

REPORT HIGHLIGHTS



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The IHS Navajo Area Office's Internal Controls for Awarding, Monitoring, and Reporting Sanitation Facilities Construction Projects Could Be Improved

Why OIG Did This Audit

- The Infrastructure Investment and Jobs Act (IIJA) authorized the appropriation of \$700 million each year from FYs 2022 to 2026 for a total of \$3.5 billion for the Indian Health Service (IHS) Sanitation Facilities Construction (SFC) Program. The SFC Program provides essential water supply, sewage, and solid waste disposal facilities for American Indian and Alaska Native homes and communities.
- The Navajo Area IHS (NAIHS) administered IIJA funding totaling \$269.8 million that the Navajo Nation received for 187 SFC Program projects that we reviewed for this audit. This amount represented the highest level of IIJA funding awarded to any Tribe.
- We performed this audit to determine whether the NAIHS implemented internal controls for awarding, monitoring, and reporting SFC Program projects funded under the IIJA in accordance with applicable Federal requirements.

What OIG Found

Although the NAIHS had internal controls in place for awarding, monitoring, and reporting SFC Program projects funded under the IIJA, it did not consistently follow those controls or its established procedures.

- For some projects the NAIHS did not follow required award controls because it did not update project cost estimates or prepare and review project summaries as required.
- The NAIHS did not follow its monitoring controls in several areas, including reviewing invoices before payment, reviewing and approving right-of-way easements, and amending Memorandums of Agreement when project scope changes occurred.
- Some of the reports prepared by the NAIHS did not accurately identify funding sources, did not track construction and design costs separately as required, and did not report updated milestones.

What OIG Recommends

We made four recommendations to the NAIHS to follow its internal controls and its established procedures for awarding, monitoring, and reporting SFC Program projects funded under the IIJA. The full recommendations are in the report.

The NAIHS concurred with all four of our recommendations.