

# Congress of the United States

Washington, DC 20515

May 10, 2024

Richard K. Delmar  
Acting Inspector General  
Office of the Inspector General  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue NW  
Room 4436  
Washington, DC, 20220

Dear Mr. Delmar:

We write regarding your recently released “Inquiry on Revolving Door Between the Largest Accounting Firms and the Department of the Treasury.”<sup>1</sup>

We requested that you conduct this investigation in February 2022, after the *New York Times* reported that “[t]he largest U.S. accounting firms have perfected a remarkably effective behind-the-scenes system to promote their interests in Washington,”<sup>2</sup> and our investigation revealed that “since 2001, at least 24 ... employees [of big accounting firms] left to take senior tax-policy positions in the federal government, including at Treasury and [the Internal Revenue Service], and returned to their firms after government work, often receiving massive promotions and raises.”<sup>3</sup>

It took you over two years to conduct your review – and the result was an irresponsible whitewash that failed to seriously investigate the problem or hold any individual or company accountable. This represents a failure on your part – you failed to conduct a serious inquiry, and you should retract this report and start over in order to conduct a meaningful review of the scope and significance of this revolving door problem at the Treasury Department.

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<sup>1</sup> U.S. Department of the Treasury, Office of Inspector General, “Inquiry on Revolving Door Between the Largest Accounting Firms and the Department of the Treasury,” OIG-CA-24-015, March 21, 2024, <https://oig.treasury.gov/sites/oig/files/2024-03/OIG-CA-24-015%20%28508%20compliant%20-%20secured%29.pdf>.

<sup>2</sup> New York Times, “How Accounting Giants Craft Favorable Tax Rules from Inside Government,” Jesse Drucker and Danny Hakim, September 19, 2021, <https://www.nytimes.com/2021/09/19/business/accounting-firms-tax-loopholes-government.html>.

<sup>3</sup> Senator Elizabeth Warren, “Warren, Jayapal Call on Treasury, Tax Inspectors General to Investigate Unethical Revolving Door Between Treasury and ‘Big Five’ Accounting Firms,” press release, February 22, 2022, <https://www.warren.senate.gov/newsroom/press-releases/warren-jayapal-call-on-treasury-tax-inspectors-general-to-investigate-unethical-revolving-door-between-treasury-and-big-five-accounting-firms>;

Letter from Senator Elizabeth Warren and Representative Pramila Jayapal to Department of the Treasury Inspector General Richard K. Delmar and Treasury Inspector General for Tax Administration J. Russell George, February 18, 2022, <https://www.warren.senate.gov/imo/media/doc/2022.02.18%20Letter%20to%20Treasury%20IGs%20on%20Revolving%20Door.pdf>.

Your report concluded that:

Treasury has policies and procedures in place to protect Treasury and its tax policies and revenue rulings from undue influence by employees with potential conflicts of interest. Specifically, Treasury’s tax guidance review process includes numerous stages of review and approval of tax guidance before publication. The process is coordinated with multiple individuals and offices within IRS and Treasury from the tax guidance development’s earliest stages.<sup>4</sup>

This conclusion – and the rationale by which you reached it – is absurd. In simple terms, you concluded that because many Department officials are involved in developing important tax rules, there can be no meaningful conflicts of interest. This fails a basic test of logic and common sense: in reality, the more Treasury or IRS Department officials that are working on a key tax rule – particularly in the absence of key rules and regulations to address revolving door conflicts of interest – the more likely these rules are to be affected by conflicts of interest.

That is why, when your sister Inspector General (IG) office – the Treasury Inspector General for Tax Administration – conducted a similar review, that review determined that, “between 2017 and 2021, 496 IRS employees—or 15% of the agency’s workforce—received income from a large accounting firm or large corporation,” that “[t]hirty-seven of those employees were IRS executives, senior officials responsible for key agency decision-making,” and that in several instances, “employees ... charged time to a private letter ruling in which the taxpayer’s representative was the same large accounting firm that the employee recently worked for before joining the IRS or left the IRS to join” —“rais[ing] impartiality concerns.”<sup>5</sup>

The decision to write off obvious opportunities for Treasury employees to exert improper influence on tax policies is not the only gap on your report. You indicated that “Treasury relies primarily on employees self-reporting” to identify and prevent conflict of interest.<sup>6</sup> But you conducted no audit of any employee’s reporting to determine if this reliance was justified, and you “did not perform a review of the information in the Ethics Tracker” that the Treasury Department uses to retain ethics information on employees, and did not conduct a detailed review of any single agency policy action or rulemaking.<sup>7</sup>

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<sup>4</sup> U.S. Department of the Treasury, Office of Inspector General, “Inquiry on Revolving Door Between the Largest Accounting Firms and the Department of the Treasury,” OIG-CA-24-015, March 21, 2024, p. 3, <https://oig.treasury.gov/sites/oig/files/2024-03/OIG-CA-24-015%20%28508%20compliant%20-%20secured%29.pdf>.

<sup>5</sup> Letter from Senator Elizabeth Warren and Representative Pramila Jayapal to IRS Commissioner Danny Werfel, September 27, 2023, pp. 1-2, <https://www.warren.senate.gov/imo/media/doc/2023.09.27%20Letter%20to%20IRS%20on%20TIGTA%20Report.pdf>; Treasury Inspector General for Tax Administration, “Processes Are in Place to Identify and Address Potential Conflicts of Interest in Large Corporate Tax Administration,” August 24, 2023, pp. 5 and ii, <https://www.tigta.gov/sites/default/files/reports/2023-08/202340047fr.pdf>.

<sup>6</sup> U.S. Department of the Treasury, Office of Inspector General, “Inquiry on Revolving Door Between the Largest Accounting Firms and the Department of the Treasury,” OIG-CA-24-015, March 21, 2024, p. 4, <https://oig.treasury.gov/sites/oig/files/2024-03/OIG-CA-24-015%20%28508%20compliant%20-%20secured%29.pdf>.

<sup>7</sup> *Id.*

This was a drive-by investigation that appeared to be designed to reach pre-conceived results absolving Treasury officials of wrongdoing despite the obvious evidence of serious revolving door conflicts of interest.

Your office can and must do better. Given our concerns about this matter, and the ongoing ethics threats to agency policymaking, we ask that you retract this report and its conclusions, and conduct a more thorough and meaningful review.

Sincerely,



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Elizabeth Warren  
United States Senator



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Pramila Jayapal  
Member of Congress