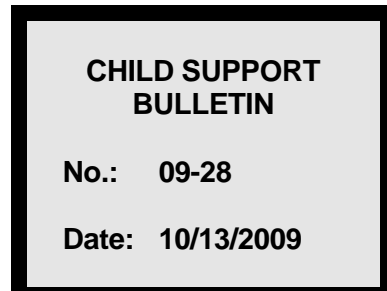


WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES
Division of Family and Economic Security
Bureau of Child Support

To: Child Support Directors
Child Support Supervisors or Lead Workers
Child Support Attorneys



From: Director
Bureau of Child Support

Subject: Federal Tax Information and IRS Security Measures
This Child Support Bulletin obsoletes and replaces CSB 06-26R.

Purpose

This bulletin informs child support agencies of the requirements for ensuring the confidentiality of federal tax information (FTI) obtained from the Internal Revenue Service (IRS). These instructions are based on the 2009 IRS audit visit and recommendations. The bulletin also includes a review of the bureau's plan to monitor local agency compliance with these requirements.

Background

The IRS is required by federal law to ensure that agencies with access to federal tax information follow stringent rules to ensure the confidentiality of personal tax information. You can find these requirements in IRS Publication 1075, *Tax Information Security Guidelines for Federal, State and Local Agencies*.

Policy

The IRS defines federal tax information (which is subject to safeguarding requirements) as any tax return-derived information received **from the IRS**. (Tax forms provided to the CSA by a participant in the case are **not** considered federal tax information, and are not subject to the safeguarding requirements.) All information that we receive from the IRS is subject to the safeguarding requirements. This IRS information in KIDS includes federal tax refund intercept-related information, IRS addresses, and IRS names.

Permitted Disclosure

The NCP (the taxpayer) is entitled to see his or her own tax information. The IRS did not cite the state for disclosing federal tax intercept collection amounts to the custodial parent.

IRS Safeguarding Requirements

Child support agencies that use IRS information must comply with IRS safeguarding requirements, including:

- Tracking and Disposal Requirements - Maintain a system of records and a log of activity of each printed IRS record, and properly dispose of IRS information;
- Secure Storage - Maintain secure storage of IRS information;
- Restricted Access - Restrict access to those staff who need it to perform their jobs;
- Incident Response - Report unauthorized disclosures or inspections as prescribed;
- Annual Briefing - Provide annual employee UNAX awareness briefings;
- Monitoring Plan – 3-year on-site review.

Tracking and Disposal of Documents with FTI

Proper Tracking

When staff print KIDS information (e.g., screen prints or a case account statement) which includes federal tax information, a record must be made that tracks the document from creation to disposal.

Proper Disposal/Destruction

The CSA *must* retain custody of any document containing federal tax information and safeguard the contents until you can properly dispose of the document. Federal tax information may be disposed of by burning, pulping or shredding. The IRS requires shredding to be in strips 5/16^{ths} of an inch or smaller, and the paper should be inserted in the shredder so that the lines of print are perpendicular to the cutting line.

The attached sample “IRS Tracking and Disposal Log” may be used to track printed federal tax information. The log includes columns to document the following:

- Date Printed
- Staff Name
- IV-D Case # or PIN #
- Document Description and Reason Printed
- How Disposed Of
- Date Disposed Of

Federal Tax Information in KIDS

The following printouts and screens may contain IRS information:

- Account History (Path: 05, 14 or 15), the C246 Report, will potentially contain federal tax intercept collections if either the Payment History or the Payer Payment History option is selected by changing the indicator on the request screen to “Y”
- Federal Tax Offset Collection, source codes FT0C, FTAX and FTXJ; on KIDS Screens FAA and FEB, IV-D Case Account Statement and Participant Account Statement (Path: 02, 05, 05 & 06 and 05, 09 & 10)
- IRS Offsets are also displayed on Screen FIA, List Arrears Certifications (path: 02, 05, 09 and 05,13) where the Cert Type is “IRS” and there is an amount in the “Offsets” column.
- Participant Address, source codes ***, ***V, ZZZ, or ZZZV; on KIDS Screens AAA and AAB (Path: 02, 01, 04 and 04, 04)
- Participant Name, Types I and J, source codes ZZZ and ZZZV; on KIDS Screens NCA and NCB (Path: 02, 01, 05 and 04, 05)

Users must be aware of and safeguard these documents when they contain federal tax information. BCS recommends that CSAs *always* track the printing of Account History reports and *limit* the use of KIDS print screens, to simplify the IRS tracking requirements.

Secure Storage of Documents with Federal Tax Information

All federal tax information must be clearly labeled, and handled in such a manner that it does not become misplaced or available to unauthorized personnel. If it is not practical to physically separate files and/or documents containing federal tax information from other case data, the case file must be clearly labeled as containing “federal tax information,” and needs to be safeguarded.

The IRS requires that agencies protect federal tax information using Minimum Protection Standards, which call for two barriers, i.e., secured perimeter/locked container; locked perimeter/secured interior; or locked perimeter/secured container. An example of applying this concept is that, if a janitor must have access to a locked file room, that the file cabinets within that room are also locked, preventing the janitor from obtaining access to the federal tax information.

When protecting federal tax information using locked rooms and/or locked containers, the IRS requires the agency to maintain an inventory of all keys or access codes, and the individuals to whom the keys or access codes are issued.

Agencies must limit access to restricted areas, security rooms, and/or locked containers that contain federal tax information, to authorized personnel. If the county or agency issues identification badges to employees, the agency must require that employees wear the identification badge while at work, to identify authorized personnel.

For employees who must enter a restricted area on a regular basis but who are not assigned to that area, the agency may maintain an Authorized Access List which identifies those individuals. This list should be reviewed and updated at least annually. If unauthorized personnel must enter an area where federal tax information is housed, the agency must use a Visitor Access Log to document such visits. Note that this requirement does not apply to areas within the agency that are designated as publicly accessible.

The Visitor Access Log shall contain the following information:

- Name of visitor and organization represented
- Form of identification used to identify the visitor
- Purpose of visit and person visited
- Date of visit
- Signature of the visitor
- Time of entry and departure

Restrict Access to Employees with Need to Know

BCS and local child support agencies are required to restrict access to federal tax information to employees whose duties or responsibilities require access. No person should be given more federal tax information than is needed to perform his or her duties. For example: when providing KIDS access or documents to a CSA clerk, or staff in a cooperating agency, no federal tax information should be included unless it is needed to perform the required child support duties.

The agency should periodically review which individuals have access to federal tax information and ensure that they still need that information to carry out their job duties. BCS is reviewing KIDS access for cooperating and other agencies, and is considering shifting these other agencies to access CSOS for the information they need.

Child support agency staff or attorneys may not disclose federal tax information received from the IRS to the court. You may provide payment records to the court **only** if they do not include source codes for **any** individual payments. If you must use a document that includes payment source codes in court, and that document includes any federal tax refund offset payment, you must redact (black out) the source code for **all** payments on the document, not just the federal tax payment(s). For NCPs who aren't involved as a payer in multiple cases, you can use either the CSOS Record of Payments for the NCP by Specific Case, or the KIDS Participant Account Statement (Path: 02, 05, 05 or 05, 09) in court because they do not include payment source data.

Incident Response

CSA employees who observe possible improper use or disclosure of IRS information may contact the office of the Special Agent-in-Charge (SAC), Treasury Inspector General for Tax Administration (TIGTA) directly. This individual is located in the Chicago Field Division, 200 W. Adams, Suite 450 Stop 3300 CHI, Chicago, IL 60606, telephone number (312) 886-0620, and FAX (312) 886-2397. In the alternative, the CSA employee may contact the BCS Security Officer. All security breaches reported to BCS will be fully investigated.

Annual Briefing on Unauthorized Access (UNAX) Awareness

Local agency managers are required to ensure that all staff know and understand the IRS security and anti-browsing requirements, and have completed the annual awareness briefing requirements.

At a minimum, an annual briefing session must be held to ensure that employees are aware of all IRS security requirements. Copies of IRC Section 7213(a) and 7431 must be provided to employees annually, and employees must be advised that the unauthorized disclosure of federal tax information could result in civil and criminal penalties as well as the termination of employment. Upon completion of the annual briefing, the employee must read and sign the “Certificate of Need to Know and Annual Unauthorized Access (UNAX) Awareness Briefing,” form DWSC–12063, and give it to their supervisor, who should sign it and file in the agency briefing file for that year.

CSAs now have three different training resources available, any one of which can be used to conduct the required IRS briefing.

- 1) Computer-based training programs produced by BCS: “Safeguarding Federal Tax Information” (15 minutes) and “Program Security and Confidentiality” (20 minutes). Both of these CBTs are available on the PTS Learning Center. Upon completion of the Safeguarding Federal Tax Information program, the employee will print the required copies of IRC Sections 7213(a) and 7431 and form DWSC-12063 (see attachments).
- 2) *New (October 2008)* IRS DVD video “Disclosure Awareness Training for State Child Support Agencies” (30 minutes). BCS will provide a copy of this DVD to CSAs.
- 3) IRS videotape previously provided by BCS, which includes “Securing The Future: Giving Hope and Support to America's Children” (20 minutes) and “Stop UNAX In Its Tracks” (15 minutes).

Note: *New employees* should be required to complete the briefing requirement and take **both** of the computer-based training programs under #1 above during the first week of their employment.

Agency Briefing Records (Complete by December 31st each year)

The agency must maintain a single file, by year, containing the signed Certificate of Need to Know and Annual Unauthorized Access (UNAX) Awareness Briefing (DWSC-12063) for all staff, to allow for easy inspection by state and/or federal reviewers.

CSA Directors must complete, sign and submit the Certification of Compliance with Internal Revenue Service Data Security and Recordkeeping Requirements (DWSC 12065) to the Child Support Regional Administrator.

Monitoring Plan

IRS Safeguarding rules require regular monitoring of agencies that receive federal tax data. The Bureau of Child Support’s Regional Administrators conduct this monitoring of CSAs by conducting an on-site visit once every three years, and verifying that all staff have completed the Certificate of Need to Know and Annual UNAX Awareness Briefing, and that each agency has completed the Certificate of Compliance for each of the three preceding years.

Thank you for your continued attention to these important requirements.

Resources:

[Tax Information Security Guidelines for Federal, State and Local Agencies](#) (IRS Publication 1075).