



Highlights of [GAO-09-450](#), a report to congressional requesters

Why GAO Did This Study

In 2008, GAO issued a report and testimony revealing gross mismanagement of property at the Indian Health Service (IHS). GAO found that 5,000 items with an acquisition value of \$15.8 million were reported lost or stolen for fiscal years 2004 through 2007. GAO attributed the property mismanagement and waste to weak internal controls. GAO made 10 recommendations to IHS. IHS ultimately agreed to implement all 10 recommendations. Given the extent and seriousness of the property management problems at IHS, GAO was asked to determine (1) whether property loss, property theft, and wasteful spending continue at IHS; and (2) to what extent IHS made progress in implementing GAO's prior recommendations.

GAO analyzed IHS property records from fiscal year 2008 through January 2009, conducted a full physical inventory at IHS headquarters, and performed a probability sample of information technology equipment inventory at six IHS field locations. GAO also examined IHS policies, analyzed documents, and conducted interviews with IHS officials.

What GAO Recommends

GAO recommends that IHS fully implement last year's recommendations and take six new actions to ensure timely and accurate inventory records. HHS agreed with all six recommendations, however, GAO is concerned with the lack of specificity in the HHS response.

[View GAO-09-450 or key components.](#)
For more information, contact Gregory Kutz at (202) 512-6722 or kutzg@gao.gov.

INDIAN HEALTH SERVICE

Millions of Dollars in Property and Equipment Continue to Be Lost or Stolen

What GAO Found

IHS continues to lose property at an alarming rate, reporting lost or stolen property with an acquisition value of about \$3.5 million dollars in little over a year, including new medical equipment. IHS management's failure to implement most of our June 2008 recommendations and hold staff accountable for losses contributes significantly to ongoing property problems. These property losses at IHS are in addition to what GAO identified in its June 2008 report. GAO completed a full audit of IHS headquarters and found that 126 items worth \$216,000 (or 8 percent of the items tested) had been lost, stolen, or were otherwise unaccounted for. GAO also estimates that about 800 equipment items at six field locations with an acquisition value of about \$1.7 million were lost, stolen, or unaccounted for. Furthermore, although IHS performed an annual inventory as GAO recommended, as of March 2009, it had not finished reconciling the inventory and cannot locate many items, including medical equipment. These items include a 2002 ultrasound unit valued at \$170,000; a 2003 X-ray mammography machine valued at \$100,795; dental chairs, cardiac and vital sign monitors; and a pharmacy tablet counter machine.

Aside from issuing a memorandum from the IHS Director that restated and refined existing policies, IHS has taken little action to ensure that employees are aware of and complying with property policies. One way to enforce policies involves holding individuals accountable; however, GAO found that the Senior Service Executive in charge of the IHS property group and other areas was given a \$13,000 bonus after GAO's report exposed mismanagement of property under the executive's purview. Furthermore, IHS could only provide one example of an individual held financially liable for lost or stolen property over a 1-year period; but at the time of our audit, the individual still had not reimbursed the government for the loss. GAO also identified the following examples where IHS investigated the loss of property but did not hold anyone accountable.

Examples of Poor Accountability for Property

Description	Explanation
Laptop	<ul style="list-style-type: none"> A laptop was reported stolen during IHS's 2008 inventory. Employee had several laptops assigned to him and did not know that this one was stolen. Nobody held accountable.
Laptop	<ul style="list-style-type: none"> IHS identified an employee that lost a laptop. Employee stated she could not remember what happened to the laptop. Employee was not held accountable.
Laptop	<ul style="list-style-type: none"> A laptop was lent to an employee for home use. The employee left the agency without returning the laptop. Employee was not held accountable.

Source: GAO.