



Congress of the United States  
House of Representatives  
Washington, DC 20515

November 1, 2018

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Lieutenant General Darrell K. Williams, USA  
Director  
Defense Logistics Agency  
8725 John J. Kingman Rd  
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Fort Belvoir, VA 22060-6217

Dear General Williams:

I write today to inform you that your agency is this month's recipient of my Golden Fleece Award. I am awarding this to the U.S. Department of Defense's (DOD) Defense Logistics Agency (DLA) for failing to complete an independent audit for the second year in a row.

As detailed in a 2017 report by independent public accountant (IPA) Ernst and Young (EY), EY could not "...obtain sufficient, competent evidential matter to support..."<sup>1</sup> an IPA audit report and was unable to complete the Congressionally-mandated audit<sup>2</sup>.

Some of the more concerning aspects of the report include improper documentation for \$100 million in internal use software assets, such as CRM tools and payroll systems, and nearly \$850 million in construction projects that cannot be corroborated because of insufficient financial documentation and misstatements within those documents that were available<sup>3</sup>.

Furthermore, according to the September/October 2018 edition of DLA's newsletter, DLA has not "...[completed] or ...[implemented] its Corrective Action Plans (CAPs) for the material weaknesses identified during the fiscal year (FY) 2017 financial statement audits<sup>4</sup>," preventing EY from providing an audit opinion for FY 2018.

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<sup>1</sup> United States. Department of Defense. Defense Logistics Agency. *General Fund Fiscal Year 2017 Agency Financial Report*. 51.

<sup>2</sup> "National Defense Authorization Act for Fiscal Year 2010" (Pub. L. No. 111-84, 28 October 2009)

<sup>3</sup> United States. Department of Defense. Defense Logistics Agency. *General Fund Fiscal Year 2017 Agency Financial Report*. 51-87.

<sup>4</sup> Lee, Tanya. "Ernst and Young Provides Outlook On DLA's Auditability." *Everyone's Business* 40 (September/October 2018): 1.

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DLA employs 27,000 people and managed over \$35 billion in goods and services last year. The notice in the DLA newsletter marks the second “disclaimer of opinion”, in lieu of a full audit opinion, from the IPA for the DLA in two years. In 2017, auditors were unable to complete their review because of a lack of supporting documentation that hindered their ability to verify the information on DLA’s financial statements. It is baffling to see an incomplete review for near-identical reasons for a second year.

Our federal agencies must be good stewards of our federal taxpayer dollars, and I am committed to ensuring effective practices at our Nation’s federal agencies. Should you require any additional authority from Congress to address these concerns, I urge you to notify us as soon as possible. I thank you for your consideration, and I look forward to working with you to address this important issue.

Sincerely,

A handwritten signature in blue ink that reads "French Hill". The signature is fluid and cursive, with the first name "French" and the last name "Hill" clearly distinguishable.

French Hill  
Member of Congress