



MIKE DEWINE

★ OHIO ATTORNEY GENERAL ★

Federal Tax Information Safeguards Program



Information Packet

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Dear Special Counsel/Third Party Vendor:

Thank you for your cooperation in the Attorney General's continued efforts to attain and maintain compliance with 26 USC 6103 and *Publication 1075: Tax Information Security Guidelines For Federal, State and Local Agencies*. Your Ohio SPR is currently under review by the Attorney General's Office; this document is intended to provide guidance on the next steps in the process.

As special counsel/third party vendors who are receiving FTI in performance of the duties of your retention agreement, you are required to attain and maintain compliance with the IRS safeguards contained in Publication 1075 and any supplement thereof. What was previously referred to as "1075 Compliance" or simply "1075" will now be called the Federal Tax Information Safeguards Program, or "FTISP". The following pages detail your continued requirements towards compliance with the FTISP.

Your continued cooperation with these reporting requirements and overall 1075 compliance will help the Attorney General's Office continue to meet its own reporting requirements to the IRS and to further its compliance efforts.

The information contained herein is subject to change without notice. Again, thank you for your continued cooperation. If you have any questions, feel free to contact me at Lindsey.McCarron@ohioattorneygeneral.gov or (614) 728-7865.

Sincerely,

Lindsey K. McCarron
Disclosure Officer, Assistant Attorney General
Ohio Attorney General Mike DeWine
Collections Enforcement Section

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What is FTI?

By definition: Federal tax information (“FTI”) is defined as returns and return information.

“Return” is defined under 26 USC § 6103(b)(1) as any tax or information return, declaration of estimated tax, or claim for refund required by, or provided or permitted under title 26 and filed with the IRS by or on the behalf of any person. This includes amendments, schedules, attachments, or lists that are supplemental to or part of the filed return.

“Return Information” is defined under 26 USC § 6103(b)(2) as the taxpayer’s identity, the nature, source or amount of his income, payments, receipts, deductions, exemptions, credits, tax liability, tax withheld, deficiencies, overassessments, payments, etc... whether the return was, is being, or will be examined, or any other data received by, recorded by, prepared by, furnished to or collected by the IRS with respect to a return. This includes any information regarding the determination of the existence or possible existence of a liability for tax, penalty, interest, fine, forfeiture, other imposition or offense.

For AGO purposes, FTI includes the following information received by the Ohio Department of Taxation from the IRS¹ and transmitted to the Attorney General’s Office for collection purposes:

- 1.) The name, mailing address, SSN, and refund amount received through the TOPS refund file and process.
 - a. Any report or compilation including the above information is also considered FTI.

- 2.) Information received through the certification of certain PIT100 accounts:
 - a. The FTI is limited to the following source codes within PIT 100 accounts:
 - i. Source Code 13: The name, mailing address, SSN, Ohio tax amount, year in question, and source code are all FTI
 - ii. Source Code 18: The source code itself, which designates the reason for the assessment, and the Ohio tax amount are FTI
 - iii. Source Code 21: The source code itself, which designates the reason for the assessment, and the Ohio tax amount are FTI
 - iv. Source Code 29: The name, mailing address, SSN, Ohio tax amount and source code are all FTI
 - b. Any report, screen print, or compilation derived from and including the above information is also considered FTI.

Our system regularly packets accounts that contain FTI with accounts that do not (i.e. TP has a 2001 failure to pay assessment packeted with a 2002 failure to file assessment). Additionally, we regularly commingle FTI data with non-FTI data. Because it is impossible to unpacket the

¹ In the future, the AGO will be receiving the TOP information directly from the IRS. Additionally, the TOP program will be expanded to also be applied to OBESB100 Fraud accounts.

accounts or to not commingle data, if you need access to PIT accounts, *you must be authorized to view FTI in order to view PIT accounts.*

Federal Taxpayer Information Cheat Sheet

The following was created as a quick-access guide to help identify what data within our systems is FTI.

PIT100 Accounts

Source Code 13: Delinquency Assessments

- Name
- Address
- SSN
- Source Code/Reason for the Assessment
- Ohio Tax Due
- Tax Year

Source Code 18: FAGI Audit

- Source Code/Reason for the Assessment
- Ohio Tax Due
- Tax Year

Source Code 21: RAR

- Source Code/Reason for the Assessment
- Ohio Tax Due
- Tax Year

Source Code 29: CP2000

- Name
- Address
- SSN
- Source Code/Reason for the Assessment
- Ohio Tax Due
- Tax Year

PIT100 and OBESB100 Fraud Accounts

Anything denoting a TOPS payment

Any report, screenshot, piece of paper, etc... that contains any of the above

Figure 1 FTI Cheat Sheet

Reporting requirements

FORMS

All of the reporting requirements below are modeled after the IRS's reporting requirements. More information can be found at www.irs.gov or *Publication 1075: Tax Information Security Guidelines For Federal, State and Local Agencies*.

OHIO SPR

What is it?

The Ohio Safeguard Procedures Report (Ohio SPR) describes the procedures established and used by your agency for ensuring the confidentiality of the information received from the IRS through the Ohio Attorney General's Office. The form is based off the IRS's SPR.

When do I need to submit it?

Ohio SPRs must be submitted every 6 years, or whenever a significant change occurs in your safeguard programs. Significant changes include, but are not limited to, new computer equipment, systems or applications; new facilities; relocation of IT resources, change in IT or Executive Management; and upgrade network infrastructure.

You need to submit a new or updated Ohio SPR if you:

- 1.) Have never submitted an Ohio SPR or have not submitted an Ohio SPR (new or updated) within the previous 6 years;
- 2.) Have not been retained as special counsel or third party vendor continuously throughout the previous 6 years; or
- 3.) Have experienced significant changes since submission (see non-exhaustive list of significant changes above).

If any of the above applies, you need to submit a new or updated Ohio SPR.

I have to update my Ohio SPR because of a significant change. When do I submit an updated Ohio SPR?

If you are required to submit an updated Ohio SPR due to a significant change, you must submit an updated Ohio SPR as soon as possible after, but preferably before, the date of the significant change.

How do I update my Ohio SPR?

You can update your Ohio SPR by re-submitting your previous SPR and denoting any changes/updates by using a bolded or different colored font. Please make sure that any changes are easily recognizable to the AGO by including a legend in the email your SPR is attached to.

Do I need to submit a new or updated Ohio SPR?

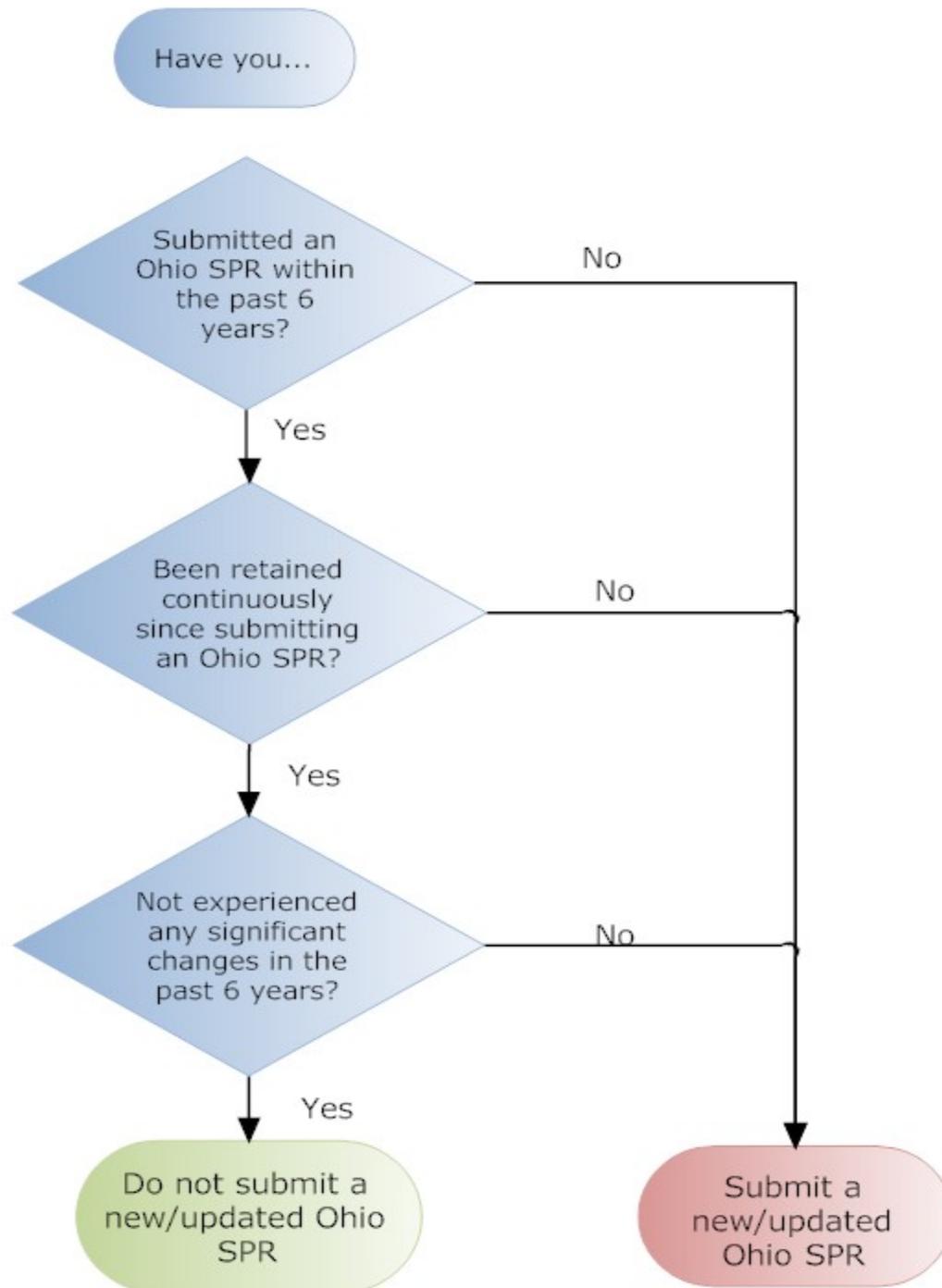


Figure 2: Do I need to submit a new or updated Ohio SPR?

OHIO SAR

What is it?

The Ohio Safeguard Activity Report (Ohio SAR) is a report that advises the AGO of minor changes to procedures or safeguards described in the SPR. It also advises the AGO of future actions that will affect your agency's safeguard procedures, summarizes your agency's efforts to ensure the confidentiality of FTI, and certifies that your agency is protecting FTI pursuant to IRC Section 6103(p)(4) and the AGO's security requirements. Requests for clarification will be sent as needed and must be replied to within sixty days of receipt

When do I need to submit it?

An SAR will need to be submitted every year as part of the annual RFQ process as long as a new or updated Ohio SPR is not required. The submission deadline may not be the same as the RFQ submission deadline. Additional information for submitting the Ohio SAR will be distributed prior to the submission deadline.

Internal Inspection Plan

The Internal Inspection Plan is a document that your organization should develop detailing how you plan to inspect your internal safeguard controls. Inspections should be conducted annually and will be part of your Ohio SAR filing.

OHIO CAP

What is it?

The AGO Internal Audit Section will provide each agency with a pre-populated Ohio Corrective Action Plan (Ohio CAP)

When do I need to submit it?

You will not receive a Corrective Action Plan until after your first site visit and findings based on that site visit have been issued. The agency must submit an initial Ohio CAP in response to the site visit findings. Subsequently, Ohio CAPs must be updated biannually—as an attachment to your agency's annual Ohio SAR and on the Ohio CAP due date, which is six months from the Ohio SAR due date. Ohio CAPs must be submitted every six months until all corrective actions from the last site visit are closed by the AGO.

Additional Reporting Requirements

NEW EMPLOYEES

All new employees must receive Safeguarding Training and sign a training acknowledgment before beginning employment. A copy of the form should be sent via email to the Disclosure Officer.

TERMINATION OF EMPLOYEES

Should you terminate an employee, you must immediately ensure that their access to AGO accounts has been eliminated. If the employee has a CUBS or AGO collection system account access, you must contact the AGO immediately to terminate that access.

EMPLOYING A NEW CONTRACTOR

If you employ the services of a sub-contractor whose work will involve disclosing, accessing, or the ability to access FTI in the performance of its duties under the contract, you must notify the AGO 60-days prior to disclosing or allowing the access or ability to access FTI. The Attorney General is required to provide 45-day notice to the IRS of your new contractor, so the 60 days will give the office time to prepare its notice to the IRS. See Publication 1075, Exhibit 12 for specific data required in the AGO's 45-day notice.

Examples of sub-contractors which require notice include, but are not limited to, information technology services, shredding, after-hour cleaning services, and letter printing services.

DISCLOSURE

Upon discovering a possible improper inspection or unauthorized disclosure of FTI, including breaches and security incidents, you must contact the AGO Disclosure Officer. See contact information below. Please have the following information available:

- Date and time of incident
- Date and time incident was discovered
- How the incident was discovered
- Description of the incident and the data involved. Include specific data elements, if known.
- Potential number of FTI records involved. If unknown, provide a range, if possible.
- Address where the incident occurred
- Information technology involved

If FTI *may* have been involved, do not wait to investigate before contacting the Disclosure Officer. DO NOT report improper inspections or unauthorized disclosures to the IRS—you report to the Attorney General's Office within 24 hours of the incident.

Onsite Inspections

Onsite inspections, or site visits, of your location are required under Publication 1075, Section 11.2. These site visits will be conducted by the Internal Audit section of the AGO and will occur at least once every 18 months per IRS requirements. The Onsite Inspection is separate and apart from any Collections Enforcement site visit, and will focus exclusively on FTISP compliance. You are expected to maintain and monitor your own physical and computer security: periodically looking at security of the network, authorized access, maintaining access and audit logs, etc... The purpose of the internal inspection will be to provide the AGO reasonable assurance that all security standards required by the IRS in the safeguarding of FTI have been addressed.

What should I expect?

You should expect the following:

- You will be contacted by the Ohio Attorney General's Office Internal Audit Section prior to a routine inspection by both phone and email.
- After the initial contact we will establish an entrance conference, during which the scope, expectation, and schedule of the inspection will be defined.
- The nature of the work your organization performs for the AGO will determine the length of the inspections. Normal situations will range from a few hours to two days.
- Once the site visit is completed, we will return to prepare our report.
- You will receive immediate notification if there are any critical deficiencies uncovered during the inspection. Otherwise, a draft report will be sent for your review.
- Finally, the report will be issued with findings and recommendations; a follow up may be scheduled as needed.

How do I prepare for an onsite visit?

Your organization should prepare in the following manner:

- Prepare key staff members and ensure they are available to assist during the inspection as scheduled.
- Ensure records, logs, systems etc. are all available for quick simple access.
- Centrally locate policies, logs, contracts etc. in electronic form.
- Ensure your risk assessment and vulnerability testing is current.
- Review your Ohio CAP and Ohio PoA&M, be able to discuss the deficiencies you have found and how you are working toward compliance.

Ohio Plan of Action & Milestones (Ohio PoA&M)

What is it?

The Ohio Plan of Action & Milestones (Ohio PoA&M) is an internal document the details the source of a deficiency, when it was discovered, who reported it, the organization's plan to

remedy it, when the remediation was completed, and when and who validated the new control in place. This document will be subject to inspection during your onsite visit.

Reporting Requirement	Frequency of Reporting	When do I submit?
Ohio SPR	Every 6 years UNLESS: <ol style="list-style-type: none"> 1. No continuous retention 2. Significant Change 	With RFQ submission* OR in anticipation of significant change
Ohio SAR	Every Year UNLESS submitting a new or updated SPR	With RFQ submission*
Ohio CAP	In response to site visit findings AND THEN every 6 months thereafter until findings are closed by AGO	In response to site visit findings THEN with RFQ* and Ohio CAP submission and 6 months later
New Employees	Safeguarding training must be provided and acknowledgement signed prior to beginning employment	After providing safeguarding training
Termination of Employees	Access eliminated immediately upon termination	Immediately, if terminated employee had access to CUBS or AGO collection system
Employing a New Contractor	Any time you employ services of contractor with access to FTI	60 days prior to disclosing or allowing access to FTI
Site Visit	Every 18 months	Rotational basis, after provided notice by AGO Internal Audit
Unauthorized Disclosure or Improper Inspection	Anytime you discover a possible improper inspection or unauthorized disclosure of FTI	<i>Immediately</i>

* Submission deadlines of a 6-year Ohio SPR and the Ohio SAR will be on or around the same time as the RFQ submission. Submission deadlines will be distributed prior to the deadline.

Figure 3 Reporting Requirement Table

DISCLAIMER

The information contained within this document and the FTISP are based on the author(s)'s interpretation of the IRS's Publication 1075 and may not represent the understanding or views of the Office of the Ohio Attorney General (AGO) and/or the IRS. Any factual or material disputes regarding the information contained within are welcome and should be sent directly to the following email address for review and validation:

OhioFedTaxInfoSecAudit@OhioAttorneyGeneral.gov. The information contained within this site and program is subject to change; neither the AGO, the IRS nor the author(s)'s of this information are liable for any information contained in this site, nor do they hold any liability for the result(s) of changes to the content. It is the responsibility of the AGO contractor to remain current with the program and to be aware of the laws, regulations, and standards in place governing the Federal Tax Information (FTI) safeguards and in the retention agreement with the AGO.

ADDITIONAL INFORMATION

Additional information regarding FTISP can be found at:

<http://www.ohioattorneygeneral.gov/FTISP>

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