

ORRIN G. HATCH, UTAH, CHAIRMAN
CHUCK GRASSLEY, IOWA
MIKE CRAPO, IDAHO
PAT ROBERTS, KANSAS
MICHAEL B. ENZI, WYOMING
JOHN CORNYN, TEXAS
JOHN THUNE, SOUTH DAKOTA
RICHARD BURR, NORTH CAROLINA
JOHNNY ISAKSON, GEORGIA
ROB PORTMAN, OHIO
PATRICK J. TOOMEY, PENNSYLVANIA
DANIEL COATS, INDIANA
DEAN HELLER, NEVADA
TIM SCOTT, SOUTH CAROLINA
RON WYDEN, OREGON
CHARLES E. SCHUMER, NEW YORK
DEBBIE STABENOW, MICHIGAN
MARIA CANTWELL, WASHINGTON
BILL NELSON, FLORIDA
ROBERT MENENDEZ, NEW JERSEY
THOMAS R. CARPER, DELAWARE
BENJAMIN L. CARDIN, MARYLAND
SHERROD BROWN, OHIO
MICHAEL F. BENNET, COLORADO
ROBERT F. CASEY, JR., PENNSYLVANIA
MARK R. WARNER, VIRGINIA

United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

CHRIS CAMPBELL, STAFF DIRECTOR
JOSHUA SHEINKMAN, DEMOCRATIC STAFF DIRECTOR

December 14, 2016

The Honorable John Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Dear Commissioner Koskinen:

As you are aware, the United States Committee on Finance (“Committee”) has been conducting a review of long-term employee travel practices within agencies under its jurisdiction. Recently, my staff concluded their review of all documentation and written responses provided by the Internal Revenue Service (“IRS”) and have issued a Committee report with their findings, which I have enclosed for your review.

In the course of this review, the Committee found that while the IRS has a number of employees who travel more than half of the fiscal year incurring \$1.4 million in travel costs, the IRS has routinely failed to take allowable steps to reduce its travel expenditures. Despite having instituted internal guidance limiting executive travel and realigning executive posts of duty in Fiscal Year 2013, Committee staff found evidence of at least two executives who have been commuting to other cities, at significant cost to the taxpayers, to conduct their primary job duties.

The results of this review are frustrating for two main reasons. First, the Federal Travel Regulation (“FTR”) makes available to the IRS the tools necessary to significantly reduce the excessive travel per diem rates in many of the circumstances reviewed and yet the IRS has elected not to fully utilize them. The IRS has also instituted guidance governing executive travel and yet we see significant exceptions being made to allow executives to commute to other cities. As a result, I write to urge the IRS to better utilize its own internal policies and procedures, without exception or administrative maneuvering. I also strongly urge the IRS to consider additional internal guidance better defining long-term travel (not just for taxable purposes) and instructing approving officials to routinely reduce per diem rates for long-term travel in accordance with Section 301-11.200, *Subpart C – Reduced Per Diem* of the FTR and Section 1.32.11.8.2.1, *Reduced Per Diem* of the Internal Revenue Manual.

Second, the lack of effort by IRS employees to exercise prudence and economy when utilizing taxpayer funds is concerning, and more importantly, a direct apparent violation of the FTR. The

FTR states that an "agency will not pay for excess costs resulting from ... luxury accommodations or services unnecessary or unjustified in the performance of official business."¹ And yet, Committee staff saw example after example of routine Amtrak Acela trips, black car service, and luxury apartment rentals when reviewing IRS employee travel vouchers. Furthermore, the IRS made woefully insufficient efforts to reduce expenses in ways that would still allow employees to travel comfortably.

I therefore ask that after reviewing the enclosed report, the IRS provide a briefing responding to the report's findings and outlining the steps that the IRS plans to take to address the concerns and recommendations made. Thank you in advance for your assistance with this request.

Sincerely,

A handwritten signature in blue ink that reads "Orrin Hatch". The signature is written in a cursive style with a large, prominent "O" at the beginning.

Orrin G. Hatch
Chairman

¹ 5 C.F.R §301-2.4 (2004).