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MEMORANDUM

To: Reporters and Editors  
Re: GAO report on IRS' lost paper case files  
Da: Thursday, Oct. 11, 2007

Sen. Chuck Grassley, ranking member of the Committee on Finance, today made the following comment on a report from the Government Accountability Office (GAO) on IRS management of paper case files. The Finance Committee requested the report.

“The findings are very troubling. The GAO and TIGTA are finding that the IRS cannot locate between 10 percent and 19 percent of paper files that are requested. The inability to find paper case files translates into lost revenue, increased taxpayer burden and limits the IRS' work, according to the GAO. This is not a new problem. The GAO's findings should be an embarrassment to the agency. Even worse, the report comes a day after the House voted against private contractors assisting the IRS in its work on debt collection. Time and time again, we heard on the House floor lawmakers say no private contractor could match the IRS' work. Where are those lawmakers now to defend an IRS that the GAO found lost more than \$40,000 in revenue in each of several cases alone because it could not locate the case file? If the tables were turned, and it was the taxpayer losing his records, the IRS would have zero tolerance. When it's the IRS losing taxpayer records, it appears to be just another day at the office. If this is indicative of business as usual, we might need more private contractors, not less.”

The GAO report, “Tax Administration: The Internal Revenue Service Can Improve Its Management of Paper Case Files,” GAO-07-1160, September 28, is available at <http://www.gao.gov/cgi-bin/getrpt?GAO-07-1160>.