

**REIMBURSABLE SERVICES AGREEMENT
UNDER 31 U.S.C. § 1537**

**Between the Treasury Inspector General for Tax Administration, United
States Department of the Treasury
And the
Office of the Chief Financial Officer, Government of the District of Columbia
(OCFO)**

1. PARTIES AND PURPOSE

This agreement is between the Treasury Inspector General for Tax Administration (TIGTA) and the Office of the Chief Financial Officer for the District of Columbia (OCFO). The agreement sets forth the terms and conditions under which TIGTA will provide the OCFO the services outlined in the attached Scope of Work. TIGTA will provide assistance to the OCFO in the latter's preparation of a strategic plan for the regular review of high-risk areas at the District of Columbia's Office of Tax and Revenue (OTR), an OCFO component. As provided by applicable Federal law, the OCFO will reimburse TIGTA the actual costs of providing these services.

2. BACKGROUND

As a result of the recent discovery of internal fraud, waste, and abuse at the OCFO, the OCFO has requested TIGTA's assistance in developing a strategic plan for the regular review of high-risk areas at the OTR. TIGTA's services will promote economy and efficiency in tax administration and contribute to TIGTA's development of expertise in tax administration oversight.

3. AUTHORITY AND APPROVAL

This agreement is entered into pursuant to 31 U.S.C. § 1537. As indicated in the signature section below, this agreement has received the necessary administrative approvals by the Director of the Office of Management and Budget (OMB) and the Mayor of the District of Columbia.

4. STATUTORY AND ADMINISTRATIVE FINDINGS

As required by 31 U.S.C. § 1537(a), TIGTA and the OCFO warrant that this agreement is to prevent duplication, and to promote efficiency and economy.

TIGTA further warrants that it is able to provide or obtain by contract the services described in the attached Scope of Work. The OCFO warrants that sufficient funding amounts are available to reimburse TIGTA the actual costs of these services.

5. EFFECTIVE DATE AND DURATION

This agreement will become effective immediately upon TIGTA's and the OCFO's written acceptance of this agreement, as indicated by both parties' dated signature on the final page of this agreement and its attachments.

The initial term of this agreement is for a period of one hundred and eighty (180) days from the agreement's effective date. The agreement may be extended by further written agreement of the parties.

6. TERMINATION

This agreement will automatically terminate at the end of the initial 180-day term, unless extended by written agreement before such termination.

In addition, any party may terminate this agreement by providing written notice to the other party two (2) business days in advance of such termination. TIGTA is authorized to collect actual costs incurred prior to termination, plus any termination costs.

7. AMENDMENT AND MODIFICATION

Any party may request amendment or modification of this agreement or its attachments by advance notice to the other party. No amendment or modification shall be effective until the other party receives notice and accepts the change(s). Any significant amendment to this agreement, including any extension of the initial term, must receive the appropriate approvals from the Director of the Office of Management and Budget and the Mayor of the District of Columbia.

Any partial cancellation of services requested in the attached Scope of Work or other significant change to this agreement or its attachments requires a minimum written notice of ten (10) business days. TIGTA is authorized to collect actual costs incurred prior to the receipt of such notice, plus any associated cancellation costs.

8. SCOPE OF WORK

TIGTA agrees to provide the OCFO the services described in the attached Scope of Work.

9. COSTS

As provided by applicable Federal law, the OCFO agrees to reimburse TIGTA the actual costs of TIGTA's services. TIGTA and the OCFO anticipate that

TIGTA's services under this agreement will be furnished by approximately two full time auditors employed at the GS-13/14 level.

TIGTA will provide written notification to the OCFO of any significant variation in the expected actual costs of TIGTA's services under this agreement. The OCFO will provide written notification to TIGTA of any change in the OCFO's ability to reimburse TIGTA the actual costs of its services. Both such notices shall be provided to the other party with as much advance notice as is reasonably possible. TIGTA will maintain administrative records documenting the staff hours and other expenses, including travel and per diem, if any, incurred while furnishing services under this agreement.

This agreement is subject to the availability of funds.

10. BILLING PROCEDURES

TIGTA will bill the OCFO on a monthly basis using the Federal Intragovernment Payment and Collection (IPAC) System. A billing statement will be provided in conjunction with the electronic billing.

11. ACCESS TO INFORMATION

The OCFO will allow TIGTA access to, and permit copying of, all District of Columbia records that TIGTA deems necessary to the performance of services under this agreement. Any access to or copying of sensitive information will be consistent with applicable laws, regulations, and policies of the OCFO and TIGTA. At the conclusion of this agreement, TIGTA will maintain copies of any records TIGTA creates as required by applicable law, regulation, and policy.

12. SECURITY

Both TIGTA and OCFO information and personnel security policies and procedures will be followed. Where there is conflict, the more secure rule will be followed, or, where such increased security is unclear, TIGTA policies and procedures will apply.

Employees performing work for TIGTA under this agreement will have had a Federal background investigation to assure suitability for public trust positions.

13. CONFLICT WITH LAW, REGULATION, OR POLICY

Nothing herein is intended to conflict with any law, regulation, or policy applicable to either TIGTA or the OCFO.

If the terms of the agreement are inconsistent with any applicable law, regulation, or policy of either TIGTA or the OCFO, then those portions of this agreement

which are determined to be inconsistent shall be invalid. The terms and conditions not affected by such an inconsistency shall remain in full force and effect. All necessary changes to this agreement will be accomplished either by an amendment to this agreement or by entering into a new agreement, whichever is deemed expedient to the interest of both parties.

14. RESOLUTION OF DISAGREEMENTS

Disputes shall be resolved pursuant to applicable provisions of the Business Rules for Intragovernmental Transactions delineated in the Treasury Financial Manual, Vol. I , Bulletin 2007-03, Section VI I (Resolving Intragovernmental Disputes and Major Differences).

15. INDIVIDUAL RIGHTS AND LIABILITY

Nothing herein shall be construed to create or confer any rights, remedies, or duties to any individual, nor any liability to or standard of care with reference to any individual.

16. CONTACTS

All notices under this agreement shall be provided in writing to the following contacts for each party:

William (Bill) G. Kennedy
Office of Integrity and Oversight
Office of the Chief Financial Officer
1350 Pennsylvania Avenue, NW, Suite 203
Washington, DC 20004
Phone: (202) 442-6566
Fax: (202) 442-6453
Email: williamg.kennedy@dc.gov

Michael R. Phillips
Deputy Inspector General for Audit
Treasury Inspector General for Tax Administration
1125 15th Street, N.W., Room 700A
Washington, DC 20005
Phone: (202) 927-7085
Fax: (202) 622-6513
Email: Michael.Phillips@tigta.treas.gov

If there is a change regarding the information in this section, the party making the change will notify the other party in writing of such change.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

April 22, 2008

The Honorable J. Russell George
Inspector General
Treasury Inspector General for
Tax Administration
U.S. Department of the Treasury
Washington, DC 20005

Dear Mr. George:

Thank you for your agency's letter of March 4, 2008, requesting approval to provide assistance to the District of Columbia's Office of the Chief Financial Officer (OCFO) in developing a comprehensive strategic plan for internal management of high-risk areas within the District of Columbia's Office of Tax and Revenue (OTR).

In recognition of the Federal Government's special relationship with the District of Columbia and the provisions of the District of Columbia Self-Government and Governmental Reorganization Act (31 U.S.C. Section 1537), we authorize the Treasury Inspector General for Tax Administration (TIGTA) to enter into a reimbursable agreement with the OCFO which anticipates a real cost of \$163,000 for two (2) full-time auditors at the GS-13/14 level for the initial contract period of one-hundred and eighty (180) days, renewable thereafter at the option of the parties with real costs reimbursable at the same rate as in the initial period. We understand that this agreement reflects the fully allocated costs to be paid to the Federal Government and that OCFO has certified that funds are available for the entire initial performance period.

We wish TIGTA success in providing valuable expertise to the District of Columbia government.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle".

Jim Nussle
Director

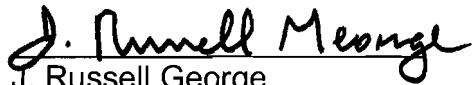
17. APPROVALS AND SIGNATURES

(1) For the Director, Office of Management and Budget (OMB):

(2) For the Mayor of the District of Columbia:

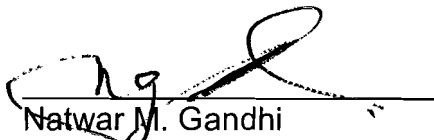


(3) For the Treasury Inspector General for Tax Administration (TIGTA):



J. Russell George
Inspector General
Treasury Inspector General for Tax Administration
1125 15th Street, N.W., Room 700A
Washington, DC 20005
Phone: (202) 622-6005
Fax: (202) 927-0001
Email: J.Russell.George@tigta.treas.gov

(4) For the Office of the Chief Financial Officer for the District of Columbia (OCFO):



Natwar M. Gandhi
1350 Pennsylvania Avenue NW
Suite 203
Washington, DC 20004
Phone: (202) 727-2476
Fax: (202) 727-1643

Email: Lucille.dickinson@dc.gov

Attachment:

Scope of Work

**Agreement Between the Treasury Inspector General for Tax Administration,
United States Department of the Treasury, and
The Office of the Chief Financial Officer, Government of the District of
Columbia (OCFO)**

Background

The Office of the Chief Financial Officer for the Government of the District of Columbia (OCFO) needs to establish a comprehensive audit plan for reviewing the programs and operations of the Office of Tax and Revenue for the Government of the District of Columbia (OTR), an agency under its jurisdiction.

This plan will enable OCFO's Office of Integrity and Oversight (OIO) to provide the necessary audit coverage for OTR, while still performing its other audit responsibilities. The OCFO has committed to providing additional audit resources to OIO dedicated solely to auditing the OTR.

In furtherance of the OCFO's efforts to develop its comprehensive audit plan for auditing the OTR, the OCFO has requested that the Treasury Inspector General for Tax Administration (TIGTA) assist in developing a strategic plan for the OCFO's regular review of high risk areas at the OTR.

Overview of Scope of Work

The OCFO requests that TIGTA assist the OCFO in the OCFO's preparation of a strategic plan for the OCFO's regular review of high risk areas at the OTR. The strategic plan and risk assessment will include a macro risk assessment to identify auditable areas, the development of a cyclical audit plan, and the development of individual audit plans.

Processes at OTR include:

- Returns processing, tax refunds, real property tax administration, compliance processes (audit, collection, and criminal investigation), revenue accounting (and reconciliation processes between the District's financial system of record and the sub-ledgers), cash reconciliation, customer service (including the adjustment of tax accounts), and information systems.
- A full systems assessment of the Integrated Tax System—from the processing of tax returns to the authorities provided to make adjustments, etc.
- Safeguarding tax information at OTR (District tax information; federal tax information is subject to IRS safeguard procedures and reviews).

TIGTA will assist the OCFO to identify high risk areas and to determine the frequencies and types of reviews required, and the resources needed, for the OCFO (through the OIO) to provide effective oversight of the OTR.

TIGTA and the OCFO anticipate that TIGTA's services under this agreement will be furnished by approximately two full time auditors employed at the GS-13/14 level. The OCFO requests that TIGTA audit staff assigned have expertise in systems to evaluate the current processes and address the use of information technology for the OIO to audit OTR. TIGTA will provide staff with information technology audit experience to assist the OCFO in creating plans that would help the OCFO to audit their financial systems, as well as staff with experience in working with tax processes.

TIGTA will also share its processes for identifying audits to include in annual plans. TIGTA will deliver a document outlining observations of shortcomings in the relevant computer and manual systems along with recommendations on where the OIO should direct its resources. TIGTA will also help the OCFO to quantify the resources needed to address the annual audit plan.

TIGTA will not review the underlying fraud matter or conduct an audit of OTR.

TIGTA will participate in a review of policies and procedures, and assess flowcharts and/or walkthroughs. TIGTA is not expected to conduct substantive testing of any kind. As such, TIGTA will not issue a report that meets Government Audit Standards, and TIGTA's deliverables are specifically limited to assistance in strategic planning.

Principal OCFO Contacts for Project

Contact for Audit Technical Advice: Tisha Edwards, Audit Supervisor, OIO, 442-6705

Executive Contact: Mohamad Yusuff, Interim Executive Director, OIO, 442-8240

Contact for TIGTA-OCFO MOU Development: William G. Kennedy, Senior Investigator, OIO, 442-6566.