INDIAN HEALTH SERVICE

IHS Mismanagement Led to Millions of Dollars in Lost or Stolen Property

What GAO Found

Millions of dollars worth of IHS property has been lost or stolen over the past several years. Specifically,

- IHS identified over 5,000 lost or stolen property items, worth about $15.8 million, from fiscal years 2004 through 2007. These missing items included all-terrain vehicles and tractors; Jaws of Life equipment; and a computer containing sensitive data, including social security numbers.
- GAO’s physical inventory identified that over 1,100 IT items, worth about $2 million, were missing from IHS headquarters. These items represented about 36 percent of all IT equipment on the books at headquarters in 2007 and included laptops and digital cameras. Further, IHS staff attempted to obstruct GAO’s investigation by fabricating hundreds of documents.
- GAO also estimates that IHS had about 1,200 missing IT equipment items at seven field office locations worth approximately $2.6 million. This represented about 17 percent of all IT equipment at these locations.

However, the dollar value of lost or stolen items and the extent of compromised data are unknown because IHS does not consistently document lost or stolen property and GAO only tested a limited number of IHS locations. Information related to cases where GAO identified fabrication of documents and potential release of sensitive data is being referred to the HHS Inspector General for further investigation.

The figure shows examples of the lost and stolen property GAO identified during the audit.

<table>
<thead>
<tr>
<th>Examples of Lost and Stolen Property Identified at IHS</th>
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<tr>
<td><strong>Caterpillar tractor</strong></td>
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Source: GAO, Art Explosion.

GAO also found evidence of wasteful spending, including identifying that there are about 10 pieces of IT equipment for every one employee at headquarters. GAO’s investigation also found computers and other IT equipment were often assigned to vacant offices.

GAO identified that the loss, theft, and waste can be attributed to IHS’s weak internal control environment. IHS management has failed to establish a strong “tone at the top,” allowing property management problems to continue for more than a decade with little or no improvement or accountability for lost and stolen property and compromise of sensitive personal data. In addition, IHS has not effectively implemented numerous property policies, including the proper safeguards for its expensive IT equipment. For example, IHS disposed over $700,000 worth of equipment because it was “infested with bat dung.”