

July 11, 2006

## **MEMORANDUM**

TO: IRS Chapter Presidents

RE: IRS Competitive Sourcing — CSCG Meeting — July 6, 2006

**SUMMARY: Updated information on each of the IRS's competitive sourcing projects is attached.**

The IRS's Competitive Sourcing Coordination Group met on July 6, 2006, to discuss the status of each of the IRS's competitive sourcing projects. Highlights of the group's most recent meeting are below.

NTEU filed a challenge to the most recent IRS FAIR Act inventory, released on March 24, 2006. This challenge was denied by the agency, and NTEU filed an appeal. NTEU challenged every single bargaining unit FTE classified as "commercial" in nature. We hope to hear the IRS's response to our appeal soon.

1. Highlights of the ongoing studies:

- **MITS Seat Management**

- **Project Summary:** This MITS function includes support of Desktop Hardware<sup>1</sup>, support of COTS Software<sup>2</sup>, Desktop Support<sup>3</sup>, Security Operations<sup>4</sup>, Database Management and Administration<sup>5</sup>, Asset Management<sup>6</sup>, Configuration Management (CM)<sup>7</sup>, and Application Touchpoint<sup>8</sup>.

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<sup>1</sup> Physical hardware associated with the end-user

<sup>2</sup> COTS is a software product that is ready-made and available for sale to the general public.

<sup>3</sup> Technical Services activities for client computers and peripherals

<sup>4</sup> Management structure and processes that addresses security concerns

<sup>5</sup> Includes the operations of staff performing Database Management and Administration for managing the distributed computer environment

<sup>6</sup> Accounting of labor and contract costs for asset identification and tracking, asset database management, change recording, and reconciliation

<sup>7</sup> The process for identifying and baselining all systems (hardware and software), controlling the changes of these baselines throughout their lifecycle, recording and reporting the status and change requests, and verifying the completeness and correctness of baselines

CM includes system upgrades, refreshment, performance enhancements, topology changes, switched network changes, other physical or logical changes, setups to the hardware settings, COTS integration, and image management

<sup>8</sup> Warm hand off from one help desk to another help desk

**Update:**

The Performance Work Statement (PWS) is continuing its work. The PWS team is tasked with the development of the solicitation for bids (Request for Proposals, RFPs). In that effort, the PWS team is responsible for identifying the “as is” or current state of the organization. The PWS is also responsible for developing a report on the state of the market, or the competition, and, finally, the PWS is collecting input from SMEs and front-line employees on the work that is currently done in the Seat Management function.

NTEU is aware of concerns regarding planned reorganizations with MITS and the effect this may have on the competition. NTEU has been assured that the reorganization and this competition are unrelated. This assurance was reiterated in a meeting in June on the MITS reorganizations, future plans for MITS, and the relationship between the reorganization and this competition. Some aspects of the meeting brought to light certain plans for MITS, covered in a chapter presidents’ memo sent at the time. These issues will be fully negotiated at the appropriate time.

A revised schedule significantly pushing back various dates has been established. The PWS is expected to deliver the first draft of the solicitation (RFPs) on October 18, 2006. A second draft solicitation will be released following that before the final solicitation currently expected in June 2007. Dates may continue to change, and NTEU will keep you apprised of updates in the schedule.

Three NTEU representatives were selected to participate on the MEO team. These representatives are Ada Bruce (Chapter 98), Thomas Kennedy (Chapter 22), and Jack Williams (Chapter 50). They will join the team soon.

○ **Proposed Schedule of Upcoming Events in A-76 Competition:**

1st Draft RFP	10/18/06
2nd Draft RFP	02/15/07
Final RFP	06/25/07
Award Date	12/24/08
RIF Off Rolls Date	Expected phase-in
Full Implementation	through 2009

● **W&I and SB/SE Submission Processing Files Activity**

- **Project Summary:** This activity is responsible for the receipt, control, shelving, maintenance, and retirement of all tax returns and related documents. Currently, millions of sensitive taxpayer records and documents are maintained and stored for up to one year in one of the ten IRS Campus sites. At the end of the storage period, this function is also responsible for delivering this documentation to the Federal Records Center (FRC) for

retirement. There are approximately 1,450 employees assigned to this function across ten Campus sites. Involvement in this activity involves access to sensitive taxpayer information.

**Update:** As announced in the chapter presidents' memo of June 6, 2006, the IRS announced that this contract had been awarded to the outside contractor, IAP World Services. This award had previously been made to the in-house Most Efficient Organization (MEO) on August 12, 2005. However, as noted in the chapter presidents' memo dated November 22, 2005, one of the outside contractors filed a protest, resulting in a reexamination of the bids. This reexamination resulted in the award being granted to the contractor.

NTEU has requested a briefing on this matter, originally scheduled for July 7, 2006. That briefing was cancelled by the agency, and so must be rescheduled. At this briefing, NTEU will seek to learn the basis for the original protest resulting in the reexamination of the bids and whether there is any basis for our own protest. NTEU and management have signed both the mitigating strategies agreement (see chapter presidents' memo dated June 30, 2005) and the RIF agreement (see chapter presidents' dated November 4, 2005). The IRS has told NTEU that a RIF will not be needed, as all impacted employees have been placed in other positions or used other mitigating strategies. NTEU is seeking information on the type and nature of positions offered to impacted employees.

○ **Proposed Schedule of Upcoming Events in A-76 Competition:**

Proposed RIF Off Rolls Date	Unknown
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● **Logistics Support (formerly AWSS Warehouse and Transportation)**

- **Project Summary:** The activities in these functions include the making of boxes, maintenance, stocking, and retrieval of forms, records, excess furniture, the stocking of shelves, and shipper and receiver duties. Also included is delivery of tax returns to the FRC, training materials, and other requested mail or material. Additionally, these functions are responsible for office realignments, furniture repair, and warehouse-related clerical duties. Involvement in this activity involves access to sensitive taxpayer information. With the increase in the scope, the impact will now include approximately 160 employees.

**Update:** The PWS team issued the final solicitation for bids (RFPs) on September 30, 2005. Bids were received on January 19, 2006, and bid evaluation has begun. It will take the IRS several months to determine the winner of the competition.

- **Proposed Schedule of Upcoming Events in A-76 Competition:**

Award Announcement	09/30/06
Proposed RIF Off Rolls Date	04/01/07

- **AWSS Transactional Processing Centers**

- **Project Summary:** This activity provides a number of personnel services, including: processing personnel actions and updating performance appraisal information, coding noncompetitive personnel actions, timekeeping, correcting personnel and payroll errors, maintaining Official Personnel Folders, TAPS support, providing personnel/payroll reports, and providing employee benefits support via the Employee Account function. There are approximately 560 employees that perform these activities across nine transactional processing centers. Involvement in this activity involves access to sensitive employee information.

- **Update:** The A-76 competition continues to be put on hold.

- **SB/SE Fuel Compliance Officers**

- **Project Summary:** This function is known as the SB/SE Fuel Compliance Officer (FCO) position (GS-1101, formerly known as Dyed Diesel Fuel Officers). The FCO program plays a vital role in ensuring fuel tax compliance as well as encouraging voluntary compliance. The FCO program is responsible for monitoring fuel terminals, fuel wholesalers, retail fuel outlets, and the U.S. borders. The FCOs inspect vehicles and fuel storage tanks at a variety of locations, including, but not limited to construction sites, designated inspection locations, commercial business sites, retail gas stations, truck stops, and bulk refineries and terminals. The FCOs are responsible for inspecting fuel samples to determine if tax has been paid on the fuel and if a tax penalty is warranted. There are approximately 140 bargaining unit employees assigned to this position nationwide.

- **Update:**

The work of the FCO program has been restored and the FCOs are back to performing their normal duties. The second draft of the PWS solicitation was expected to be released by December 30, 2005. The agency hopes to conduct a few more site visits before the next release of the PWS solicitation. The NTEU PWS representative is Darla Smith (Chapter 55), and the NTEU MEO member selected is Charles Scoville (Chapter 25).

The IRS is studying whether certain functions are inherently governmental and whether such functions can be contracted out. At this point, NTEU has been told that at least one function was determined to be inherently governmental and removed from consideration for the competition. In addition, the PWS team

continues to consult with the IRS's General Counsel on whether various job duties are inherently governmental in nature. NTEU continues to push for more information on this analysis and will keep you informed.

o **Proposed Schedule of Upcoming Events:**

Final Solicitation	08/06
Award Announcement	06/07

2. **Real Estate Field Management (730 FTEs)** — The REFM Business Case Analysis (BCA) has concluded, with a decision not to go forward with an A-76 competition (see chapter presidents' memo dated April 13, 2006). The BCA is a management-only process used by the IRS to baseline the current operation, to define a potentially improved operation, to analyze the benefits, costs, and risks of pursuing alternatives, and to make a compete/don't compete decision. The IRS has made a policy decision to exclude NTEU and the front-line employees from the BCA process.

While NTEU is pleased with the decision not to pursue an A-76 competition, the IRS does anticipate changes within REFM. We will be discussing any changes with the agency and will keep you informed as new details emerge.

3. NTEU-supported language in the Transportation-Treasury Appropriations bill places substantial restrictions on the agency's ability to run A-76 competitions and contract out work (see chapter presidents' memo dated December 2, 2005). This language now requires contractors to save the IRS either 10% or \$10 million of the cost of the MEO. Such a provision will eliminate competitions where the winner is selected on factors other than just cost (i.e., best value competitions). We will keep you apprised as to how this legislative language will directly impact each IRS A-76 competition.

The next CSCG meeting is scheduled for August. As the competitive sourcing projects are updated, I will provide you with the latest information. If you have any questions about the competitive sourcing projects in the IRS, please contact Rick Bialczak, Negotiations Assistant, via e-mail at [Richard.Bialczak@NTEU.org](mailto:Richard.Bialczak@NTEU.org) or at (202) 572-5500, ext. 8073.

Colleen M. Kelley  
National President

Attachment