
WHAT IS FEDERAL TAX INFORMATION?

- Returned match files from the Internal Revenue Service (IRS) as a result of the monthly DIFSLA (Disclosure of Information to Federal, State, and Local Agencies) data match is Federal Tax Information (FTI).
- This same information in whole or in part in any other forms, be it in electronic reports/written/spoken/ photocopied/screen printed etc.

The Rule: The source of the information determines if the information is tax information. If the source of the data is the IRS it **is** tax information. If information from the IRS source is comingled with other data, it still remains tax information and must be protected accordingly.

Example: An individual applies for TANF assistance and on their application or as a condition of eligibility they provide their name, DOB, SSN, Address, and household information. The IRS is **not** the source of that data, so it **is not** Federal Tax Information (FTI).

Example 2: Monthly, a file is sent to the IRS to match against the most current taxpayer information. Return files are sent back to DCF once a match is completed and investigative reports are created. Return match information about taxable income including amounts, sources, and source addresses **is** Federal Tax Information, because the IRS was the source of that information. Individual identifying data pulled from the eligibility system, sent to the IRS, and returned with the match information is not FTI because the IRS is not the source of that data. However, because all of this data is in the same file (**comingled**), the file is tax information and must be protected accordingly.

Example 3: Once an investigative report is created using data from KAECSES and the IRS the report becomes tax information, because the IRS was the source of part of the data that was **comingled** with other information.

WHO HAS THE AUTHORITY TO ACCESS TAX INFORMATION?

Under the computer matching agreement between IRS and the Economic and Employment Services (EES) division of DCF, staff whose job duties include determining eligibility for and/or the correct benefit amounts for Temporary Assistance for Families (TANF) or the Supplemental Nutrition Assistance Program (SNAP) are authorized to access tax information on a need to know basis.

Staff who provide support to those who determine eligibility for and/or the correct benefit amount for these needs based programs are also authorized access to tax information on a need to know basis.

The Rule: EES has made the decision to centralize the processing of FTI in order to limit disclosure and reduce risks related to protection of Federal Tax Information received as a result of the DIFSLA match. As a result, only a limited number of staff members in the EES Administration are approved to access FTI. Those staff members have had annual training specific to IRS Safeguards and have certified their understanding of the policies and procedures governing use, disclosure, destruction, and safeguarding of FTI.

Example: Under the computer matching agreement, and EES worker in the field determining a households' eligibility for TANF could access FTI information as part of that determination process. However, because EES has made the decision to centralize FTI processing, the field workers have not completed IRS Safeguard training and have not certified their understanding of EES' FTI related policies and procedures. Therefore, field workers are **not allowed** access to FTI in **any** form.

Example 2: The EES Administration TANF Resource Verification unit is made up of individuals who have completed annual IRS Safeguard Training and are intimately familiar with EES' policies and procedures for the handling and processing of FTI. Because those staff members are trained, have certified their understanding of the policies and procedures, and understand what they can and cannot do with FTI, they **are allowed** to access FTI.

WHY DOES THE AGENCY RECEIVE FEDERAL TAX INFORMATION?

The agency must conduct the match with the IRS as it is a requirement for the administration of the TANF program (Social Security Act, Title XI, Section 1137(a)(2)). This match, of unearned income sources reported to the IRS, ensures that TANF households do not have unreported resources or income sources and is a program integrity activity.

HOW DOES THE AGENCY USE THE FEDERAL TAX INFORMATION IT RECEIVES?

The agency investigates each match to determine if the asset or income was correctly reported by the TANF household or correctly investigated by the agency when making the initial eligibility determination or redetermination for TANF. The investigation also looks at whether that asset/income source impacts the TANF eligibility determination. As a result, the TANF determination may have corrective action or overpayment action needed to correct the case.

EES' POLICIES RELATED TO FEDERAL TAX INFORMATION:

This document, located in the Kansas Economic and Employment Services Manual (KEESM), contains all EES specific policies related to handling of FTI and staff members who are approved to access FTI must certify annually that they have completed IRS specific awareness training and understand all the agency and divisional policies related to the handling of FTI.

DCF NETWORK, MULTI-FUNCTIONAL DEVICES, & E-MAILS OR FAX COMMUNICATIONS

EES strictly prohibits FTI from being introduced to the network, such as saving to network drives or sending via the network FTI to multi-functional devices. The exchange of Federal Tax Information via both e-mail and facsimile are strictly prohibited. This includes e-mail communications within network (within DCF or within the State of Kansas) as well as those outside the network. FTI shall not be saved electronically in any manner except for the secured mainframe files and processing of mainframe files or the secured, encrypted USB devices specifically dedicated to FTI processing and procedures described within this document.

VISITORS

Any person who is not EES authorized tax processing staff is considered a "visitor" and must not have free access to the tax processing area. Visitors to this area are to sign in and remain escorted by authorized staff at all times.

LABELING FTI

FTI in either electronic or paper forms shall be labeled "Federal Tax Information". Handling of this information is to be logged. FTI will always have two barriers between it and unauthorized staff.

TRAINING

EES authorized tax processing staff are to complete annual security awareness training. The EES tax investigator position is responsible for informing staff, the first quarter or each year or upon hire, to complete the training. All staff will also complete a quiz to test comprehension of key elements in the training and must have a satisfactory score to have fulfilled this training requirement. All staff will also sign a form certifying their completion of the training and agreement to adhere to the requirements within.

INCIDENT RESPONSE

Any breach or suspected breach of FTI information is to be reported immediately to both the tax processing unit supervisor and to DCF- IT Security (via email to ITSIncidentResponse@dcf.ks.gov) for investigation and handling.

SAFEGUARDING PRINTED TAX INFORMATION:

Any piece of paper whether it be the case log, a piece of scrap paper or hard copy notice to the client where the source of **any** of the information within is tax information and must be safeguarded as such. Authorized staff that process FTI must log the creation of any paper document containing FTI and keep those documents secured within the tax processing area when not in use. Once investigation is complete and the paper FTI is no longer needed, it should be destroyed via shredding and the FTI log documentation updated to reflect the destruction.

Hard copy tax information is time consuming to secure and track. Therefore, unless it is **absolutely necessary**, tax information should **not** be printed or written down. When tax information must be in paper form, the dedicated printer within the tax processing area is to be used for the creation of the document. Shared printers are prohibited from being used for FTI, because unauthorized staff members also have access to these machines.

FTI processing staff will be responsible for verifying to the IRS how the DCF office's perimeter, interior area and the containers used to store this information meet IRS requirements for the protection of tax information. These requirements can be found in the latest version of Publication 1075, Tax Information Security Guidelines for Federal, State, and Local Agencies, on the IRS' Safeguards Program website: <http://www.irs.gov/uac/Safeguards-Program>.

The following requirements also apply to the safeguarding of **all hard copy** tax information:

- A. Documents containing tax information must be kept separate from other case materials in a locked container such as a metal desk or metal filing cabinet. Tax information must never be kept in a case file. The creation, handling/possession, and destruction of all hard copy FTI shall be logged in accordance with IRS requirements.
- B. Any correspondence that will include tax information must be locally produced. Copies of such correspondence must be safeguarded as tax information. Shared printers are prohibited from being used for FTI, because unauthorized staff members have access to those printers.
- C. The container for securing tax information must be clearly marked "Federal Tax Information."
- D. Access must be limited to employees requiring the information to do their jobs and only those EES Administration employees that have completed IRS Security Awareness annual training and have certified their understanding of the training and agency/divisional policies related to FTI.
- E. Printed taxpayer reports as well as hard copy printouts from other interfaces must be destroyed as soon as investigations have been completed (usually within 30 days). According to IRS requirements, taxpayer information must be shredded to 5/16-inch wide or smaller strips.
- F. Contractors are **not** allowed access to FTI at any time. This includes contracted employees of the agency, contracted cleaning staff, contracted moving companies, and contracts related to document shredding or storage.

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- G. Correspondence to and from the EES Administration TANF Resource Verification unit is to be sealed and unopened in transit so as to prevent access to FTI by unauthorized staff members. Training will be given and reminder notices posted for mail handlers that correspondence addressed to the EES Administration TANF Resource Verification unit is to remain sealed and only opened by addressee.

SAFEGUARDING ELECTRONIC TAX INFORMATION:

Data files containing FTI are secured from unauthorized access by a specific naming convention and permission-based user access. Attempts to access these by unauthorized staff create an alert that is investigated by EES staff members responsible for the IRS data match process.

Electronic FTI reports created for investigative staff are stored on encrypted, password-protected USB devices. The creation, handling/possession, and destruction of this electronic FTI are logged in accordance with IRS requirements. The secured password-protected USB devices on which the investigative reports reside are kept secured within the tax processing area.

Computer monitors used to access data files and investigative reports containing FTI must face a direction that prevents viewing by unauthorized persons.

EES ADMINISTRATION TAX PROCESSING AREA:

Access to this area is limited to authorized divisional staff. Any unauthorized visitor is required to present ID, sign in, and be escorted by authorized EES staff at all times as required by the IRS.

Note: Visitors may be agency/division employees who are not authorized to access FTI because of their job duties.

Employees with unrestricted access to the tax processing area must complete annual EES IRS Security Awareness training and certify their completion and understanding of the information and policies. Certificate will be maintained by the tax processing position and kept on file in the tax processing area.