

Congress of the United States
Washington, DC 20515

February 6, 2018

The Honorable James Mattis
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301

Dear Secretary Mattis:

We are writing in response to recent reports of an Ernst & Young internal audit of the Defense Logistics Agency (DLA) that describes ambiguities and lapses in oversight within the agency. One article states the audit found DLA “failed to properly document more than \$800 million in construction projects” and describes “a series of other examples where it lacks a paper trail for millions of dollars in property and equipment.”¹

Such findings about the DLA, which manages and provides supplies, materials, and equipment to U.S. military functions throughout the world, are particularly concerning given its roughly \$40 billion per year budget.

Moreover, one part of the Ernst & Young study, completed in mid-December, found that misstatements in the agency’s books totaled at least \$465 million for construction projects it financed for the Army Corps of Engineers and other agencies and for construction projects designated as still “in progress.” Meanwhile, DLA didn’t have sufficient documentation – or any documentation at all – for another \$384 million of spending.

As members of the House Committee on Armed Services, we are concerned about these findings, especially as we near consideration of the Department’s Fiscal Year 2019 budget request.

We therefore respectfully request your Department provide an update on overall DLA financial management and answers to the following questions:

- What steps has DLA taken since the Ernst & Young audit was completed last December to better account for the funds it manages?
- What new processes, if any, have been put in place to periodically review such policies to ensure proper oversight?
- Who is responsible for ensuring that these policies are implemented?
- What improvements, if any, to the documentation processes DLA employs are under consideration or have already been implemented?

¹ Bender, Bryan, et al. “Exclusive: Massive Pentagon Agency Lost Track of Hundreds of Millions of Dollars.” POLITICO, 5 Feb. 2018, <http://www.politico.com/story/2018/02/05/pentagon-logistics-agency-review-funds-322860>

Sincerely,

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Seth Moulton
Member of Congress

A handwritten signature in blue ink, appearing to read "Walter B. Jones", written over a horizontal line.

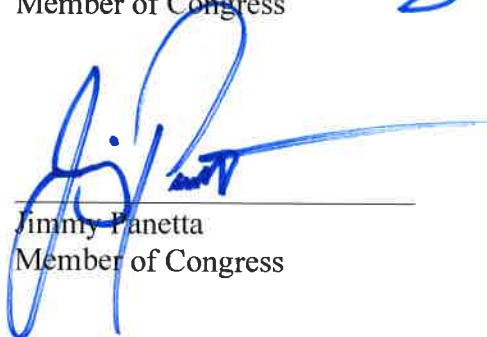
Walter Jones
Member of Congress

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Ruben Gallego
Member of Congress

A handwritten signature in blue ink, appearing to read "Jackie Speier", written over a horizontal line.

Jackie Speier
Member of Congress

A handwritten signature in blue ink, appearing to read "Jimmy Panetta", written over a horizontal line.

Jimmy Panetta
Member of Congress