



INSPECTOR GENERAL

U.S. Department of Defense

JUNE 28, 2023



Management Advisory: Sufficiency of Staffing at Logistics Hubs in Poland for Conducting Inventories of Items Requiring Enhanced End-Use Monitoring







OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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June 28, 2023

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION
AND SUSTAINMENT
UNDER SECRETARY OF DEFENSE FOR POLICY
COMMANDER, UNITED STATES EUROPEAN COMMAND
DIRECTOR, DEFENSE SECURITY COOPERATION AGENCY
DIRECTOR, DEFENSE TECHNOLOGY SECURITY
ADMINISTRATION
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
AUDITOR GENERAL, DEPARTMENT OF THE NAVY
AUDITOR GENERAL, DEPARTMENT OF THE AIR FORCE
CHIEF, OFFICE OF DEFENSE COOPERATION-UKRAINE

SUBJECT: DoD Staffing May Not Be Sufficient to Fully Conduct Enhanced End-Use Monitoring Inventories at Logistics Hubs in Poland (Report No. DODIG-2023-090)

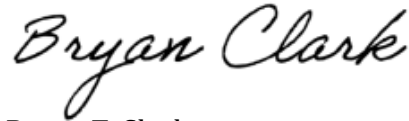
We are providing this management advisory to inform DoD leadership of the need to address additional methods for the Office of Defense Cooperation-Ukraine to fulfill part of their mission in Poland, to capture 100 percent serial number inventories of Enhanced End-Use Monitoring defense articles before transfer to Ukraine. We conducted the work on this management advisory with integrity, objectivity, and independence, as required by the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation.

During our evaluation of DoD Enhanced End-Use Monitoring in Ukraine, we determined that the Defense Security Cooperation Agency's Security Assistance Management Manual did not explicitly allow U.S. Government personnel other than the Office of Defense Cooperation-Ukraine to conduct Enhanced End-Use Monitoring of defense articles before transfer to Ukraine.

This management advisory contains recommendations to the Director, Defense Security Cooperation Agency, and the Chief, Office of Defense Cooperation-Ukraine, with coordination from other DoD stakeholders. We are providing this management advisory to enable the Director and the Chief to take immediate actions on our recommendations. We conducted this evaluation from January 2023 to March 2023 in accordance with the "Quality Standards

for Inspections and Evaluations,” published in December 2020 by the Council of the Inspectors General on Integrity and Efficiency. A future report will address the results of our evaluation on Enhanced End-Use Monitoring for defense articles provided to Ukraine.

FOR THE INSPECTOR GENERAL:

A handwritten signature in black ink that reads "Bryan Clark". The signature is written in a cursive, flowing style.

Bryan T. Clark
Acting Assistant Inspector General for
Evaluations Programs and Combatant Commands

Executive Summary

The DoD designed the Golden Sentry End-Use Monitoring (EUM) program to meet the intent of the Arms Export Control Act to ensure partner nations use U.S. defense articles in accordance with the terms and conditions of respective transfer agreements or other applicable agreements. The DoD's EUM program includes defense articles requiring additional physical security and inventory requirements. The DoD designates these defense articles as Enhanced End-Use Monitoring (EEUM) articles.

As of March 3, 2023, the United States has provided \$32.2 billion of defense articles to the Government of Ukraine since Russia's invasion of Ukraine in February 2022. As of February 10, 2023, the DoD Office of Inspector General estimates that the United States has provided Ukraine over \$2.3 billion in defense articles that require EEUM.

During our evaluation of EEUM beginning January 2023, we concluded that the Office of Defense Cooperation-Ukraine (ODC-Ukraine) personnel were not always physically present to conduct an initial 100 percent serial number inventory of all EEUM designated articles at the multiple logistics hubs in Poland before transfer or delivery to Ukraine in accordance with the Security Assistance Management Manual (SAMM).¹ This occurred because ODC-Ukraine personnel were not always present or staffed to cover the multiple logistics hubs in Poland to conduct an inventory of incoming equipment requiring 100 percent EEUM serial number inventories. In addition, U.S. military personnel stationed at those logistics hubs stated they were not fully aware of which defense articles required EEUM. As a result, the DoD is currently not fully conducting inventories of all EEUM defense articles before they are transferred to Ukraine. ODC-Ukraine recalled some EEUM defense articles that were prematurely transferred to Ukraine back from Ukraine to Poland, so that ODC-Ukraine could conduct inventories. Other EEUM defense articles were not inventoried at all before entering Ukraine.

¹ For this report, the term "logistics hubs" refers to the U.S. Government presence at Jasionka airport, the Polish Logistics Hub, and the Zamosc rail site. These were the locations with logistics operations that had a U.S. Army Soldier presence in March 2023 when the DoD Office of Inspector General personnel were in Poland. The U.S. Army 101st Airborne Division had personnel at Jasionka airport, and there were movement control teams from the 21st Theater Sustainment Command at the Polish Logistics Hub in Jasionka, Poland, and the rail site in Zamosc, Poland.

Introduction

Objective

The objective of this evaluation was to determine the extent to which the DoD was conducting EEUM of defense articles provided to Ukraine in accordance with DoD policy.

We are providing this management advisory while the evaluation is ongoing to enable stakeholders to take immediate actions on our recommendations. A future report will address the results of our evaluation on EEUM for defense articles provided to Ukraine.

Background

The Arms Export Control Act authorizes the President to control the sale or export of defense articles and services to a partner nation and to establish a program for monitoring the end-use of defense articles provided or sold by the United States. Under these authorities, the DoD uses the Golden Sentry program to monitor the end-use of U.S. defense articles provided to partner nations through routine EUM and EEUM.

EEUM Responsibilities in a Peacetime Environment

EEUM of defense articles requires additional layers of verification and protections to those specified for routine EUM. These added requirements are codified in the Defense Security Cooperation Agency (DSCA) SAMM and in written agreements between the U.S. Government (USG) and the partner nation. The requirements include physical security assessments of the partner nation's storage facilities, and annual 100 percent inventories of all EEUM defense articles by serial number. The ODC is responsible for maintaining an accurate baseline of all EEUM-designated defense articles to the partner nation and conducts serial number inventories within 90 days of the defense article entering the partner nation and one year thereafter. The partner nation is responsible for conducting a 100 percent inventory by serial number on a quarterly or semiannual basis, in accordance with the written agreements associated with each individual EEUM defense article.

EEUM Responsibilities and Procedures in a Hostile Environment

In December 2022, DSCA published an update to the SAMM that outlines DSCA and ODC responsibilities and procedures for conducting EEUM in a hostile environment.² The SAMM states that when conditions allow, the ODC shall conduct an initial 100 percent inventory, by serial number, of all EEUM designated articles before shipment or delivery into hostile areas.

² The SAMM update defines a hostile environment as an environment in which force protection limitations exist that could endanger USG personnel performing EEUM inventories. It also places a greater responsibility on the partner nation to conduct EEUM activities within its borders to compensate for the inability of USG personnel to fully execute their EEUM responsibilities due to the hostile environment. The SAMM uses the term "Security Cooperation Organizations," which for Ukraine is executed by the Office of Defense Cooperation-Ukraine.

ODC-Ukraine personnel stated there are only a few ODC personnel who work on EEUM and only one person who conducts the serial number inventories in Poland before the defense articles enter Ukraine. However, this is a significant challenge because at least one of the logistics locations is around 90 miles, or approximately a two hour drive, from the others.

Under certain circumstances when the USG-led inventories are not possible, the SAMM does allow partner nations to self-report by providing the ODC with records of inventories, other accountability records, or the use of barcode scanning. The ODC is also responsible for ensuring the partner nation follows procedures for conducting EUM in a hostile environment. The December 2022 update to the SAMM additionally allows the partner nation to conduct self-reporting when circumstances do not permit the USG to conduct in-country inventorying.

EEUM Defense Articles Provided to Ukraine

As of March 3, 2023, the USG provided Ukraine with approximately \$32.2 billion of defense articles. We estimate that over \$2.3 billion of the \$32.2 billion dollars included the following EEUM defense articles:

- Lethal Miniature Aerial Missile System Switchblades,
- Night Vision Devices (NVDs),
- Advanced Medium Range Air-to-Air Missiles,
- Javelin Missiles,
- Javelin Command Launch Units,
- Stinger Missiles, and
- Stinger Gripstocks.

ODC-Ukraine Officials Did Not Always Inventory All EEUM Defense Articles Before Transfer to Ukraine

ODC-Ukraine personnel stated they were not always able to conduct an initial 100 percent inventory by serial number of all EEUM-designated articles before transfer or delivery to Ukraine. This occurred because ODC-Ukraine personnel were not always present or staffed to cover the multiple logistics hubs used in Poland to conduct serial number inventories of EEUM defense articles before transferring to Ukraine, in accordance with the December 2022 update to the SAMM for hostile environments. As a result, the DoD is not currently conducting complete inventories of all EEUM defense articles before they are transferred to Ukraine. ODC-Ukraine recalled some EEUM defense articles back from Ukraine to Poland so that ODC-Ukraine could conduct inventories. Other EEUM defense articles were not inventoried before entering Ukraine.

ODC-Ukraine Personnel Were Not Always Able to Conduct an Initial Serialized Inventory of Transferred EEUM Defense Articles

ODC-Ukraine personnel stated that they were not always able to conduct an initial, 100 percent serialized inventory of EEUM defense articles in Poland before transfer to Ukraine. The SAMM states that when conditions allow, the ODC shall conduct an initial 100 percent inventory by serial number of all EEUM-designated articles before shipment or delivery into hostile areas.

During a visit to the Jasionka airport in Poland in March 2023, we observed an open box of NVD sniper scopes. The SAMM designates these devices as requiring EEUM. The U.S. military personnel managing the movement of defense articles at Jasionka airport stated these defense articles had been signed over to Ukraine. However, once the Ukrainian personnel opened the box, the U.S. military personnel identified the sniper scopes as NVDs and believed it was necessary to withhold them from the Ukrainians until the ODC-Ukraine personnel could inventory them. With the assistance of the U.S. military personnel, ODC-Ukraine personnel conducted the EEUM serial number inventory later that night. See Figure 1 for a picture of the 35 NVD sniper scopes that we observed.



Figure 1. Box of 35 NVD Sniper Scopes Held at the Jasionka Airport
Source: DoD Office of Inspector General.

U.S. military personnel confirmed that they had transferred other EEUM defense articles to Ukraine before the ODC-Ukraine personnel could inventory them. One U.S. military representative stated they “could count on two hands,” how many times EEUM defense articles had to be recalled from Ukraine for inventory. ODC-Ukraine personnel confirmed that they have recalled EEUM defense articles from Ukraine to complete the required serialized inventory.

Several U.S. military personnel stated that they were aware that some EEUM defense articles were transferred to Ukraine without ODC-Ukraine personnel first inventorying the designated defense items. ODC-Ukraine officials confirmed that there have been occasions where EEUM defense articles were not recalled and not inventoried before transfer to Ukraine. ODC-Ukraine personnel stated situations like these can occur if time-sensitive defense articles, such as NVDs, need to be pushed forward quickly for an ongoing military operation in Ukraine. ODC-Ukraine personnel stated, in these situations, they would coordinate with Ukrainian General Staff to ensure that Ukraine inventoried the defense articles as soon as possible.

Lack of Resources and Knowledge of EEUM Requirements Contributed to Insufficient Inventories

ODC-Ukraine personnel were not always present or staffed to conduct initial serialized inventories of EEUM defense articles being delivered to multiple logistics hubs in Poland. In addition, not all U.S. military personnel present at the logistics hubs were aware of which defense articles were designated as EEUM and required serialized inventories.

ODC-Ukraine Staffing

An ODC-Ukraine official stated that ODC-Ukraine’s availability to conduct EEUM serial number inventories at the multiple transfer locations has been a resource and sustainment challenge. The ODC official also stated that, of the three USG ODC-Ukraine personnel who conducted EEUM inventories, one individual was on long-term temporary duty orders to Ukraine. This individual conducted a limited number of EEUM serial number inventories in low-risk areas of Ukraine, after USG personnel were able to return to the embassy in Kyiv, Ukraine. The other two USG ODC-Ukraine personnel were reservists, one of which was reassigned to Germany in late February 2023. The remaining reservist was the only USG ODC-Ukraine individual available in Poland to conduct initial serialized EEUM defense article inventories. Moreover, that individual could not always be present when those articles were delivered to one of the three logistics hubs. The distance included one location that is approximately 90 miles or a 2-hour drive from the other locations. While ODC-Ukraine currently employs three Ukrainian nationals to support USG personnel, the SAMM requires USG personnel to directly supervise locally employed staff conducting EEUM activities.

Awareness of EEUM Requirements

Other than the ODC-Ukraine personnel, none of the USG personnel we interviewed at the logistics hubs were aware of which defense articles had EEUM requirements and thereby which defense articles had specific serial number inventory requirements according to the SAMM. For example, several U.S. military personnel assigned to the Jasionka airport since June 2022 stated they did not know which defense articles required EEUM and had not seen or heard of an EEUM defense article list.

While some U.S. military personnel were not aware of an EEUM list, one Service member stated they could make an educated guess on which defense articles required EEUM, based on which defense articles ODC-Ukraine personnel asked them to hold back. For example, if a defense article had a laser or if it was a Javelin, they knew those defense articles would most likely need to be held back. Other U.S. military personnel were aware that NVDs required serialized inventories, due to their experience at the Jasionka airport.

ODC-Ukraine personnel stated that maintaining relationships with the U.S. military personnel at the transfer locations was critical to holding EEUM defense articles and letting ODC-Ukraine personnel know when defense articles were available for inventory. While on site, we recommended that ODC-Ukraine personnel immediately provide the U.S. military personnel at the transfer locations with the list of EEUM defense articles. In Report No. DODIG-2023-074, “Management Advisory: DoD Should Regularly Review and Update Defense Articles Requiring Enhanced End-Use Monitoring,” we made a recommendation to the DSCA Director to keep the list of EEUM defense articles up-to-date.

DoD Is Currently Not Fully Conducting Inventories of all EEUM Defense Articles Transferred to Ukraine

As a result of issues we identified regarding the sufficiency of staffing and awareness of EEUM requirements, the DoD is not conducting inventories of all EEUM defense articles before they are transferred to Ukraine. ODC-Ukraine recalled some EEUM defense articles back from Ukraine to Poland so that ODC-Ukraine could conduct inventories. Other EEUM defense articles were not inventoried before entering Ukraine.

The U.S. military personnel who had been in the region for 9-months during our site visit in March 2023 knew from experience to contact ODC-Ukraine personnel and withhold equipment, like the previously identified 35 NVD sniper scopes. However, as U.S. military personnel rotate into these positions, the newer personnel may not have this institutional knowledge to hold EEUM defense articles for inventory. Coupled with a small number of ODC-Ukraine personnel to conduct inventories at numerous logistics locations with potential EEUM defense articles, the new personnel’s limited understanding could lead to EEUM defense articles being transferred to Ukraine without an initial U.S. inventory.

Recommendations, Management Comments, and Our Response

Revised Recommendations

As a result of management comments, we made minor technical modifications to the recommendations to clarify roles and responsibilities. These edits did not change the intent of the recommendations.

Recommendation 1

We recommend that the Director, Defense Security Cooperation Agency update the Security Assistance Management Manual Section C8.5.5, “Conducting EUM in a Hostile Environment,” to allow U.S. Government personnel to perform initial serial number inventories before defense articles enter hostile areas on behalf of the Security Cooperation Organizations.

Defense Security Cooperation Agency Comments

The DSCA Deputy Assistant Director for Global Execution, Office of International Operations, responding on behalf of the DSCA Director, agreed with the recommendation and will update the SAMM to allow U.S. Government personnel to perform serial number inventories of EEUM defense articles before transfer to a hostile environment.

Our Response

The Deputy Assistant Director addressed all aspects of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation when DSCA personnel provide documentation that the DSCA has updated the SAMM to allow USG personnel to perform initial serial number inventories before defense articles enter hostile areas on behalf of the Security Cooperation Organizations.

Recommendation 2

We recommend that the Director, Defense Security Cooperation Agency develop training materials describing the Enhanced End-Use Monitoring program requirements and procedures and conduct training for U.S. Government personnel supporting End-Use Monitoring activities in a hostile environment.

Defense Security Cooperation Agency Comments

The DSCA Deputy Assistant Director, responding on behalf of the DSCA Director, agreed with the recommendation with proposed revisions and said they would develop training on the Golden Sentry Program for personnel supporting EUM activities in a hostile environment.

Our Response

The Deputy Assistant Director addressed all aspects of the recommendation; therefore, the recommendation is resolved, but will remain open. We decided not to combine Recommendations 2 and 3, as suggested by the Deputy Assistant Director. We will close the recommendation when DSCA personnel provide documentation that the DSCA has developed the training materials and conducted training for USG personnel supporting the ODC-Ukraine in conducting inventories of EEUM defense articles provided to Ukraine.

Recommendation 3

We recommend that the Chief, Office of Defense Cooperation-Ukraine implement the training developed by the Defense Security Cooperation Agency Director and provide oversight of Enhanced End-Use Monitoring inventories conducted by U.S. Government personnel.

Management Comments Required

The ODC-Ukraine Chief did not provide formal management comments to the recommendation in this report. The DSCA Deputy Assistant Director for Global Execution, Office of International Operations, responded on behalf of the ODC-Ukraine and recommended that we combine Recommendations 2 and 3. In accordance with the SAMM, ODC-Ukraine's primary responsibilities include assigned EUM functions and ODC-Ukraine is responsible for maintaining an accurate baseline of all EEUM-designated defense articles exported to Ukraine. Therefore, we did not combine Recommendations 2 and 3 and this recommendation is unresolved. We request that the ODC-Ukraine Chief provide comments on the final report within 30 days.

Scope and Methodology

We conducted the work reported in this management advisory from January 2023 through April 2023 as part of an evaluation looking at EEUM and in accordance with the “Quality Standards for Inspection and Evaluation,” published in December 2020 by the Council of the Inspectors General on Integrity and Efficiency. Those standards require that we adequately plan the evaluation to ensure that objectives are met and that we perform the evaluation to obtain sufficient, competent, and relevant evidence to support the findings, conclusions, and recommendations. We believe that the evidence obtained was sufficient, competent, and relevant to lead a reasonable person to sustain our evaluation findings.

We identified and reviewed policies, directives, and DoD guidance. This includes criteria, such as U.S. Code, DoD Directives, and the SAMM. Specifically, we reviewed the following criteria:

- 22 U.S.C Chapter 39, “Arms Export Control Act (AECA),” June 30, 1976, as amended.
- 22 U.S.C 2151, “Foreign Assistance Act (FAA),” September 4, 1961, as amended.
- DoD Directive 5105.65, “Defense Security Cooperation Agency,” Updated October 26, 2012, as amended.
- SAMM Chapter 8, “End-Use Monitoring (EUM),” Updated December 20, 2022.

We traveled to Jasionka, Poland, and observed the Aerial Port of Debarkation at the Jasionka airport, the Polish Logistics Hub, the Materiel Aid Contribution Coordination Cell, and EEUM item serial number inventory systems. Additionally, the team observed the DoD presence at the Materiel Aid Contribution Coordination Cell meetings in support of Ukraine.

We obtained documentation from various EEUM program stakeholder organizations, including the DSCA, the U.S. European Command, ODC-Ukraine, the 101st Airborne 1-75 Cavalry Regiment, the 101st Airborne 1-327 Infantry Regiment, and the 278th and 260th Movement Control Teams.

We conducted interviews about EEUM guidance and procedures. These interviews included individuals from Office of the Under Secretary for Policy, DSCA, U.S. European Command, and ODC-Ukraine. These interviews provided context for what we physically observed during our site visit to the U.S. European Command area of responsibility. Additionally, the interviews allowed the team to receive clarity on the documentation the organizations provided, as well as testimonial evidence.

Management Comments

Defense Security Cooperation Agency



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MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Response to the Department of Defense Office of Inspector General (DoDIG) Management Advisory: DoD Staffing May Not be Sufficient to Fully Conduct Enhanced End-Use Monitoring (EEUM) Inventories at Logistics Hubs in Poland, (Project No. D2023-DEV0PC-0073.002)

This is the Defense Security Cooperation Agency's response to the (DoDIG) Management Advisory Project No. D2023-DEV0PC-0073.002. I want to thank the DoDIG for leading this collaborative effort to ultimately improve DoD-provided equipment accountability in Ukraine.

DSCA acknowledges receipt of Management Advisory-2, and the response to the final report is as follows:

(U) Recommendation #1: (U) Director, Defense Security Cooperation Agency update the Security Assistance Management Manual Section C8.5.5, "Conducting EUM in a Hostile Environment," to allow U.S. Government personnel to perform initial serial number inventories before defense articles enter hostile areas on behalf of the Security Cooperation Organizations and to authorize Security Cooperation Organizations to train and provide oversight of the U.S. Government personnel conducting inventories on their behalf.

(U) Defense Security Cooperation Agency concurs with comment. The SAMM does not provide the authority to establish "oversight" responsibility for personnel not assigned to the SCO. The Command-and-Control relationship of personnel assigned to support EUM-related inventory efforts in Poland are not under the operational command or attached to the SCO. DSCA recommends DoDIG remove the portion of the finding concerning "oversight" of U.S. Government personnel.

(U) Recommendation #2: Director, Defense Security Cooperation Agency immediately issue an interim policy memorandum authorizing Office of Defense Cooperation-Ukraine personnel to train and provide oversight of U.S. Government personnel present at the Poland logistics hubs to perform the initial serial number inventories before Enhanced End-Use Monitoring defense articles are transferred to Ukraine.

(U) Recommendation #3: Chief, Office of Defense Cooperation-Ukraine develop a plan to train U.S. Government personnel at logistics hubs to conduct serial number inventories and develop procedures to oversee Enhanced End-Use Monitoring inventories for equipment prior to transfer to Ukraine.

Defense Security Cooperation Agency (cont'd)

DSCA concurs in principle with the intent of Recommendations 2 and 3, however, we propose DoDIG combine these into one recommendation as follows:

"DSCA officials develop training materials describing Golden Sentry program requirements and procedures for U.S. Government personnel supporting EUM activities in a hostile environment."

Please direct any questions or comments regarding this response to my primary action officers for this matter: [REDACTED]

[REDACTED]

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E.L. [REDACTED] Digitally signed by
KIRKLEY.EARLE
Date: 2023.06.13 12:26:59 -04'00'

Mr. Earle Kirkley, III
Deputy Assistant Director for Global Execution
Office of International Operations

Acronyms and Abbreviations

DSCA	Defense Security Cooperation Agency
EEUM	Enhanced End-Use Monitoring
EUM	End-Use Monitoring
NVDS	Night Vision Devices
ODC	Office Of Defense Cooperation
SAMM	Security Assistance Management Manual
USG	U.S. Government

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