



LARGE AND MID-SIZE
BUSINESS DIVISION

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

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May 31, 2006

**MEMORANDUM FOR INDUSTRY DIRECTORS
 DIRECTORS, FIELD OPERATIONS
 DIRECTOR, PREFILING AND TECHNICAL GUIDANCE
 DIRECTOR, INTERNATIONAL**

FROM: Walter Harris, /s/ Walter Harris
 Director, LM:Field Specialists

SUBJECT: Interim Guidance on LMSB's Outside Expert Program -- Procedures for Requesting Pre-approval of Funding to Hire Outside Experts

INTRODUCTION:

The purpose of this memo is to issue interim guidance required for requesting pre-approval of funding to hire outside experts to assist with examinations of LMSB taxpayers. Please ensure that this information is distributed to all affected employees within your organization.

EFFECT ON OTHER DOCUMENTS: This guidance will be incorporated into IRM 4.46.3.9.11, *Outside Experts* by 05/31/2007.

BACKGROUND:

LMSB's Outside Expert Program is managed by an Outside Expert Budget Committee (Committee) which is composed of a representative from each of the LMSB Industries and Field Specialists, PFTG, the International Program and LMSB Counsel. All requests for pre-approval of funding to hire outside experts to assist on LMSB examinations are submitted through the Field Specialist Engineer (Engineers) Program. The Engineers can pre-approve funding for outside experts up to a specified dollar limit. Requests for pre-approval of funding in excess of the Engineer limit must be submitted to the Committee for review and pre-approval.

CHANGE IN PROCEDURES:

The dollar threshold required for Committee pre-approval of funding for outside expert services has been lowered from \$100,000 to \$75,000. All other procedures remain unchanged.

JUSTIFICATION:

Processing delays can occur on requisitions when the actual cost equals or exceeds \$100,000 if the requisitions originally were submitted with an estimated cost less than \$100,000. Lowering the dollar threshold required for higher level Committee review and pre-approval should minimize the need for resubmission of requests for pre-approval of funding.

cc: LMSB Commissioner and Deputy Commissioner
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