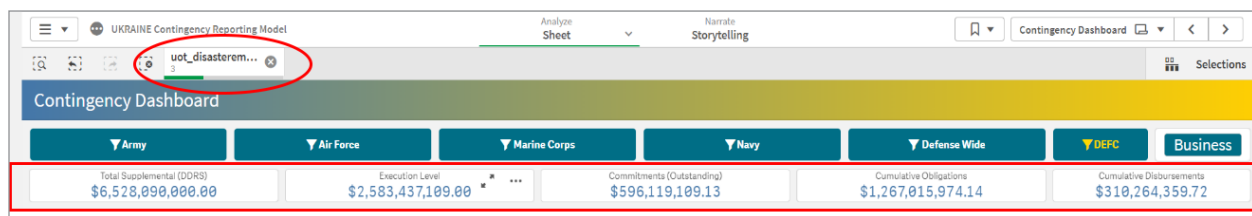
- May 1, 2022: \$1,483.5 million;
 - Army Missile Procurement for replacement Stinger and Javelin missiles - \$1,113.1 million; and
 - Marine Corps Procurement for replacement Stinger missiles - \$370.4 million.
- May 25, 2022: \$535.3 million;
 - Army for replacement of:
 - helmets, body armor and weapons accessories; and packaging and transportation of body armor, ammunition, missiles, and repair parts - \$201.8 million;
 - Javelin missiles and Switchblade 300s - \$43.7 million;
 - grenade launchers, rifles, machine guns, and shotguns - \$9.6 million; and
 - ammunition - \$205.6 million.
 - Marine Corps for reimbursement of transportation costs - \$360,000; and
 - Marine Corps for replacement of:
 - Lightweight assault weapons and grenades - \$11.2 million; and
 - Stinger missiles - \$63.1 million.

The DoD's Reporting of Ukraine Supplemental Funds

DoD leadership and Congress rely on accurate financial information reporting to ensure transparency and accountability of the DoD's use of the Ukraine supplemental funds. The DoD has implemented processes to improve the transparency in the reporting on the execution of Ukraine supplemental funds.

According to the DUSD(C) memorandum, Advana is the authoritative and only source for reporting information on the use of the funds for Ukraine Assistance. OUSD(C)/CFO personnel developed a Contingency Dashboard in Advana that is dedicated to tracking the Ukraine supplemental funding, including base funding and supplemental funding.⁹ This dashboard also provides a status of the supplemental amounts reported in Defense Departmental Reporting System–Budgetary (DDRS-B) on a monthly basis and a daily status of the DoD's execution levels.¹⁰ Figure 2 reflects the status of the use of Ukraine supplemental funds as reported in the Advana Contingency Dashboard on June 2, 2022.

Figure 2. Advana Contingency Dashboard on June 2, 2022



Source: Advana.

In addition to the DUSD(C) designating Advana as the authoritative and only source for reporting the funds for Ukraine Assistance, Advana is also a reporting platform that receives and compiles accounting information from multiple DoD accounting systems, including the following systems:

- Defense Enterprise Accounting and Management System (DEAMS)
 - Air Force, U.S. Special Operations Command (USSOCOM), U.S. Transportation Command (USTRANSCOM) – Air Mobility Command
- General Accounting and Finance System (GAFS)
 - Air Force
- Defense Agencies Initiative (DAI)
 - Office of the Secretary of Defense, Defense Security Cooperation Agency, Defense Information System Agency, Defense Advanced Research Projects Agency, Other Defense Organizations, U.S. Marine Corps

⁹ Base funding is funding that the DoD uses to pay for the Department's normal activities.

¹⁰ While Advana is the authoritative platform for reporting the status of Ukraine assistance funds, DDRS-B is the central budgetary accounting and reporting system for the entire DoD.

- Navy Enterprise Resource Planning (ERP)
 - *Navy and USTRANSCOM – Military Sealift Command (MSC)*
- Standard Accounting, Budgeting and Reporting System (SABRS)
 - *Navy and USSOCOM*
- General Fund Enterprise Business System (GFEBS)
 - *Army and USSOCOM*
- Global Combat Support System – Army (GARMY)
 - *Army*
- Defense Logistics Agency (DLA) – Enterprise Business System (EBS) and
- Corps of Engineers Financial Management System (CEFMS)
 - *U.S. Army Corps of Engineers (USACE)*

Advana receives accounting information from the various DoD accounting systems on a weekly, sometimes daily basis; and Advana can compile and organize updated information as often as the feeder systems can provide data. OUSD(C)/CFO personnel require DoD Components to verify their respective information reported in Advana on a weekly basis. As the DoD Components post transactions to the various DoD accounting systems, OUSD(C)/CFO personnel reconcile the data to the DDRS-B/Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to ensure the information, such as the budgetary account balances and the funding levels associated with the DEFC-3, is feeding into Advana correctly.¹¹ As stated previously, most of the DoD's accounting systems are not compliant with SFIS version 11.2 and cannot report the SFIS element for the DEFC. Because the DoD feeder systems are unable to report the DEFC, the DoD Components use agreed-upon business rules to crosswalk the DEFC values into Advana.

Because each DoD accounting system has its own set of business rules with Advana to translate the DEFC, the OUSD(C)/CFO had to conduct additional monitoring to ensure that the information reported to Advana matched the information reported to DDRS-B. In one instance, the OUSD(C)/CFO identified misreported transactions and quickly took corrective actions to ensure accurate reporting. During the March 2022, month-end reconciliation, OUSD(C)/CFO personnel identified that Navy transactions processed through the Navy Enterprise Resource Planning system did not capture the DEFC business rules crosswalk; therefore, DDRS-B did not reconcile to Advana. OUSD(C)/CFO personnel worked with Navy and Defense Finance and Accounting Service personnel before the month-end closing to correct the issue.

¹¹ Defense Finance and Accounting Service personnel use GTAS to submit the accounting data electronically to the Department of the Treasury to support the Government-Wide Standard Form 133 Report on Budget Execution and Budgetary Resources. The DoD's status of budgetary resources and execution must reconcile with the Department of the Treasury.

The DoD's Establishment of Reporting Processes

While OUSD(C)/CFO personnel have implemented many processes to capture and report the execution of the funds, they have yet to fully implement or document all the necessary processes for capturing and reporting accounting information through Advana in standard operating procedures. In May 2022, OUSD(C)/CFO personnel published user guides and posted them in Advana for DoD Components to use in validating the execution of Ukraine supplemental funds. Additionally, OUSD(C)/CFO personnel hold weekly meetings with the DoD Components to discuss the expectations and requirements for the DoD Components to adequately capture and report the DoD's execution of the Ukraine supplemental funds. For the weekly meetings, the DoD Components complete the OUSD(C)/CFO's template checklist documenting the status of their funds and confirming the information reported in Advana reconciles to the respective DoD Component's records. The purpose of the weekly checklist is to ensure that the OUSD(C)/CFO has current points of contact and that the funding amounts reported by the Component's accounting system matches in Advana. The weekly checklist also asks the Component representative to indicate whether they plan to submit any manual inputs or journal vouchers during the week, and to list their respective Defense Finance and Accounting Service representative who could help troubleshoot reporting discrepancies. In addition to the weekly checklist, the OUSD(C)/CFO has the ability to verify the last login date for each user to corroborate responses in the weekly checklists.

Although the standard operating procedures are not developed, OUSD(C)/CFO personnel are taking management actions to help ensure the DoD Components are aware of, and are completing, the reporting requirements for the Ukraine supplemental funds. In the future, as the reporting processes continue to evolve and the funding is further executed, OUSD(C)/CFO personnel will need to ensure all Advana reporting processes are fully documented.

Additionally, in Report No. DODIG-2022-054, "Management Advisory Regarding Results from Research for Future Audits and Evaluations Related to the Effects of the 2019 Novel Coronavirus on DoD Operations," the DoD Office of Inspector General (DoD OIG) identified shortfalls in the DoD's use of DEFCs when reporting on the use of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds. The DoD OIG issued a recommendation for the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, to address the inconsistent use of DEFCs in reporting and to include the DEFC in the funding authorization documents.¹²

In response to the DoD OIG's recommendation, OUSD(C)/CFO personnel included the DEFC reporting requirement in the Ukraine supplemental funding authorization documents. OUSD(C)/CFO personnel also took actions to regularly inform DoD Component personnel to use DEFC-3 when posting transactions that use the Ukraine supplemental funds. We consider the OUSD(C)/CFO personnel's actions of informing the DoD Components of the reporting

¹² OUSD(C)/Program and Budget personnel prepare funding authorization documents that formally transfer the authorization to obligate and execute funds to the executing level activity. These funding authorization documents include data such as funding amounts, reporting requirements, and specific reporting details that are associated with the authorized funds.

requirements, establishing the DEFC reporting requirements in the funding authorization documents, and monitoring compliance of reporting to align with the Government Accountability Office's Standards for Internal Control in the Federal Government.¹³

The DoD's Reclassification of Funds

The DoD limited the transparency and traceability of the Ukraine supplemental funds by using journal vouchers to reclassify the execution of the funds. According to OUSD(C)/CFO personnel, the contingency code UKR022 became available on March 3, 2022, and enabled DoD Components to begin recording transactions for Ukraine assistance. However, DoD Components had to charge these transactions to their base funding because no other funding was available until the Ukraine supplemental funds were enacted on March 15, 2022. It was not until April 4, 2022, that OMB established DEFC-3 as an additional reporting requirement to differentiate the Ukraine supplemental funds from base funds. The OUSD(C)/CFO issued the first of 25 funding authorization documents on April 7, 2022, and included instructions for the Components to include the DEFC-3 for reporting Ukraine supplemental funds. Once the Ukraine supplemental funds became available, the DoD Components could reclassify the transactions from using base funds to using the Ukraine supplemental funds by including the DEFC-3.

OUSD(C)/CFO personnel stated that, in some instances, the DoD Component can simply reclassify individual transactions within the accounting systems, while in other instances; DoD Components need to post journal vouchers to the system's general ledgers to reclassify the transactions.¹⁴ For example, Army personnel stated that for the Military Personnel Payments, the funds provided to assist Ukraine will, "act as a reimbursement and the costs in Officer or Enlisted Pay and subsistence will be journal vouchered from the Army's base funds to the supplemental funds." This example would be an acceptable method for reclassifying funds, but only if the journal voucher is traceable to all of the Officer or Enlisted Payments that support the amount and purpose of the summary journal voucher.

However, the use of summary journal vouchers is a concern because journal vouchers have the potential to limit the transparency of the funds, particularly if the summary journal vouchers do not trace back to the supporting transactions details. As a hypothetical example, if a DoD Component posts a summary journal voucher to reclassify Officer or Enlisted Pay costs from base funds to supplemental funds, but it could not provide the supporting documentation, we would consider the journal voucher unsupported because we would be unable to see clearly how those funds were used. In other words, the hypothetical journal voucher is no longer financially transparent. OUSD(C)/CFO personnel have recognized this concern and stated that as of the end of March 2022, they have implemented procedures to review all journal vouchers to ensure appropriateness of the transaction.

¹³ Government Accountability Office, "Standards for Internal Control in the Federal Government," September 2014 (GAO-14-704G), considers Information and Communication; Control Activities; and Monitoring among the components of internal control.

¹⁴ DoD FMR, volume 6A, chapter 2, section 2.8, "Journal Voucher Adjustments," July 2020, defines journal vouchers as all adjustments recorded in system transaction registers and the general ledger identifying summary-level adjustments to the general ledger.

The DoD's Use of Journal Vouchers to Report Execution of Ukraine Supplemental Funds

Of all the DoD's accounting systems reporting through Advana, DAI is the only system that is able to track and report the DEFC. The eight other accounting systems have either not been updated for the DEFC element respective to SFIS version 11.2 or they provide information through manual inputs. For the systems that are not yet updated to the most current SFIS version 11.2 that includes the DEFC, OUSD(C)/CFO personnel established business rules between the accounting systems and Advana that crosswalk the transactions to the DEFC in Advana. OUSD(C)/CFO personnel created these business rules as workarounds for the accounting systems to ensure transparency of the reporting. While the business rules appear to be an effective workaround in lieu of SFIS compliance, providing support to Ukraine is only one of many DoD missions. Until the DoD is able to bring all of its accounting systems into compliance with SFIS version 11.2, the DoD will not have the comprehensive data structure that fully supports the requirements for budgeting, financial accounting, cost/performance, and external reporting needs across the DoD enterprise.

Some DoD Components provide manual inputs for upload into Advana because their accounting systems do not have the capability to report directly into Advana. For example, CEFMS, the accounting system for USACE, does not directly interface with Advana; therefore, USACE provides accounting information using a standard template that OUSD(C)/CFO personnel upload into Advana. Advana then automatically pulls in the information from the template to combine it with the other accounting data. Once Advana pulls the information in, the template file stays in Advana in order to maintain the source information and balances.

While the use of business rules and manual inputs increases the risk of reporting incomplete or inaccurate data, we are not making a recommendation because OUSD(C)/CFO personnel have implemented mitigating controls. OUSD(C)/CFO personnel conduct reconciliations between Advana balances and DDRS-B/GTAS balances, validate weekly checklists, require supporting documentation with journal vouchers, and ensure accurate implementation of the business rules as well as accurate uploads of manual inputs.

The DoD's Reporting of Reprogrammed Funds

Advana applies the same reporting requirements to all \$6.5 billion in Ukraine supplemental funds; therefore, it does not distinguish between the direct appropriated amounts or the reprogrammed amounts. The DUSD(C) memorandum provided the same instruction for reporting the use of all \$6.5 billion in Ukraine supplemental funds, regardless of whether the funds were part of the \$3.0 billion directly appropriated to the DoD Components or whether they were part of the \$3.5 billion marked for reprogramming. Additionally, OMB issued only one DEFC for reporting the use of the Ukraine supplemental funds. However, the language in the Ukraine Supplemental Appropriations Act, 2022, provides two somewhat different

purposes for these two types of supplemental funds. Therefore, until the DoD is able to differentiate one type of transaction from another, the DoD may lose transparency over the original purpose of the supplemental funds.

OUSD(C)/CFO, Defense Finance and Accounting Service, and DoD Component personnel identified this concern during one of the first of several weekly touchpoint meetings and brought this concern to Advana programmers. DoD personnel have continued to work together to begin developing additional business rules for Advana and each DoD Component's accounting systems to provide this level of visibility. However, the solution to adding this clarity in reporting has not yet been fully developed. We are not making a recommendation at this time because OUSD(C)/CFO personnel are aware of the lack of transparency and are working with the DoD Components to develop methods for differentiating transactions by their original purpose as established in the Act.

Conclusion

DoD leadership and Congress rely on accurate financial information reporting when ensuring transparency and accountability of the DoD's use of the Ukraine Supplemental Appropriations Act, 2022, funds. We observed that the OUSD(C)/CFO made improvements to their reporting processes and controls for Emergency Supplemental Funding as a result of lessons learned and recommendations from the CARES Act Management Advisory, including the DEFC reporting requirements in the funding authorization documents. However, as the DoD is building processes and procedures to ensure the transparency of the reporting for the Ukraine supplemental funds, we identified multiple areas of concern that, if not adequately addressed, could reduce the traceability of Ukraine supplemental funds and the transparency in the DoD's reporting. In summary, those areas of concern include:

- the need for business rules as a workaround for reporting SFIS elements,
- the need for manually input accounting data in lieu of systems that do not interface with Advana,
- the use of summary journal vouchers and other adjusting methods to reclassify base funded transactions to supplemental funded transactions, and
- the need for differentiation between funds that originated from the \$3.5 billion of transferable funds versus the \$3.0 billion of directly appropriated funds.

As the DoD continues to provide support to Ukraine, particularly with the \$20.1 billion the DoD will receive of the \$40 billion provided by the Additional Ukraine Supplemental Appropriations Act, 2022; or whether the DoD supports another contingency in the future; addressing these areas of concern will be critical for improved transparency in reporting the use of appropriated funds.



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