



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20005

INSPECTOR GENERAL
FOR TAX
ADMINISTRATION

September 23, 2009

The Honorable Susan M. Collins
Ranking Member
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Senator Collins:

This is to acknowledge receipt of your September 18, 2009, letter, cosigned by Representative Darrell Issa, expressing concern regarding the activities of the Association of Community Organizations for Reform Now (ACORN) and its affiliates, their receipt of Federal funds, and their compliance with Internal Revenue Code Sections 501(c)(3) and 527(f).

You requested that the Treasury Inspector General for Tax Administration (TIGTA) review the Internal Revenue Service (IRS) Criminal Investigations Division's enforcement efforts with respect to taxable nonprofit corporations engaging in political activities that go unreported. In addition, you asked that TIGTA review whether ACORN or its affiliates used Section 501(c)(3) resources for impermissible partisan work, or engaged in lobbying or made political expenditures or contributions without reporting these activities to the IRS.

In response to your request, TIGTA is initiating a review of the IRS's oversight of tax-exempt Section 501(c)(3) organizations and Section 527 organizations and will review internal IRS referral processes with regard to nonprofit fraud investigations. This review will be conducted by our Office of Inspections and Evaluations, with assistance from our Office of Audit and our Office of Investigations. David Holmgren, TIGTA's Deputy Inspector General for Inspections and Evaluations, will be leading the review and will contact your staff shortly to schedule an initial briefing.

As part of our oversight of the IRS, TIGTA has conducted several audits of the IRS's oversight of tax exempt organizations. Within the IRS, the Tax Exempt and Government Entities (TE/GE) Division conducts examinations of tax-exempt Section 501(c)(3) organizations and Section 527 organizations to determine whether they are operating in accordance with their tax exempt purposes and complying with requirements for filing required returns. We would be happy to provide you with copies of our reports. The audit reports are also available on our Web site: www.tigta.gov.


Letter to the Honorable Susan M. Collins

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We currently have an audit underway on the effectiveness of the TE/GE Division's efforts to ensure that Section 527 political organizations publicly disclose their activities in a complete and timely manner. We will share the results of this review with you once they are available.

Please contact me should you have any questions regarding this matter, or have your staff contact Mr. Holmgren at (202) 622-6500.

Sincerely,

A handwritten signature in black ink that reads "J. Russell George". The signature is written in a cursive, flowing style.

J. Russell George
Inspector General

cc: Ivy Johnson
Committee on Homeland Security and Governmental Affairs
United States Senate
Washington, DC 20510

Identical letter has been sent to:

The Honorable Darrell Issa
Ranking Member
Committee on Oversight
and Government Reform
United States House of Representatives
Washington, DC 20515