

## Report in Brief

Date: February 2021

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### Why OIG Did This Audit

In recent years, Congress has expressed concerns about the Indian Health Service's (IHS's) administrative and financial management of program funds for health services to American Indians and Alaska Natives. Before we could address Congress' broader concerns, we needed to assess how the 12 IHS Area Offices receive and disburse funds for services provided to Tribal members. We chose to audit the Bemidji Area Office's (BAO's) procedures for disbursing IHS funds because it disburses funds to all program types.

Our objectives were to determine the adequacy of BAO's procedures for (1) disbursing IHS funds to programs and (2) monitoring the programs' use of disbursed IHS funds.

### How OIG Did This Audit

Our audit covered \$512.0 million in FYs 2016 and 2017 IHS funds that BAO received and disbursed as allowances to programs within its geographic area. Specifically, we reviewed the adequacy of (1) the procedures BAO had in place when it disbursed \$394.6 million in FYs 2016 and 2017 in Health Service funds to IHS Direct, Tribal, and Urban programs within its geographic area and (2) BAO's monitoring of disbursed Health Service funds. For the remaining \$117.4 million, we confirmed that \$75.9 million was recorded as FYs 2016 and 2017 Contract Support Cost funds and \$41.5 million as FYs 2016 and 2017 Facilities funds.

## Although the Bemidji Area Office Had Adequate Procedures to Disburse Indian Health Service Funds, It Needs to Strengthen Its Procedures for Monitoring the Use of the Funds

### What OIG Found

BAO generally had adequate procedures to disburse IHS funds to programs. However, BAO's procedures for monitoring the use of funds did not include (1) routine reconciliations of amounts reported in the Uniform Financial Management System (UFMS) with amounts recorded in supporting documents, (2) monitoring and evaluating IHS Direct programs' use of no-year Health Service funds carried forward by appropriation year and budget activity programs, and (3) evaluating IHS Direct programs' use of current no-year Health Service funds

### What OIG Recommends and IHS Comments

We recommend that BAO establish procedures to (1) reconcile IHS funds recorded in the UFMS on a regular schedule with amounts reported in supporting documents, such as worksheets and funding agreements; (2) monitor and evaluate IHS Direct programs' use of no-year Health Services funds carried forward by appropriation year and budget activity program; and (3) evaluate IHS Direct programs' use of current no-year Health Services funds.

IHS concurred with our recommendations and described actions that BAO has taken or plans to take to address our recommendations. BAO stated that it implemented procedures to ensure completion of documentation to support allotments and allowances and follow through on any reconciliation differences, established routine reviews and evaluations of reported no-year Health Services balances carried forward by appropriation year, and will work with direct services leadership staff in monitoring the use of current no-year Health Services funds.