



HUMAN CAPITAL OFFICE

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

October 31, 2008

Ms. Anna Gnadt
National Negotiator
National Treasury Employees Union
1750 H. Street, NW
Washington DC 20008

RE: GSA SmartPay 2

Dear Ms. Gnadt:

This is to confirm the understanding between The National Treasury Employees Union (NTEU) and Management representatives from Agency-Wide Shared Services (AWSS) Employees Support Services regarding the Internal Revenue Service (IRS, Agency or the Employer) implementation of the General Services Administration (GSA) SmartPay 2 (SP2) initiative. On August 25, 2008, the IRS briefed NTEU on its proposed plan and timeline for implementation of the GSA SP2 program for the issuance of government agency charge cards. The Department of the Treasury recently awarded the government credit card contract under the GSA SP2 to Citibank. Citibank is the current cardholder vendor for the IRS under the existing contract until it expires on November 29, 2008. Effective November 30, 2008, IRS Cardholders will begin using Citibank purchase and travel cards under the new SP2 contract. The new Master Contract—currently awarded to Citibank and slated to begin November 30, 2008— involves the distribution of new cards designated for either Purchase or Travel, and numbering 4,800 and 47,000, respectively. Cardholders will be issued new purchase and travel cards with new account numbers that will require activation. New Automated Teller Machine (ATM) personal identification numbers will be issued. The credit card billing cycle end date will move to the third calendar day of each month. In addition, cardholders who choose to use Citibank online tools must register to use the tool. Employees who use both the Travel and Purchase Cards will have a single sign-on platform for on-line tools. This differs from the current procedures which require a separate sign-on for each card. The Employer shall post procedures for using the on-line tool on the Employee Resource Center (ERC) Credit Card Services website. All current cardholders will be required to resolve existing charges from previous accounts within the timeframes and under the procedures they are currently required to follow.

The government-issued Travel Card is a credit card issued to employees to be used for transportation, lodging, meals and incidentals associated with government travel. Employees receive the billing invoice directly, obtain reimbursement from the IRS, and are responsible for making payment to the credit card vendor. Information concerning the Travel Card can be found on the IRS Intranet - AWSS Credit Card Services website.

Travel Card-

<http://erc.web.irs.gov/Displayanswers/Question.asp?FolderID=8&CategoryID=88>. The government-issued Purchase Card is used to pay for government-related, non-travel expenses which support the office environment or are incidental to enforcement and other job duties. Purchases made on the Purchase Card are billed directly to the IRS and the IRS, not the employee, is responsible for making payment to the card vendor. Information concerning the Purchase Card can be found on the IRS Intranet - AWSS Credit Card Services website Purchase Card-

<http://erc.web.irs.gov/Displayanswers/SubCategory.asp?FolderID=10&CategoryID=90&SubCategoryID=166>. Only existing purchase and travel card holders are impacted by the issuance of the new card. The Agency is not changing the current training for the Travel and Purchase Cards under SP2. All cardholders will continue to receive the required training for any card they are issued, and notification of refresher training.

The terms and conditions for eligibility, issuance, and use of the Travel Card continue to be governed by the October 7, 2002, Letter of Understanding (LOU) entitled "Mandatory Use of the Government Contractor-Issued Travel Charge Card and Prompt Payment of Travel Vouchers". A copy of the LOU is available on the IRS Intranet - AWSS Credit Card Services website

[http://cfo.fin.irs.gov/IntFinMgmt/Archives/Travel/CreditCardProgram/CFO_Memos/NTEU LOU Travel Charge Card.pdf](http://cfo.fin.irs.gov/IntFinMgmt/Archives/Travel/CreditCardProgram/CFO_Memos/NTEU_LOU_Travel_Charge_Card.pdf). The IRS is not changing purchase options for impacted employees. The IRS purchases supplies and services within a hierarchy of procurement policies, regulations, and procedures which are not impacted by the issuance of new cards under SP2.

The Employer is not changing any pre-condition requirements before a Travel or Purchase Card may be issued to an employee. Credit checks will not be conducted on employees in order to receive or use the Purchase Card. The Employer will not conduct a credit check on any existing Travel Cardholder. Credit checks are only required on new Travel Card applicants in accordance with the December 19, 2006, Memorandum of Understanding (MOU) between NTEU and the IRS regarding Creditworthiness and Prepaid Cards.

The procedures for activating and maintaining cards will not change. Existing cardholders will utilize the government issued travel card in the manner prescribed in the October 7, 2002, LOU between the IRS and NTEU concerning the Mandatory use of the Government Contractor Issued Travel Charge Card and Prompt Payment of Travel Vouchers which can be found at

[http://cfo.fin.irs.gov/IntFinMgmt/Archives/Travel/CreditCardProgram/CFO_Memos/NTEU LOU Travel Charge Card.pdf](http://cfo.fin.irs.gov/IntFinMgmt/Archives/Travel/CreditCardProgram/CFO_Memos/NTEU_LOU_Travel_Charge_Card.pdf). Purchase card holders will activate cards when required to utilize the card in connection with assigned responsibilities. Un-activated cards are unusable. Activation of new cards can be made from any telephone.

Travel card information is not maintained in TRAS. Current TRAS users have information maintained in the RESX system which is obtained from SATO Travel when reservations are made.

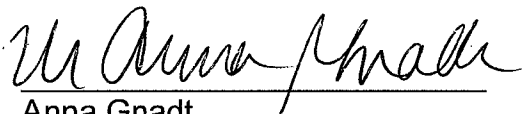
The IRS will take the following actions to implement the SmartPay 2 Initiative:

- 1) Formal Meetings. At least three (3) work days prior to the November 30, 2008 effective date of the SP2 contract the Employer will conduct Section 7114 formal meetings for all impacted employees to discuss and explain this initiative. Subject to management's right to assign work, the Employer will develop and distribute a manager's fact sheet to facilitate discussion of SP2 implementation and this Letter of Understanding (LOU) during the formal meetings. The Employer is committed to ensuring that impacted bargaining unit employees are provided with all information necessary to successfully use the new SP2 cards when received. The employer will post a copy of this LOU on the AWSS Credit Card Services website. At the meetings, which may be held during regularly scheduled group meetings, the Employer will explain the initiative and answer any questions. The Union shall have the right to be present and ask any questions. Subject to management right to assign work, unanswered questions will be noted and answered in writing within ten (10) workdays. A hard copy of this LOU will be distributed to all impacted employees and Chapter leaders in advance of the meeting. Subject to management's right to assign work employees will be given a reasonable amount of time to read the LOU prior to the meeting. Subject to management's right to assign work, union representatives may meet with employees individually after the meeting to discuss the initiative in a manner consistent with current procedures under Article 8, Section 1F of the National Agreement.
- 2) Training. Consistent with Article 30 of the parties' National Agreement, the Agency will provide all impacted employees with sufficient training and materials to enable them to successfully use and perform the functions required of Travel and Purchase Card holders, including any refresher training the Employer deems appropriate. Employees will be given sufficient advance notice of any required training. Training will take place on duty time. Employees will have the right to raise lack of necessary training as a defense to a disciplinary, adverse or unacceptable performance action.
- 3) Additional Resources. ERC will be available to take calls and address employee questions concerning the Travel and Purchase Cards through a ticketing process.
- 4) Card Statements. Employees may have transactions on both old and new Travel and Purchase Cards resulting in two statements to reconcile initially as the transition to the new cards is implemented. Subject to management's right to assign work, employees will be given sufficient duty time to perform the necessary functions to reconcile and/or satisfy all transactions on both the old and new account statements.

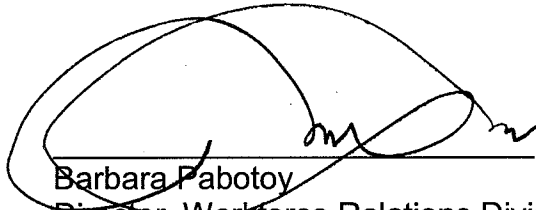
- 5) Cardholder Conduct. Any employee who is the subject of a conduct investigation based on card holder conduct or card holder statement data, will have the rights set forth in Article 5 § 4 of the parties' National Agreement.
- 6) Transfer of Account Information. Employees utilizing GovTrip will have the new travel card account information automatically downloaded to their GovTrip account.
- 7) Credit Limits. Subject to management's right to determine the budget, credit limits for Travel and Purchase Card holders will be maintained at their current levels and will not change with the issuance of new cards and account information.
- 8) Exemption from Card Use. Employees who choose to be exempt from use of the government travel card (whether current or prospective card holders) and have been designated as frequent travelers may apply for an exemption from use by forwarding a request to the Chief Financial Officer. This process is found in the October 7, 2002, LOU between the IRS and NTEU concerning Mandatory use of the Government Contractors Issued Travel Charge Card and Prompt payment of Travel Vouchers which can be found at [http://cfo.fin.irs.gov/IntFinMgmt/Archives/Travel/CreditCardProgram/CFO Memo s/NTEU LOU Travel Charge Card.pdf](http://cfo.fin.irs.gov/IntFinMgmt/Archives/Travel/CreditCardProgram/CFO_Memo_s/NTEU_LOU_Travel_Charge_Card.pdf). Employee use of the government purchase card will be based on organizational need and the employee's specific job responsibilities.
- 9) Travel Card ATM Access. Employees who are issued a Travel Card are given the option to activate the ATM feature and may choose to refrain from ATM use.
- 10) Citibank On-line Tools. The online statement feature is an option available to card holders for use in monitoring their accounts. Managers will not have access to the employees' statements via the online statement tool.
- 11) Adverse Impact. The Agency does not anticipate any adverse impact on the working conditions of impacted employees as a result of this initiative. However, if Management becomes aware of some unanticipated adverse impact that arises after this initiative is implemented, it will provide notice to NTEU and bargain at the appropriate level in accordance with Article 47 of the parties' National Agreement.
- 12) Unanticipated Effects. If either of the parties becomes aware of significant unanticipated problems that arise following the implementation of the SP2 initiative, the Agency or NTEU will inform the other, and the parties will meet to discuss and will attempt to resolve them as soon as possible.
- 13) Re-opener. Either party may reopen this LOU after it has been in effect for one year.

14) Effective and Termination Dates. This LOU will become effective upon Agency head review or on the 31st day after execution, whichever comes first, and will terminate two years from the effective date.

If the above represents your understanding of the actions that management is going to take to implement and administer SP2, please indicate that understanding below and return the original of this letter. If you have any questions, please contact Kelvin Davis of my staff at (202) 622-7831.



Anna Gnadt
National Negotiator
National Treasury Employees Union



Barbara Pabotoy
Director, Workforce Relations Division
Internal Revenue Service

10/31/08
Date

10-31-08
Date