

United States Senate

WASHINGTON, DC 20510

COMMITTEES:
ARMED SERVICES

COMMERCE, SCIENCE AND
TRANSPORTATION

HOMELAND SECURITY
AND GOVERNMENT AFFAIRS

INDIAN AFFAIRS

SPECIAL COMMITTEE ON AGING

PERMANENT SUBCOMMITTEE
ON INVESTIGATIONS

May 8, 2008

The Honorable Douglas Shulman
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Commissioner Shulman:

Organizations and functions under your direction are categorized as high risk programs by the Government Accountability Office (GAO). While noticeable progress in enforcement efforts and business systems modernization at the Internal Revenue Service (IRS) have been made, these programs were designated as being at high risk in 1990 and continue to be so today.

I am writing to express my concern that these programs continue to be designated as high risk after 18 years. With IRS' most recent estimate that the gross tax gap being \$345 billion and no reliable technology-based program to monitor compliance, the need for prompt action is evident. It is well understood that institutional change is often complex and takes both time and resources to transform these often unwieldy programs. However, strategic planning and budgeting can yield staggering results with disciplined management and oversight. As Commissioner, you are uniquely positioned to guide this process.

The IRS currently has 66 reports with multiple issues identified by the GAO that remain outstanding. What actions has IRS taken to address these issues and achieve removal from the GAO high risk list in January 2009? Your prompt response is greatly appreciated.

Please do not hesitate to contact me or Sheldon Shoemaker of my staff at (202) 228-6476 if you would like to discuss these concerns or other matters.

Sincerely,



CLAIRE McCASKILL
United States Senator