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Gross Mismanagement At IRS, Says Senate Report

After a long wait, the [Finance Committee has released a bipartisan report](#) on the IRS scandal. Since some private taxpayer information was at issue, there have been closed door sessions and interviews leading up to the report. The IRS wasn't really targeting, it was just incompetent, the report seems to suggest. Top IRS managers did not stay informed about the applications involving possible political advocacy.

And management, top management at least, didn't really monitor things. Lois Lerner was on top of the issues as early as 2010, but failed to tell her superiors, the report suggests. In fact, the report says that under Ms. Lerner's leadership, the IRS Exempt Organizations unit launched seven initiatives to handle applications from Tea Party and other groups for tax-exempt status. Each of the seven initiatives failed.



Lois Lerner testifies before the House Oversight and Government Reform Committee March 5, 2014.

That meant long delays—as long as five years—for some organizations awaiting decisions on IRS tax exemption applications. What’s more, the report says IRS employees handling exemption applications did not appear to be worried about delays or customer service. In some cases, organizations got tired of waiting and disbanded. For others, the delays meant forgone grants.

This report was delayed for over a year after the IRS belatedly informed the Senate Finance Committee that the IRS could not recover large numbers of potentially responsive documents. They were lost when Lois Lerner’s hard drive crashed in 2011.

The report acknowledges that the IRS functioned in a politicized atmosphere following the the Supreme Court’s *Citizens United* decision. The Court held that it was unconstitutional to ban free speech by corporations, unions and other organizations. That put pressure on the IRS to monitor political spending. But the Republicans and Democrats draw quite different conclusions from the report. Senate Finance Committee Chairman Orrin Hatch, R-Utah, said:

“ This bipartisan investigation shows gross mismanagement at the highest levels of the IRS and confirms an unacceptable truth: that the IRS is prone to abuse. The committee found evidence that the administration’s political agenda guided the IRS’s actions with respect to their treatment of conservative groups. Personal politics of IRS employees, such as Lois Lerner, also impacted how the IRS conducted its business. American taxpayers should expect more from the IRS and deserve an IRS that lives up to its mission statement of administering the tax laws fairly and impartially—regardless of political affiliation. Moving forward, it is my hope we can use this bipartisan report as a foundation to work towards substantial reforms at the agency so that this never happens again. ”

In contrast, Sen. Ron Wyden, R-Ore., the ranking Democrat on the committee, disagreed, including these remarks as part of his [floor statement](#):

“ The results of this in-depth, bipartisan investigation showcase pure bureaucratic mismanagement without any evidence of political interference. Groups on both sides of the political spectrum were treated equally in their efforts to secure tax-exempt status. Now is the time to pursue bipartisan staff recommendations to ensure this doesn’t happen again.”

The committee made a number of recommendations to address IRS management deficiencies. It said:

1. The Hatch Act should be revised to designate all IRS, Treasury and Chief Counsel employees who handle exempt organization matters as “further restricted,” precluding them from active participation in political management or partisan campaigns, even while off-duty.
2. The IRS should track the age of applications for tax-exempt status to detect and address backlogs.
3. The IRS should track requests for assistance to ensure the timely receipt of that assistance.

4. A list of overage applications should be sent to the IRS Commissioner quarterly.
5. Internal IRS guidance should require that employees reach a decision no later than 270 days after the IRS receives an application. Employees and managers who fail to comply should be disciplined.
6. Minimum training standards should be established to ensure that they have adequate technical ability to perform their jobs.

“Undoubtedly,” the report says “these events will erode public confidence and sow doubt about the impartiality of the IRS. The lack of candor by IRS management about the circumstances surrounding Lois Lerner’s missing emails may only serve to reinforce those doubts.” It is hard to argue with that.

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