

## Report in Brief

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Report No. A-07-17-03227

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why OIG Did This Review

HHS, Indian Health Service (IHS), is subject to Federal audits of its internal activities as well as Federal and non-Federal audits of activities performed by its grantees and contractors. As a followup to these audits, IHS is responsible for resolving Federal and non-Federal audit report recommendations related to its activities, grantees, and contractors within 6 months after formal receipt of the audit reports. HHS, OIG, prepares and forwards to IHS monthly stewardship reports that show the status of these reported audit recommendations.

Our objectives were to determine whether IHS resolved audit recommendations in a timely manner during Federal fiscal years (FYs) 2015 and 2016 and to identify all unresolved audit recommendations that were due for resolution as of September 30, 2016.

### How OIG Did This Review

We reviewed the "Outstanding Audits and Actions Taken by Cognizance" stewardship reports to identify all outstanding audit recommendations that IHS resolved during FYs 2015 and 2016, as well as all outstanding audit recommendations that remained unresolved and were due for resolution as of September 30, 2016. These stewardship reports identified 125 audit reports and 651 corresponding recommendations.

### The Indian Health Service Did Not Always Resolve Audit Recommendations in Accordance With Federal Requirements

#### What OIG Found

IHS did not always resolve audit recommendations in a timely manner during FYs 2015 and 2016. Specifically, IHS resolved 138 of the 651 recommendations that were outstanding during FYs 2015 and 2016. However, it did not resolve 123 of the 138 recommendations (89.1 percent) within the required 6-month resolution period. In addition, as of September 30, 2016, IHS had not resolved 513 audit recommendations that were past due for resolution.

IHS had policies and procedures in place to ensure that non-Federal audit recommendations were resolved in compliance with Federal requirements, but did not generally follow them. As a result, IHS did not usually issue management decisions and submit the related clearance documents to OIG within the required 6-month resolution period. According to IHS officials, audit resolution was not always given high priority by the contracting officers responsible for obtaining management decisions, due to competing responsibilities and limited resources.

To improve its resolution process, IHS implemented a formal quarterly reconciliation process for unresolved recommendations and provided the results to its contracting officers for followup. IHS put this process into effect at the end of our audit period. IHS also had policies and procedures in place related to resolving Federal audit recommendations; however, these policies and procedures did not include the detailed steps to be taken to ensure that audits are resolved within the 6-month resolution period.

#### What OIG Recommends and IHS Comments

We recommend that IHS follow, and where necessary update, its policies and procedures related to the non-Federal and Federal audit resolution processes; promptly resolve the 513 outstanding audit recommendations that were past due as of September 30, 2016; follow the reconciliation process that it implemented at the end of our audit period; and give higher priority to audit resolution in accordance with Federal requirements.

IHS concurred with all of our recommendations and described corrective actions that it had taken or planned to take. IHS said that it planned to have Federal audit resolution policies and procedures in place by November 30, 2018. IHS also stated that it would identify and promptly resolve any recommendations that were past due as of September 30, 2016, and that it would continue to perform quarterly reconciliations to identify open audits and to oversee performance by responsible officials.