

Treasury Inspector General for Tax Administration
Press Release

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TIGTA: The IRS Needs to Improve its Management of the Health Coverage Tax Credit

WASHINGTON – The Internal Revenue Service (IRS) needs to improve its oversight of contractors expanding the Health Coverage Tax Credit (HCTC) Program, according to a report publicly released today by the Treasury Inspector General for Tax Administration (TIGTA).

The IRS received \$80 million under the American Recovery and Reinvestment Act (Recovery Act) to: increase the Federal Government’s portion of health premiums paid from 65 to 80 percent; reimburse the taxpayers’ portion of premiums paid during the enrollment period; allow family members to continue receiving benefits after certain life events, and expand taxpayer eligibility for the credit.

A TIGTA report issued earlier this year concluded that the IRS successfully implemented improvements to the Credit.

In its new audit, TIGTA found that the IRS did not adequately verify the accuracy of invoices submitted by the contractor for HCTC-related computer hardware and software purchases. Specifically, the contractor submitted invoices without receipts or other documentation to support third-party charges. Further, contracting officials did not use a required checklist when reviewing invoices and the IRS did not develop program-specific guidance for use in verifying the accuracy of the HCTC invoices using Recovery Act funds.

"Accountability and transparency are key components of Federal acquisition programs, especially those programs using Recovery Act funds," said J. Russell George, the Treasury Inspector General for Tax Administration. "I encourage the IRS to achieve a higher level of oversight for all of its acquisition programs," Mr. George added.

TIGTA recommended that the IRS:

- *Ensure that its Contracting Officer’s Technical Representatives (COTRs) use the Voucher Review Checklist for all future invoices prior to authorizing payments;
- Develop internal procedures that would provide complete financial accountability and traceability for invoices being paid with Recovery Act funds; and
- Better document future work orders on the HCTC.

The IRS agreed to require its COTRs to use the Voucher Review Checklist and to better document future work orders but disagreed with TIGTA's recommendation to have the HCTC Program Office develop internal procedures for the use of Recovery Act Funds.

To view the report, including the scope and methodology, and full IRS response, go to:
<http://www.treas.gov/tigta/auditreports/2010reports/201021110fr.pdf>.

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