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IRS Using Tax Dollars For Porn, Wine, \$100 Lunches?

The IRS is already under fire and this story won't help. In addition to the [Star Trek](#), Gilligan's Island and [line dancing videos](#), it turns out the taxing agency has a bit of a corporate card problem. Having a credit or purchase card can be a nice perk of employment. Having a card that bills direct to Uncle Sam?



Priceless, or that's how it seems. The [Treasury Inspector General for Tax Administration](#)—having its own flap over the Tea Party, er Progressive, er both targeting—has uncovered a rather loose credit card program at the IRS with shall we say an embarrassing pattern of expenditures. See [Audit Finds \\$119 of Unused Nerf Footballs in IRS Cabinet](#). His [report](#) says The Purchase Card Program lacks consistent oversight to identify and address inappropriate use.

For the two fiscal years ending September 30, 2011, the IRS made more than 273,000 micro-purchases totaling nearly \$108 million using purchase cards and convenience checks. Of the 387 cards associated with employees who separated during the audit period, 98% were not closed prior to employee departure.

The majority of IRS cardholders use their purchase cards properly, the report is quick to point out. But personal use? You bet. And you know how the IRS is obsessive about **taxpayer** expenses being reasonable?

Well, one dinner cost the IRS \$140 per person. One lunch cost \$100 per person. TIGTA did not find any IRS criteria to assess the reasonableness of these charges. Here's some more figures from the report:

Items Purchased	Amount
Popcorn machine rental, game rentals, and give-away prizes such as sports balls, bandanas, plush animals, sunglasses, and Stove Top Hats for CFC Events.	\$3,152
Novelty decorations and give-away items, such as kazoos, bathtub toy boats, and Thomas the Tank Engine rubber wristbands, for managers' meetings.	\$418
Toys purchased for team-building exercise and distributed to participants.	\$161
Nerf footballs purchased for a team-building exercise but never used and currently stored in a filing cabinet.	\$119

Jigsaw puzzle and world's largest crossword puzzle purchased for team building.	\$89
Total	\$3,939

One cardholder made 38 transactions totaling \$2,655 for personal purchases. That included diet pills, romance novels, steaks, a smart phone, and baby-related items such as bottles, games, and clothing. The cardholder claimed they were for reference books and office supplies.

Online pornography? You bet, although these cardholders reported their cards stolen. Some cardholders with porn charges reported multiple card thefts. One had a total of seven purchase card accounts, five of which were reportedly stolen. (Boy, bad luck, huh?) The hits just keep on coming.

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.