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Acting Comptroller General  
of the United States

June 24, 2026

The Honorable Scott Bessent  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

**Priority Open Recommendations: Internal Revenue Service**

Dear Secretary Bessent:

The purpose of this letter is to call your personal attention to three areas where open recommendations to the Internal Revenue Service (IRS) should be given high priority.

In January 2026, we reported that, on a government-wide basis, 77 percent of our recommendations made 5 years ago were implemented.<sup>1</sup> IRS’s recommendation implementation rate was 72 percent. As of June 2026, IRS has 238 open recommendations, including 27 priority recommendations.<sup>2</sup> Since our September 2025 letter, IRS implemented one priority recommendation.<sup>3</sup> Fully implementing the remaining open priority recommendations could significantly improve IRS’s operations.

We are highlighting the following areas that warrant your timely and focused attention:

- **Managing agency transformation.** IRS is undertaking significant changes to its organization, technology infrastructure, and resource allocation. The agency’s 2023 *Strategic Operating Plan* described a vision to transform IRS using approximately \$79.4 billion appropriated to IRS by the Inflation Reduction Act (IRA) of 2022.<sup>4</sup> However, subsequent laws have rescinded or prevented IRS from spending over half of this amount.<sup>5</sup> In March 2025, IRS officials said that the office leading its transformation had been disbanded and that IRS was deciding which IRA projects to continue and who would lead

<sup>1</sup>GAO, *Performance and Accountability Report, Fiscal Year 2025*, [GAO-26-900644](#) (Washington, D.C.: Jan. 29, 2026).

<sup>2</sup>GAO considers a recommendation to be a priority if when implemented, it may significantly improve government operations, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high-risk or duplication issue.

<sup>3</sup>GAO, *Priority Open Recommendations: Internal Revenue Service*, [GAO-25-108066](#) (Washington, D.C.: Sept. 26, 2025). In this letter, we identified 26 priority recommendations. Since then, in addition to the one that was implemented, we added two new priority recommendations.

<sup>4</sup>Pub. L. No. 117-169, tit. I, subtit. A, pt. 3, § 10301, 136 Stat. 1818, 1831-1833.

<sup>5</sup>See, e.g., Fiscal Responsibility Act of 2023, Pub. L. No. 118-5, div. B, tit. II, § 251, 137 Stat. 10, 30-31 and subsequent laws (2024–2026).

them. The President’s fiscal year 2027 budget proposal recommended further reductions in IRS funding and similarly indicated that IRS was reevaluating its modernization plan.<sup>6</sup> As IRS reorganizes and reassesses priorities, leveraging leading reform practices—including having clear goals, following an effective process that engages Congress and other key stakeholders, and allocating implementation resources—can help inform its transformation, as we [recommended](#) in February 2024.

- **Addressing the tax gap.** Reducing the tax gap—the difference between taxes owed and taxes paid on time—is a pressing challenge for IRS. Audits are a critical part of IRS’s strategy to ensure tax compliance and address the tax gap. However, IRS has faced challenges with staffing shortages, especially for key enforcement areas, for several years, even before workforce reductions that occurred in 2025. For example, in January 2024 we reported that IRS lost a significant number of staff who could audit high-income/high-wealth individuals. We [recommended](#) that IRS develop and implement a strategy to hire and train staff to audit these complex cases and evaluate the effectiveness of its models for selecting these returns for audit. Implementing these recommendations would help IRS enforce tax laws, enhance federal revenue, and reduce burdens on compliant taxpayers.
- **Improving the taxpayer experience.** IRS has long faced challenges in improving taxpayer interactions and satisfaction with its services. Challenges include limited data and measures demonstrating improvement in this area, uncertain funding and staffing, and changes in complex tax laws. IRS had a strategy with many projects planned and underway to improve taxpayer services using IRA funds. In April 2025, IRS officials said that the office overseeing these efforts had been disbanded and that IRS was reassessing these projects given funding and staffing limitations. In July 2025, we [recommended](#) that IRS fully establish an evidence-based approach to determine the effects of service improvements on the taxpayer experience. For example, including performance goals with measures and targets aligned clearly with those goals could help inform resource decisions to best improve the taxpayer experience, as we [recommended](#) in 2020.

One of these areas—addressing the tax gap—is also a key component of [enforcement of tax laws](#), which has been on GAO’s [High-Risk List](#) since 1990.<sup>7</sup> Several other government-wide high risk areas have direct implications for IRS and its operations, including [ensuring the cybersecurity of the nation](#). We also identified actions IRS should take to reduce fragmentation, overlap, and duplication. For example, we [reported](#) that IRS could help avoid unnecessary overlap or duplication by increasing coordination and collaboration among its business units using AI. More information on our [Duplication and Cost Savings](#) work can be found on the GAO website.

A comprehensive list of open recommendations, including new priority recommendations, and information about their status can be found on the GAO website at [Recommendations Database | U.S. GAO](#). Copies of this letter are being sent to the appropriate congressional committees.<sup>8</sup> This letter will also be available at [Priority Recommendations | U.S. GAO](#).

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<sup>6</sup>U.S. Department of the Treasury, Internal Revenue Service, *Congressional Budget Justification, FY2027*.

<sup>7</sup>This list identifies government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement. GAO, *High-Risk Series: Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness*, [GAO-25-107743](#) (Washington, D.C.: Feb. 25, 2025).

<sup>8</sup>We also help Congress identify congressional oversight actions that can help agencies implement priority recommendations, such as incorporating them into legislation. James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263, § 7211(a)(2), 136 Stat. 2395, 3668 (2022) (codified at 31 U.S.C. § 719

We would welcome an opportunity to discuss how to address our open recommendations, as we pursue the shared goal of working to increase efficiency and effectiveness of government programs and spending. Please do not hesitate to contact me or Jessica Lucas-Judy, Director, Strategic Issues, at [LucasJudyJ@gao.gov](mailto:LucasJudyJ@gao.gov), or James R. McTigue, Jr., Director, Strategic Issues, at [MctigueJ@gao.gov](mailto:MctigueJ@gao.gov). Contact points for our offices of Congressional Relations and Media Relations may be found on the last page of this letter. Thank you for your personal attention to these important issues.

Sincerely,

**//SIGNED//**

Cardell Johnson  
Managing Director, Strategic Issues

cc: Dottie Romo, Chief Risk and Control Officer, IRS

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note). Congress can also use its budget, appropriations, and oversight processes to incentivize executive branch agencies to act on our recommendations and monitor their progress. For example, Congress can hold hearings focused on agencies' progress in implementing priority recommendations, withhold funds when appropriate, or take other actions to provide incentives for agencies to act.

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