American Indians and Alaska Natives have long experienced health disparities and a lower life expectancy compared to other Americans and have experienced disproportionately high rates of COVID-19 infection and mortality during the pandemic. The Indian Health Service (IHS) allocated funds for COVID-19 tests (testing funds) appropriated in two bills to IHS Direct, Tribal, and Urban Indian Organization (UIO) programs. This audit is part of OIG’s oversight of COVID-19 response and recovery efforts.

Our objective was to determine whether IHS ensured that COVID-19 testing funds were allocated to meet community needs and were used by IHS Direct, Tribal, and UIO programs for testing and testing-related services in accordance with Federal requirements.

How OIG Did This Audit
Our audit covered $29.8 million in testing funds allocated from March 27, 2020, through December 31, 2020, to 10 judgmentally selected Direct, Tribal, and UIO programs within the Great Plains Area Office’s (GPAO’s) geographical region. We conducted interviews and analyzed the formulae used to calculate allocation amounts to determine inclusion of community needs. We also reviewed applicable agreements and contracts, funding and utilization reports, testing logs, and accounting records documenting the receipt and use of funds for COVID-19 testing.

Although IHS Allocated COVID-19 Testing Funds To Meet Community Needs, It Did Not Ensure That the Funds Were Always Used in Accordance With Federal Requirements

What OIG Found
IHS ensured that COVID-19 testing funds from the Families First Act and Paycheck Protection Act used existing allocation methodologies to meet community needs through use of the existing recurring base formulae, which took into consideration programs’ populations and health care needs. However, IHS did not ensure that COVID-19 testing funds were always used by Direct, Tribal, and UIO programs for testing and testing-related services in accordance with Federal requirements. Five of the 10 sampled Direct, Tribal, and UIO programs used a combined $480,437 ($19,912 from one Direct program and $460,525 from Tribal and UIO programs) on expenses that did not support COVID-19 testing or testing-related activities. In addition, one Tribal program did not spend Families First Act funds totaling $86,261 because Tribal officials were unaware that the funds expired on September 30, 2022. Finally, two Tribal programs and one UIO program did not track testing funds in accordance with Federal requirements.

These errors occurred because IHS did not provide adequate guidance to the programs regarding the appropriate uses of allocated testing funds and the proper tracking and accounting for these funds, and did not perform oversight specific to testing funds. As a result, the programs did not always have a clear understanding of how the funds could be used.

What OIG Recommends and IHS Comments
We made a series of recommendations to IHS, including that it correct the $19,912 in funds not used on COVID-19 testing and other testing-related activities from one Direct program and that it recover the other $460,525 in funds not used on COVID-19 testing and other testing-related activities from the applicable sampled Tribal and UIO programs. We also made procedural recommendations that IHS recover any unused, expired Families First Act funds from all locations within GPAO; strengthen its review and oversight processes; and develop and provide adequate guidance to programs on the proper use and tracking of testing funds. IHS concurred with five of our nine recommendations and described its corrective actions. IHS partially concurred or did not concur with our other four recommendations and provided additional documentation for two of our draft report’s findings. We removed those findings and reduced the dollar amount of our recommended recovery but otherwise maintain that our findings and recommendations are valid.

The full report can be found at https://oig.hhs.gov/oas/reports/region7/72004123.asp.