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# United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

July 12, 2006

KOLAN DAVIS, STAFF DIRECTOR AND CHIEF COUNSEL  
RUSSELL SULLIVAN, DEMOCRATIC STAFF DIRECTOR

The Honorable David M. Walker  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Walker:

The IRS's Headquarters building in Washington, D.C. is closed because of extensive damage due to recent flooding. The subbasement that holds all of the building's electrical and maintenance equipment was submerged in more than 20 feet of water and the equipment appears to be 95 percent damaged or destroyed. While the IRS has made progress in clean-up and decontamination, the building may be closed until next year. The costs of remediation are expected to run in the tens of millions of dollars.

This incident underscores the importance of a comprehensive IRS continuity of operations plan to ensure that our nation's tax system will be able to operate effectively in the event of a natural disaster or terrorist act. The 2,400 employees who work at the building have been relocated to other IRS-occupied buildings in the metro area or into temporary space, and some are telecommuting. Although the IRS has reported that all business units have extensive business resumption plans that have been executed, the Committee has learned that many workers do not have access to the necessary equipment or data to carry out their official duties.

I am requesting that the GAO review the IRS's Continuity of Operations Plan to determine whether it was adequate to continue effective operations following the recent flooding. The review should describe the plan and the extent to which the IRS followed it. GAO should consider whether the plan was successful in mitigating the consequences of the damage and identify limitations or weaknesses that were found in the plan. For example, to what extent are the 2,400 displaced employees able to perform their duties? Has the level of service to taxpayers been disrupted? To what extent has the closure of IRS Headquarters affected field operations?

I am also writing to the IRS and to the Treasury Inspector General for Tax Administration (TIGTA). I am asking the IRS to provide an assessment of the damages incurred and to keep the Committee apprised of the agency's plans to repair and replace damaged property. I am asking the TIGTA to determine to what extent IRS operations have been impacted and the anticipated costs associated with restoring the building back to a safe and usable condition.

Sincerely,



Max Baucus  
Ranking Member