

**Memorandum of Understanding**  
Between  
Internal Revenue Service  
And  
Treasury Inspector General for Tax Administration  
For  
Transferring Budget Authority for Building Operations and Other Support Costs from  
Internal Revenue Service to Treasury Inspector General for Tax Administration

**I. PURPOSE AND SCOPE**

This Memorandum of Understanding (MOU) provides the basis for budget authority transfer for building operations and other support costs incurred by the Treasury Inspector General for Tax Administration (TIGTA). The Internal Revenue Service (IRS) will continue to support TIGTA at a level consistent with that provided to IRS Business Units. Agreeing parties will comply with provisions of the Economy Act and appropriations law.

**II. BACKGROUND**

The IRS Restructuring and Reform Act of 1998 (RRA 98), Public Law No. 105-206, eliminated the IRS' Office of the Chief Inspector and transferred its function and responsibilities to a new Office of Inspector General for Tax Administration. In Fiscal Year (FY) 1999, when TIGTA was established, the cost associated with certain support services could not be distinguished between IRS and TIGTA. Therefore, an MOU was implemented whereby the IRS would continue providing such support services until the costs could be determined and the appropriate budgetary transfer made.

In FY 2006, budget authority was transferred from the IRS to TIGTA for the amounts billed to TIGTA for costs associated with the Federal Employee Compensation Act (FECA) in the amount of \$201,000. In FY 2007, budget authority will be transferred from the IRS to TIGTA for the amounts billed to TIGTA by the Departmental Working Capital Fund. The IRS continues to budget and pay for other building operations and support services on TIGTA's behalf.

An analysis by the IRS of FY 2005 expenditures resulted in an approximate identification of the support services IRS continues to provide TIGTA. This MOU is the basis for the budget authority transfer from IRS to TIGTA for those items reflected on the attachment. Costs associated with software licenses, Treasury's Communication System and Treasury's Communication Enterprise (or its successor program) are not covered in this agreement. Additional unforeseen items not included in this agreement are subject to discussion and revision upon both parties' agreement.

### III. PROVISIONS

FY 2007: The IRS agrees to continue to provide TIGTA with support services at current levels, as appropriate and required by TIGTA. During FY 2007, TIGTA and the IRS will work to finalize costs associated with current levels of service provided to TIGTA by the IRS, wherever possible.

FY 2008: The IRS agrees to continue to support TIGTA in an amount not to exceed \$1,370,000. All costs supporting TIGTA incurred in FY 2008 that exceed this amount (\$1,370,000) will be paid by TIGTA to the IRS. Through the FY 2009 budget formulation process, the IRS will propose a permanent transfer of budget authority to TIGTA at an amount not to exceed the FY 2007 base amount funded by the IRS of \$1,370,000 for building operations and selected support services.

FY 2009: A permanent transfer of budget authority will be proposed in the FY 2009 budget submission in an amount not to exceed the FY 2007 base amount of costs of \$1,370,000 for building operations and selected support services. TIGTA and IRS will execute a reimbursable services agreement to provide IRS with compensation for building operations and selected support services to be supplied to TIGTA during FY 2009.

FY 2010 and Future Years: Prior to the beginning of each fiscal year, TIGTA and IRS will execute a reimbursable services agreement to provide IRS with compensation for building operations and selected support services to be supplied to TIGTA during that year.

### IV. SIGNATURES

  
\_\_\_\_\_  
Chief Financial Officer, IRS

4/20/07  
Date

Concurrence:

  
\_\_\_\_\_  
Chief Financial Officer, TIGTA

4/20/07  
Date

## Attachment

### Summary of Services included in the Revision of the Memorandum of Understanding (MOU) between the Internal Revenue Service (IRS) and the Treasury Inspector for Tax Administration

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#### Telecommunications

- ▶ Voice Mail Service
- ▶ Calling Cards for Conferences and Long Distance
- ▶ Long Distance Service
- ▶ Local Telephone Service (outside DC area)
- ▶ IRS PBX Infrastructure

#### Network and System Integration

- ▶ IRS/TIGTA Network Support (IG performing audits/investigations)

#### Mail Service

- ▶ Regular & Overnight postage

#### Burn/Shredding

- ▶ Costs incurred for destruction of paper documents

#### Human Resource Issues/Training Related Costs

- ▶ Leadership Support Contract
- ▶ Skillsoft Contract
- ▶ Treasury Executive Institute
- ▶ Retirement Seminars
- ▶ Employee Assistance Program/Work Number for Everyone
- ▶ Drug Free Workplace Program – Testing

#### Workers' Compensation Claim Processing

- ▶ TIGTA claims based on prior year trends

#### Public Transportation Subsidy

- ▶ 3-year utilization trend for TIGTA

#### EEO Complaint Processing

- ▶ Treasury Complaint Processing Center

#### Public Health Unit Fitness Centers

- ▶ TIGTA access to the IRS sponsored health centers

#### Space

- ▶ Security at IRS Service Centers
- ▶ Building Operation Costs
- ▶ Outstanding offices not currently billed to TIGTA

## ESTIMATED TIGTA COSTS FOR OPERATIONAL SERVICES IN IRS DELEGATED BUILDINGS

REFM Bldg #	MA Bldg #	RSF	Cost per RSF	MA Cost	RSF	Cost per RSF	Location/Address	City	State	RSF	MA Cost	RSF	MA Cost
CA4664ZZ	RCA4664	3,619,604	MCA4664	1,156,902	CA4664ZZ	5045 E. BUTLER	5045 E. BUTLER AVE.	FRESNO	CA	4,196	527,780	531,976	
GA0010AE	RGA0010	1,022,266	MGA0010	45,331	GA0010AE	IRS ANNEX	2385 CHAMBLEE TUCKER ROAD	CHAMBLEE	GA	761	366,925	367,686	
GA1016AE	RGA1016	2,929,761	MGA1016	296,706	GA1016AE	IRS SVC CTR	4800 BUFORD HIGHWAY	CHAMBLEE	GA	6,312	325,284	331,596	
KY0085AA	RKY0085	1,883,803	MKY0085	1891	KY0085AA	IRS SVC CTR	200 WEST FOURTH STREET	COVINGTON	KY	823	365,122	365,945	
MA0137ZZ	RMA0137	3,617,275	MMA0137	6880	MA0137ZZ	IRS CENTER	LOWELL ST	ANDOVER	MA	2,107	391,413	393,520	
NY0376ZZ	RNY0376	7,739,781	MNY0376ZZ	16609	NY0376ZZ	IRS SERVICE CENTER--HOLT	1040 WAVERLY AVENUE	HOLTSVILLE	NY	3,664	523,399	527,063	
PA0462ZZ	RPA0462	1,316,231	MPA0462ZZ	192	PA0462ZZ	LIPPINCOTT	11501 ROOSEVELT BLVD.	PHILADELPHIA	PA	470	206,631	207,101	
PA6520ZZ	RPA6520	4,875,489	MPA6520ZZ	9,462	PA6520ZZ	11601 ROOSEVELT BLVD.	11601 ROOSEVELT BLVD.	PHILADELPHIA	PA	3,522	448,740	452,262	
TN0005ZZ	RTN0005	5,962,073	MTN0005ZZ	3,129,025	TN0005ZZ	NEW IRS SERVICE CTR	5333 GETWELL RD	MEMPHIS	TN	4,638	879,053	883,691	
TX2038ZZ	RTX2038	2,901,505	MTX2038ZZ	16,809	TX2038ZZ	IRS SW SERVICE CENTER	3651 S INTERREGIONAL HWY	AUSTIN	TX	4,132	477,904	482,036	
UT0036ZZ	RUT0036	1,527,773	MUT0036ZZ		UT0036ZZ	1160 W 1200 S	1160 W 1200 S	OGDEN	UT	3,267	457,851	461,118	
<b>Total REFM Delegated Bldg Costs</b>										<b>33,892</b>	<b>4,970,102</b>	<b>5,003,994</b>	
<b>Total MA Delegated Bldg Costs</b>													
TIGTA costs based on sq footage % \$		253,280											

## ADDITIONAL BUILDING COSTS SUPPLIED AT TIGTA'S REQUEST

Building	TIGTA Usable SF	TIGTA Rentable SF (RSF)	Total Projected Rent for FY 2008	Total Operating Costs not included in rent (delegated)	Projected Security Cost per RSF
1111 Constitution	964	1687	\$ 30,214.00	\$ 5,466.00	\$ 1,282.12
San Patricio*	557	683	\$ 24,820.22	-	\$ 519.08
Martinsburg-WV0191**	1061	1499	\$ 28,586.00	\$ 20,836.00	\$ 614.59
<b>SUBTOTAL ADDITIONAL BUILDING COSTS</b>			<b>\$ 109,922.22</b>		
<b>TOTAL BUILDING OPERATIONAL COSTS</b>			<b>\$ 363,201.97</b>		

\*TIGTA rent costs are included in rent for this lease until 2012

\*\*Part of security costs are paid by SWA, and included in a separate response from MA&SS to TIGTA. \$.02per RSF included in rent.

**ESTIMATED TIGTA COST FOR GUARD-K9 SERVICES AT IRS DELEGATED BUILDINGS**

GSA Bldg #	Location Name	Address	Total Space (Sq Ft) covered by Guard/K-9 Contract	Space (Sq Ft) Occupied by TIGTA	Cost of Contract	Percentage of TIGTA Occupied Space	TIGTA Cost based on percentage	
CA4664	5045 E Bulter	5045 E Bulter Ave, Fresno CA	531,976	4,196	\$2,896,984.00	0.79%	\$9,850.00	
GA0010	IRS Annex	2385 Chamblee Tucker, Chamblee GA	367,686	761	\$1,311,743	0.21%	\$2,714.92	
GA1016	IRS Svc Ctr	4800 Buford Hwy, Chamblee GA	331,596	6,312	\$1,833,066	1.90%	\$34,892.80	
KY0085	IRS Svc Ctr	200 West Fourth Street, Covington KY	365,945	823	\$3,406,694	0.22%	\$7,661.56	
MA0137	IRS Svc Ctr	Lowell Street, Andover MA	393,520	2,107	\$3,416,385	0.54%	\$18,292.14	
NY0376	IRS Svc Ctr - Holtsville	1040 Waverly Ave, Holtsville NY	527,063	3,664	\$2,195,937	0.70%	\$15,265.56	
PA0462	Lippincott	11501 Roosevelt Road, Philadelphia PA	659,363	3,992	\$2,753,494	0.61%	\$16,670.56	
PA6520	11601 Roosevelt Road	11601 Roosevelt Road, Philadelphia PA	(Included in line 11)					
TN0005	New IRS Svc Ctr	5333 Getwell Road, Memphis TN	883,691	4,638	\$2,361,988.00	0.52%	\$11,573.74	
TX2038	IRS SW Svc Ctr	3651 Interregional Hwy, Austin TX	482,036	4,132	\$3,050,183.00	0.86%	\$10,188.00	
UT0036	1160 W 1200 S	1160 W 1200 S, Ogden UT	461,118	3,267	\$2,621,814.96	0.71%	\$2,621.81	
<b>SUBTOTAL</b>							<b>\$164,731.09</b>	

**ADDITIONAL SECURITY COSTS SUPPLIED AT TIGTA'S REQUEST**

GSA Bldg #	Location Name	Address	Total Space (Sq Ft) covered by Guard/K-9 Contract	Space (Sq Ft) Occupied by TIGTA	Cost of Contract	Percentage of TIGTA Occupied Space	TIGTA Cost based on percentage
DC0022	Main IR	1111 Constitution	1,208,734	673	\$6,809,329.00	0.1%	\$3,791.30
MD0278	New Carrollton Federal Bldg.	5000 Ellin Road, Lnaham, MD	1,093,558	5,443	Part of above contract amount.	0.5%	\$33,892.28
WV0191	Martinsburg Com. Ctr.	250 Murall Drive, Martinsburg, WV	486,938	1,059	\$1,702,197	0.2%	\$3,701.96
<b>TOTAL TIGTA SECURITY COST</b>							<b>\$206,116.64</b>

# Building Operation Services Provided to TIGTA by IRS

## Building Costs

GSA provided the building locations and the square footage TIGTA leases at each location. This information was cross walked to the IRS building directory to identify all buildings that are currently occupied by both the IRS and TIGTA, as well as TIGTA offices that are not co-located with the IRS.

For purposes of this analysis, there are two types of buildings, those for which GSA is responsible for providing support services, i.e.. GSA owned buildings, and buildings GSA has delegated to customer agencies, i.e. delegated buildings.

For the GSA owned buildings TIGTA and the IRS occupy these locations as separate agencies. This is especially true in any building where TIGTA and the IRS only occupy a portion of a large Federal building that also includes many other cabinet level agencies. All standard support services in these buildings are provided by GSA. In GSA owned buildings, all typical support services are paid by TIGTA directly to GSA. Included in TIGTA's rent bill from GSA are utilities, guard services, janitorial services, and other building wide costs.

In buildings for which responsibility has been delegated to IRS, the IRS provides the support services in lieu of GSA. Currently, IRS does not receive compensation from TIGTA for the provision of these support services. There are significant costs for utilities, operations and maintenance, and janitorial services. The cost of these services which apply to TIGTA has been calculated based on the square footage occupied by TIGTA in these buildings. .

## Security Costs

The only locations where TIGTA would be benefiting from IRS security costs would be at those buildings delegated to IRS. A summary of building specific identifiable security charges for each delegated building indicates a total expenditure of approximately \$207,117.

## Conclusion

Identifiable TIGTA Costs FY05			
	Activity Types	Amount	Methodology
	Building wide costs 1/	\$363,202	Building cost center data
	Security costs 2/	\$206,117	Building cost center data

1/ Delegated buildings only based on square footage occupied

IRS has identified quantifiable expenses within 11 buildings (delegated to IRS) and occupied partially by TIGTA staff. In this group of buildings TIGTA occupies approximately .68% of the square footage. This percentage has been applied against cost data for these buildings to determine TIGTA building operation costs currently provided for by IRS.

For the cost of security services provided to TIGTA, the percentage of space occupied by TIGTA for each building was applied to the contract cost of security