



HUMAN CAPITAL OFFICE

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

May 20, 2008

Kenneth E. Moffett, Jr.
Deputy Director of Negotiations
National Treasury Employees Union
1750 H Street, NW
Washington, DC 20006

Re: Operation R.E.D.

Dear Mr. Moffett:

This constitutes the Letter of Understanding (LOU) between the Internal Revenue Service (IRS and or the Agency) and the National Treasury Employees Union (NTEU and or the Union) (collectively the Parties') on the above matter.

The purpose of this LOU is to memorialize the Parties' understanding concerning various issues related to the implementation of Operation R.E.D., including convening a joint team to discuss and assess barriers to compliance raised during the Operation R.E.D. initiative by bargaining unit employees, and during the Joint Team activities referenced in this LOU. The Joint Team will review barriers and obstacles to employee compliance with the IRS PII policies; and will make written recommendations for Agency consideration. The Parties incorporate herein by reference the Operation R.E.D. Joint Communication.

The IRS acknowledges that the Employee Operation R.E.D activities between April 16 and June 30, 2008, are intended to afford bargaining unit employees the time they need to ensure they are compliant with existing Agency policies with respect to protecting Personally Identifiable Information (PII). Operation R.E.D. activities between April 16 and June 30, 2008, will be a period of safe harbor (for example, no documentation in employee performance/drop files). That is, employees will not be harmed as they work to address their responsibilities and improve their practices in protecting PII. In this process, employees will *not* be required to certify that they have completed Operation R.E.D. activities. Bargaining unit employees are encouraged to provide any and all information concerning barriers or obstacles to compliance with PII during Operation R.E.D. to their manager and NTEU.

The Agency shall take the following actions to implement Operation R.E.D.: NTEU and the IRS will convene a joint labor-management team to obtain, analyze and discuss information concerning the Operation R.E.D. initiative. There will be eight (8) members, not to exceed four (4) from each party. Team selection and the exchange of names of team members, and the designated Team Lead, will be completed no later than June 13, 2008. During the period of June 13 to June 25, 2008, at a mutually agreed upon time, the Joint Team will meet via teleconference for up to three (3) hours to discuss issues raised by bargaining unit employees, such as obstacles or barriers to

compliance with the Agency's PII policies. The Team Leads will exchange agenda items and any relevant documents that will be discussed in the teleconference no later than twenty-four (24) hours prior to the teleconference.

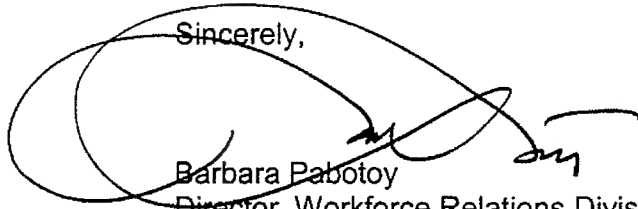
Following June 30, 2008, and as soon as practicable, the Joint Team will meet face-to-face for up to two (2) consecutive days on dates and times mutually agreed by the parties. The Parties will exchange all data, reports, documents, assessments, etc. concerning the Operation R.E.D. initiative no later than five (5) business days prior to the face-to-face meeting. Union Team members will be granted sufficient administrative time to review this material prior to the meeting. If needed and desired by either party, one (1) teleconference of no more than four (4) hours will be conducted within 30 days following the date of the face-to-face meeting.

The IRS shall pay the travel and per diem costs for the Union team members, exclusive of any National Office representative. The purpose of the Joint Team is to obtain, analyze and discuss all information concerning the Operation R.E.D. initiative, for example, difficulties and/or obstacles in employee compliance with the IRS PII policies; and make written recommendations for Agency consideration. It is the parties' intent that the Joint Team's written recommendations will be made as soon as practicable following the face-to-face meeting, or any follow-up teleconference that may be necessary. The IRS will consider the recommendation(s) of the Joint Team as it determines future PII policy, including any bargaining unit employee certification requirement. The Agency will meet its obligation for Impact and Implementation bargaining in accordance with applicable law and Article 47 of the Parties National Agreement for initiatives on protecting identity information.

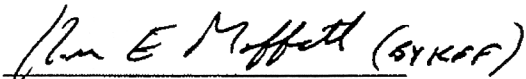
The IRS shall provide a copy of this LOU to all bargaining unit employees as soon as it is executed, by attaching it to the Parties' Joint Communication on the Operation R.E.D. initiative, and ensuring that the Joint Communication is provided to all bargaining unit employees once it is signed.

This LOU will terminate after the Parties have fulfilled their Joint Team obligations set forth hereinabove.

Sincerely,



Barbara Pabotoy
Director, Workforce Relations Division


Kenneth E. Moffett, Jr.
Deputy Director of Negotiations
National Treasury Employees Union

5-20-08

Date