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## Indian Health Service's Controls Over Sanitation Facilities Construction Program Projects Funded Under the Infrastructure Investment and Jobs Act Could Be Improved

### Why OIG Did This Audit

- The Infrastructure Investment and Jobs Act (IIJA) appropriated \$3.5 billion to the Indian Health Service (IHS) for Sanitation Facilities Construction (SFC) Program projects to provide safe water, wastewater, and solid waste systems for American Indian and Alaska Native (AI/AN) people. The IIJA funding represents more than a fourfold increase in total annual SFC Program funding compared to previous years.
- IHS uses the Sanitation Deficiency System (SDS) to document and prioritize sanitation deficiencies related to individual AI/AN people's homes and communities and identifies existing deficiencies as projects. As such, it is important that the SDS contain accurate information.
- We performed this audit to determine whether IHS has internal controls for identifying, recording, and tracking projects in the SDS and for ensuring that IIJA-appropriated funds are used only for eligible project costs.

### What OIG Found

Although IHS had internal controls in place to track projects in the SDS, some weaknesses existed to identify and record projects in that system and to ensure that IIJA funds were only used for eligible project costs. Specifically, IHS did not implement controls for identifying which projects to fund and did not properly record some projects in the SDS with the required documentation. In addition, we found that IHS did not effectively validate home eligibility or include all necessary information in the SDS to support the calculation of eligible costs. Finally, although we found IHS did have guidance and processes in place to prorate eligible and ineligible Tier 1 construction costs, we found IHS did not have formal guidance or an established process to prorate the eligible and ineligible shares of Tier 1 design costs or Tier 2 and 3 planning costs.

### What OIG Recommends

We made five recommendations to IHS to improve controls for identifying and recording SFC Program projects funded under IIJA and for ensuring IIJA funds are used only for eligible project costs. The full recommendations are in the report.

IHS concurred with three recommendations, partially concurred with one recommendation, and did not concur with one recommendation. IHS detailed steps it has taken and plans to take in response to our recommendations.