

**WRITTEN STATEMENT OF**  
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**DEPUTY COMMANDER, DLA AVIATION**  
**BEFORE THE**  
**OVERSIGHT & INVESTIGATIONS SUBCOMMITTEE**  
**OF THE**  
**HOUSE ARMED SERVICES COMMITTEE**

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Good morning, Chairwoman Hartzler, Ranking Member Speier, Distinguished Members of the Subcommittee. I am Charlie Lilli, the Deputy Commander of Defense Logistics Agency Aviation. Headquartered in Richmond, Virginia, DLA Aviation is a field activity of the Defense Logistics Agency, the Department of Defense's combat logistics support agency.

DLA's mission is to provide effective and efficient global solutions to Warfighters and our other valued customers. Our primary focus is supporting America's Soldiers, Sailors, Airmen and Marines. We are a global enterprise and manage nearly 5.1 million line items via 9 supply chains through which we provide virtually every consumable item our military forces require, including food, fuel, medical supplies, uniform items, construction equipment and weapon systems repair parts. In fact, we supply the Military Services with 86% of their repair parts, supporting more than 2,300 weapons systems.

DLA Aviation is the lead for more than 1,340 aviation platforms and systems and acts as the U.S. military's integrated materiel manager for more than 1.2 million national stock numbered items, industrial retail supply and depot-level repairable acquisitions. Last year, we delivered repair parts valued at roughly 4.2 billion dollars, procuring those items from more than 4,500 unique suppliers.

On average, we receive 2,400 deficiency reports annually and of those about 20% , or about 480 reports, represent defective material. We take very

seriously our responsibilities to identify and prevent defective parts from entering into the supply chain and to ensure we are good stewards of taxpayer dollars.

We appreciate this opportunity to discuss the findings of the February 23, 2016, DOD-IG Report and inform you of the actions we have taken and will take to improve our processes to obtain restitution from contractors that provide defective spare parts to the United States government.

We recognize the issues identified in the report and concur with their recommendations. We agree the oversight and management control of this program needs to be strengthened and have taken action as recommended by the IG. Our first priority was and is to ensure defective parts are removed from the supply chain to mitigate any impact on warfighter readiness and safety. To that end, we immediately reviewed the entire population of Product Quality Deficiency Reports received at DLA Aviation over the last 24 months and took the necessary action to segregate and freeze defective stock until proper disposition could be determined. In addition, we alerted customers about the deficiencies and provided them with interim disposition instructions.

As a result of the findings documented in the draft report published in October of last year, we have taken a number of actions to begin addressing this issue.

First, we updated our desk top guides based on best practices across the

DLA enterprise. These guides provide step-by-step procedures to ensure that material is dispositioned as required.

Second, we conducted training with all personnel involved with the proper processing of deficiency reports and the new procedures implemented in the updated guides.

Third, we developed a plan to pursue restitution of any material or funds the government is entitled and will execute that plan over the next 6 months.

Finally, we established both first line and senior leader oversight procedures, corporate metrics and a surveillance program to enable us to more effectively manage this program in the future.

As an enterprise, the Director of Logistics Operations directed all DLA supply chains conduct a comprehensive review of deficiency reports received since January 2014 to validate removal of deficient items from inventories.

In addition, DLA established an agency-wide Supplier Restitution Working Group consisting of a cross-functional team which will thoroughly evaluate requirements for enhanced oversight of the PDQR process, examining from a process and system level what changes would improve the visibility and facilitate the resolution of these cases. This team will work to identify process improvements and deliver recommendations to DLA leadership.

Madam Chairwoman, distinguished committee members, we have gained valuable insight from the DOD-IG, and we appreciate any feedback that improves our support to the Warfighter and strengthens our management controls. As a retired Navy flag officer, father of two daughters in the Naval officer corps, and the father-in-law of a Marine V-22 pilot currently deployed to the Middle East, I assure you no one takes this issue more seriously than I do.

Thank you for the opportunity to testify today. I welcome your questions.