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controls for the Premium Tax Credit (PTC) Project, the Treasury Inspector General for Tax Administration (TIGTA) concludes in a new report publicly released today.

Dec. 05, 2013



The government watchdog that oversees the [Internal Revenue Service](#), and was also instrumental in bringing light to the agency's scrutiny of conservative political non-profits, says the IRS needs to strengthen systems development controls for the Premium Tax Credit Project, according to a report from the Treasury Inspector

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provider to help cover the cost of premiums. This credit is referred to as the Advanced Premium Tax Credit.

The IRS's implementation plan for ACA Exchange provisions includes providing information that will support the Department of Health and Human Services and the Exchanges in three main areas: eligibility and enrollment; developing calculations for the maximum APTC; and reconciling PTCs with reported taxable income.

TIGTA reviewed whether the IRS is adequately managing systems development risks for the PTC Project. TIGTA evaluated the IRS's key management controls and processes for risk management, requirements and change management, testing, security, and fraud detection for the PTC Project.

TIGTA found that the IRS has completed development and testing of the software used to calculate the Advanced Premium Tax Credit and the Remainder Benchmark Household Contribution which is the household's contribution towards the monthly insurance premium.

In addition, the IRS developed a process to verify the accuracy of the PTC calculations. Based on an analysis of IRS test cases for the software, TIGTA was able to replicate the IRS's results showing that the software accurately calculated the maximum APTC and RBHC amounts for eight specific test cases within the IRS test environment. While the IRS was able to accurately calculate the maximum APTC amounts within the software testing environment, TIGTA was unable to assess the software's full operational capabilities based on the test cases.

TIGTA found that improvements are needed to ensure the long-term success of the PTC Project by adherence to systems development controls for: (1) configuration and change management; (2) interagency test management process; (3) security; and (4) fraud detection and mitigation in accordance with applicable guidance.

“With the healthcare exchanges open for business, it is imperative that the IRS

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systems that must be implemented to meet ACA requirements.

The IRS agreed with six of the recommendations and plans to implement corrective actions. However, the IRS disagreed with the security test recommendation. TIGTA maintains that this recommendation should be addressed to verify the completion of necessary corrective measures for failed information technology controls that were observed during the audit.

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