Report in Brief
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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

IHS Did Not Coordinate Supply Service Center Operations Before and During the COVID-19 Pandemic and Should Consider Upgrading Supply Centers' Inventory Management Systems and Implementing Policies and Procedures To Enhance Coordination and Alignment

Why OIG Did This Audit

The Indian Health Service (IHS) provides comprehensive health services for American Indians and Alaska Natives—a population that has long experienced health disparities and a lower life expectancy compared to other Americans. A previous OIG report found that IHS's Gallup Regional Supply Service Center (GRSSC) had no reporting relationship with the National Supply Service Center (NSSC), potentially causing inefficiencies. This audit is a followup to that previous audit.

Our objectives were to determine whether: (1) IHS coordinated NSSC and GRSSC operations to provide for the effective distribution of medical and other supplies and (2) the GRSSC distributed medical and other supplies effectively.

How OIG Did This Audit

Our audit covered 277,205 GRSSC transactions that occurred between January 1, 2019, and March 31, 2022 (this audit period thus encompassed GRSSC operations before and during the COVID-19 pandemic). We selected a judgmental sample of 70 transactions between the GRSSC and its customers for medical and other supplies, and we reviewed documentation supporting these transactions to determine whether orders were fulfilled completely and effectively. We asked questions of IHS headquarters staff, GRSSC staff, and some GRSSC customers to help us evaluate the distribution of supplies.

What OIG Found

IHS did not coordinate NSSC and GRSSC operations to provide for the effective distribution of medical and other supplies. The NSSC and the GRSSC routinely conducted operations independently of one another and with minimal visibility, coordination, and communication with one another. The GRSSC attempted to distribute medical and other supplies to customers on behalf of the NSSC during the COVID-19 pandemic, but the GRSSC did not have an inventory management system that could maintain any records of its supply distributions. IHS did not have policies and procedures to ensure that the GRSSC's and the NSSC's inventory management systems could work together.

For our second objective, the GRSSC did not demonstrate that it distributed medical and other supplies effectively during our audit period. The GRSSC confronted a number of challenges, to include its inability to properly track the delivery of medical and other supplies because its inventory management system was outdated, as well as employee turnover in key positions, during our audit period. Consequently, the GRSSC's inventory levels were not always accurate, and customers sometimes had to order from different vendors to obtain the supplies they needed.

What OIG Recommends and IHS Comments

We recommend that IHS develop and implement policies and procedures that enable the NSSC and the GRSSC to coordinate their operations and communicate directly with one another, align their inventory management systems, and use the same vendors when feasible; and consider upgrading the GRSSC's inventory system or implement other strategies to better coordinate the delivery of supplies to all customers.

IHS concurred with our recommendations and described corrective actions that it had taken or planned to take. Specifically, IHS stated that it had begun to develop and implement a supply chain modernization plan to align the NSSC and GRSSC operations with unified policies and procedures. This plan includes the procurement of a new inventory management system. We commend IHS for the actions it has taken and plans to take.

The full report can be found on the OIG website.