

Memorandum of Understanding Covering Servicing Relationships Between the Treasury Inspector General for Tax Administration (TIGTA) and the Internal Revenue Service (IRS)

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BACKGROUND

As a result of the IRS Restructuring and Reform Act of 1998, the Inspector General Act of 1978 was amended to create a second Treasury Inspector General (IG), the Treasury IG for Tax Administration (TIGTA) responsible for IRS. The legislation abolishes the Office of the Chief Inspector and creates the TIGTA effective January 18, 1999.

The legislation resulted in several budgetary transfers in order to create a FY 1999 budget base and a FY 2000 Congressional appropriation request for the TIGTA. Funds were moved out of the Inspection budget to cover the transfer of responsibility for the background investigation program to IRS and the creation of a Program Evaluation function within IRS. Funds were moved into the TIGTA budget to cover a 21 FTE transfer and contract audit costs from the Treasury IG and certain administrative services performed for Inspection by IRS staff.

SERVICES

The TIGTA budget includes full funding for salaries, benefits, rent, enforcement expenses, overtime, awards, ADP, training, travel, services and supplies, equipment, space alterations and moving expenses. In addition, IRS transferred to the TIGTA funding for the equivalent of 14 FTE. These 14 FTE represent administrative services performed by IRS staff for Inspection that were not included in the Inspection budget. Those services include procurement, accounting, budget execution and formulation, space acquisition and design, personnel action processing (including SES), recruitment, classification, employee relations and travel voucher processing.

The transfer of the dollars to the TIGTA budget of the equivalent of those 14 FTE is effective with the beginning of FY 2000. At that time, the TIGTA will use the resources to either perform those services internally or contract with a service provider, including potentially IRS. For the balance of FY 1999 from the January 18, 1999 creation date for the TIGTA, IRS has agreed to provide those services to the TIGTA.

EXCEPTIONS

There are other services for which budgetary transfer arrangements have not been made. This occurred for a number of reasons. For telecommunications, the current billing and payment processes did not permit an adequate accounting of resources specifically devoted to Inspection. In the case of services such as building security and fitness centers, it was not practical to separate the services into a small piece belonging to the TIGTA and then set up a reimbursement system. In other cases, such as EEO complaints and OWCP programs, economies of scale dictated that the TIGTA would not want to set up its own internal systems.

AGREEMENT

Listed below are those services that IRS agrees to provide at no cost to the TIGTA until such time as a program and resource transfer is mutually agreed to by both the IRS and the Treasury Inspector General for Tax Administration.

1. Voice telecommunications services, including VMS support and telephone credit cards. The TIGTA will continue to pay for commercial long distance charges, the moving or upgrading of lines and law enforcement expenses such as beepers and the lease of radio transmission facilities.
2. Data telecommunications services, including all charges related to TCS and its successors. The TIGTA will continue to pay for hubs, routers, dedicated lines and other equipment it purchases for exclusive use of the TIGTA EDP network.
3. Postage and shipping costs and mail services provided at the current level of support by location.
4. Support for EEO complaint processing and EEO investigators, Workman's Compensation program and employee tax compliance.
5. General legal services and assistance from Chief Counsel that cannot be handled by the TIGTA's legal staff.
6. Funding and processing support for the Public Transit Subsidy program at current levels.
7. Building security, cleaning, moving and maintenance services at the same level as provided to other IRS occupants.
8. Fitness and Childcare centers and Public Health Service use and support at the same levels as provided to IRS employees by location.
9. The stocking and distribution of forms and publications. The TIGTA will be responsible for all costs to design and print forms unique to its function.
10. Records retention and shipping costs at the current level of support.
11. Travel agency services as provided to IRS employees by location.
12. Slots in cross functional training courses such as management, executive (FEI and TEI), tax law, computer, EEO, etc. The TIGTA is responsible for paying all travel and per diem costs for its attendees.
13. Reimbursement, through interagency agreement, for all costs above \$115,000 annually for contract audits administered on behalf of IRS by the TIGTA.
14. Credit card services for travel, small purchases and gas, oil and vehicle maintenance. The TIGTA will pay all bills arising from use of these credit cards from its funds.
15. Any other service or cost not covered above that was provided to Inspection prior to January, 1999 and not specifically covered by a budgetary transfer to the IGTA.

For IRS:
/s/Charles O. Rossotti

For TIGTA:
/s/Lawrence W. Rogers

Charles O. Rossotti
Commissioner,
Internal Revenue Service

Lawrence W. Rogers
Acting Treasury Inspector
General for Tax Administration

1/7/99

1/4/99

Date

Date