

**CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES**

P.O. Box 419064, Rancho Cordova, CA 95741-9064



July 06, 2006

CSS LETTER: 06-17

ALL IV-D DIRECTORS  
 ALL COUNTY ADMINISTRATIVE OFFICERS  
 ALL BOARDS OF SUPERVISORS

SUBJECT: INTERNAL SAFEGUARD REVIEWS

Internal Revenue Service (IRS) Code Section 6103(p)(4)(D), requires that agencies receiving Federal Tax Information (FTI) provide other safeguard measures as appropriate to ensure the confidentiality of the FTI. The IRS states, "if the originating source of information is from the IRS, then it is considered FTI." IRS Publication 1075, Tax Information Security Guidelines for Federal, State, and Local Agencies, requires that agencies receiving FTI conduct internal reviews to ensure that safeguards and security measures are maintained. To comply with this provision, the DCSS has established a three-year internal safeguard review cycle for all Local Child Support Agencies (LCSAs). These reviews will not be scored, graded, nor will DCSS levee any penalties. The review process will consist of an entrance and exit conference, and onsite review of the handling of FTI. Upon completion of the review DCSS will provide a report to the LCSA outlining the results of the review.

The reviews are scheduled to begin fall 2006 and will address the following key areas:

1. Record Keeping –Each LCSA should have a system of records that documents requests for, receipt of, and disposal of FTI.
2. Maintaining a Secure Place for Storage – FTI must be stored in a secure location and safe from unauthorized access.
3. Limiting Access – Access to FTI must be limited to only those employees who are authorized access by law or regulation and whose official duties require such access. This will include the physical barriers and an assessment of facility security features.
4. Computer Security – There should be reasonable assurance that only employees with a "need to know" are permitted access to FTI and that safeguards are sufficient to limit unauthorized access and ensure confidentiality.

Reason for this Transmittal

- State Law or Regulation Change  
 Federal Law or Regulation Change  
 Court Order or Settlement Change  
 Clarification requested by One or More Counties  
 Initiated by DCSS

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5. Other Safeguards and Reporting Requirements – It should be certified that employees understand security policy and procedures for FTI requiring their awareness and compliance.
6. Disposal of FTI – Upon completion of use, LCSAs should ensure that the FTI is destroyed using the appropriate IRS guidelines.

The attached documents will provide additional information. These documents include the Safeguard Review Checklist, LCSAs Review Schedule, IRS Publication 1075, and CSS Letters that pertain to safeguarding of FTI.

If you have any questions or concerns regarding this matter, please contact Paul Celaya at (916) 464-0406.

Sincerely,

/s/ Joan Obert

JOAN OBERT  
Deputy Director

Enclosures

# SAFEGUARD REVIEW CHECKLIST

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July 06, 2006

## Revision History

REVISION	DATE OF RELEASE	PURPOSE
Initial Draft	April 28,2006	Initial Release
Final	July 6, 2006	Final Release

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## ***Introduction***

As a condition for receiving Federal Tax Information (FTI), the Department of Child Support Services (DCSS) is required by Internal Revenue Code (IRC) 6103(p)4 and Internal Revenue Service (IRS) publication 1075 to establish and maintain certain safeguards and security measures to prevent unauthorized use of the information and to protect the confidentiality of that information.

## ***Background***

The DCSS Security Audit Unit (SAU) performs a review to evaluate the methods utilized to protect FTI from unauthorized use or disclosure. The SAU reviews the procedures and processes to protect the FTI for use in establishing and collecting child support obligations. The review does not evaluate the administration of any child support program beyond safeguarding policies and procedures, nor does it evaluate the collection process.

## ***Purpose***

The purpose of this review is to determine the adequacy of FTI safeguards and security measures used within the Local Child Support Agency (LCSA). DCSS is required to establish a review cycle so that all field offices are reviewed within a three year cycle. To provide an objective assessment, the review will be conducted by the DCSS SAU. The internal safeguard reviews will cover the areas listed on the attached checklist.

**Reviewers Name** \_\_\_\_\_

**Review Start Date** \_\_\_\_\_ **Review End Date** \_\_\_\_\_

**LCSA Location** \_\_\_\_\_

**LCSA Contact** \_\_\_\_\_ **Contact Phone #** \_\_\_\_\_

<b>Record Keeping Requirements Section 3.0</b>			
<b>Questions</b>	<b>Compliance</b>	<b>Findings</b>	<b>Notes</b>
1. Is receipt of FTI recorded in a log?			
2. Are outside disclosures of FTI logged and recorded on a separate list that reflects to whom, what, why, and when it was disclosed?			
3. Is FTI filed after it has been received?			

<b>Information Other Than That In Electronic Form</b>			
<b>Questions</b>	<b>Compliance</b>	<b>Findings</b>	<b>Notes</b>
4. Is all other non-electronic FTI received recorded in a log?			

<b>Secure Storage Section 4.0</b>			
<b>Questions</b>	<b>Compliance</b>	<b>Findings</b>	<b>Notes</b>
5. Are controls and logs in place for the distribution, reproduction, and returning of keys, combinations, locks, etc?			
6. Are combinations changed at least once a year?			
7. Are secure storage keys controlled and inventoried periodically?			
8. Is FTI data physically stored (reports, microfiche)?			
9. Are FTI containers locked when not under supervision?			

## ***Security of Tax Information***

<b>Questions</b>	<b>Compliance</b>	<b>Findings</b>	<b>Notes</b>
10. Are restricted areas entry controls in place for all employees, contractors, visitors, etc. to prevent unauthorized access to FTI?			
11. Is all restricted area access recorded in a log?			
12. Are visitors escorted in the restricted area?			
13. Is the security room that stores FTI able to resist forced entry and meet the minimum standards?			
14. Does the secured interior/secured perimeter meet the minimum standards?			
15. Is access to facility monitored at all times?			
16. Are janitorial and service personnel facility access controlled?			
17. Do FTI containers meet IRS standards i.e. containers, locked container, security container, safes, vaults, and locks?			
18. Is there a building alarm system?			
19. Are there procedures for handling and transporting FTI?			
20. If so, do the procedures meet IRS requirements?			
21. Are there security requirements for alternative work sites? i.e. telecommuters			
22. Are there alternative work site policies and procedures in place?			
23. Is FTI protected when not being used?			
24. Is there a designee to authorize user access to FTI?			
25. Do contractors who have access to FTI meet the "need to know basis"?			
26. Are FTI disclosures to third parties, such as attorneys, legislators or representatives, controlled?			
27. Are FTI disclosures in judicial and administrative tax proceedings controlled?			



28. If so, is there reporting to IRS prior to disclosure being made?			
29. Are there written procedures for all units that handle FTI?			
<b><i>Transmission and Storage of FTI</i></b>			
<b>Questions</b>	<b>Compliance</b>	<b>Findings</b>	<b>Notes</b>
30. Is FTI stored on site?			
31. If so, how is FTI stored? i.e. hard drive, disk, and server			
32. Is there training in security, disclosure awareness, and ethics for all employees and contractors?			
<b><i>Restricting Access section 5.0</i></b>			
<b>Questions</b>	<b>Compliance</b>	<b>Findings</b>	<b>Notes</b>
33. Is access to FTI on a “need to know basis”, restricting access to designated personnel minimizing improper disclosure?			
34. Is the FTI commingled? i.e. case file			
35. If so, is it protected?			
36. Are controls in place over processing of FTI that meet one of the three procedures that protect confidentiality?			
<b><i>Computer System Security</i></b>			
<b>Questions</b>	<b>Compliance</b>	<b>Findings</b>	<b>Notes</b>
37. Is there a written computer security policy?			
38. Are there written computer security procedures?			
39. Is FTI stored off-site in a secured location?			
40. Is there a FTI storage retention period?			
41. Is there a method for clearance of magnetic media (removable and non-removable) before reallocation or destruction?			
42. Are there user ID or password procedures to access FTI?			

43. Are passwords changed periodically?			
44. Are system reports generated from FTI?			
45. Are detailed audit trails maintained of accesses or updates to FTI?			
46. Is the network that transmits FTI protected against unauthorized access?			
47. Does agency scan their own networks periodically, updating electronic network maps, determining what hosts and services are running, and cataloging vulnerabilities?			
48. Is FTI transmitted via e-mail and use encryption or guided media?			
49. Is there remote access to FTI?			
50. If so, does it meet the IRS requirements?			
51. Is FTI ever faxed?			
52. If so, are necessary precautions taken to protect FTI sent via fax?			

**Other Safeguards and Reporting Requirements Sections 6.0 and 7.0**

<b>Questions</b>	<b>Compliance</b>	<b>Findings</b>	<b>Notes</b>
53. Is there an organization chart that identifies the staff who have access to FTI data?			
54. Is there a Safeguard Activities Report (SAR) on file?			
55. Is there a Safeguard Procedures Report (SPR) on file?			

***Disposal of Federal Tax Information section 8.0***

<b>Questions</b>	<b>Compliance</b>	<b>Findings</b>	<b>Notes</b>
56. Is FTI disposed based on IRS guidelines? i.e. paper, electronic media, etc.			
57. If so, how is it disposed?			
58. Does LCSA store direct-connect print-outs of FTI or microfiche?			
59. If so, how and when is it disposed?			

<b>Child Support Services (CSS) Letter Compliance Questions</b>			
60. Is there compliance with CSS 04-10, dated May 26,2004? <b>Safeguarding FTI Disposal of Returns and Return Information of upon Completion</b>			
61. Is there compliance with CSS 05-02, dated January 7,2005? <b>Safeguard FTI Employee Awareness</b>			
62. Is there compliance with CSS 05-24, dated August 26,2005? <b>Safeguard FTI Warning Banner</b>			
63. Is there compliance with CSS 05-25, dated September 12,2005? <b>Security Awareness Training/System Administrator Training</b>			
64. Is there compliance with CSS 06-05, dated January 31, 2006? <b>Revised Submission of Business Continuity Plans</b>			
<b>Information Technology “Best Practice” Questions for System Administrators</b>			
<b>Questions</b>	<b>Compliance</b>	<b>Findings</b>	<b>Notes</b>
65. Does the LCSA have a designated Information Security Manager?			
66. Has the LCSA conducted a network vulnerability assessment?			
67. Has the LCSA scanned it’s firewall to determine open ports?			
68. If so, have they closed all ports not required for use?			
69. Does the LCSA have a computer patch management program?			
70. Does the LCSA have anti-virus software on computers?			
71. Does the LCSA have a network map?			

## ***Acronyms***

CSS	Child Support Services
DCSS	Department of Child Support Services
FTI	Federal Tax Information
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISR	Internal Safeguard Review
LCSA	Local Child Support Agency
SAR	Safeguard Activities Report
SPR	Safeguard Procedures Report

### **LCSAs Review Schedule through February 2007**

<b>County Name</b>	<b>Review Dates(s)</b>
San Luis Obispo	September 7 - 8
Humboldt	September 18 - 19
Mendocino	October 2 - 3
Monterey	October 16 - 17
Santa Cruz	November 8 - 9
Imperial	November 16 - 17
Ventura	December 4 - 5
Kern	December 18 - 19
San Francisco	January 8 - 9
Los Angeles	January 22 - 23
Riverside	February 13-14
San Bernardino	February 26 - 27
The review schedule for March 2007 through 2008 shall be submitted at a later date.	