



Introduction to Safeguarding Federal Tax Information

Office of Safeguards
September 21, 2011



- ▶ Internal Revenue Code (IRC) Section 6103 provides authority for disclosing certain federal tax information (FTI) to local, state and federal agencies under specific circumstances
- ▶ Protecting FTI is a condition of receipt
- ▶ IRS Office of Safeguards responsible for ensuring compliance with Publication 1075, *Tax Information Security Guidelines for Federal, State & Local Agencies*



Originate through several different regulatory sources:

- ▶ IRC Section 6103(p)(4)
- ▶ IRC Section 6103 disclosure authorities
- ▶ NIST SP 800-53, revision 3
- ▶ IRS Policy and Procedures

Key Tenets of Safeguarding



- ▶ Recordkeeping
- ▶ Secure Storage
- ▶ Restricting Access
- ▶ Employee Awareness & Internal Inspections
- ▶ Reporting Requirements
- ▶ Disposal
- ▶ Need and Use
- ▶ Computer Security



- ▶ Maintain a system of standardized records
- ▶ Required data elements dependent upon whether records are electronic or non-electronic
- ▶ Logging required from receipt of FTI through disposal



- ▶ Minimum Protection Standards (MPS) for physical access to FTI
- ▶ Two Barrier Rule
- ▶ Applies to all agency locations storing FTI, including alternative work sites, computer facilities, off-site storage, & HQ and field offices

Restricting Access



- ▶ Restrict access to persons whose duties or responsibilities require it – Need to Know
- ▶ Label both electronic and paper FTI
- ▶ Segregate FTI to the extent possible – limit commingling FTI with other agency data
- ▶ Limit contractor access to only that allowed by authorizing statute
- ▶ FTI never loses it's character as FTI



- ▶ Disclosure Awareness Training
 - Prior to initial access of FTI
 - Annual recertification of understanding of the agency's security policy and procedures for safeguarding FTI
- ▶ Internal Inspections
 - Every 18 months - HQ, computer facility and contractors
 - Every 36 months – local field offices



- ▶ Safeguard Procedures Report (SPR)
 - Describes how agency receives, processes and protects FTI
 - Approval required prior to accessing FTI
 - New SPR every 6 years or whenever significant changes occur
- ▶ Safeguard Activities Report (SAR)
 - Annual update detailing minor procedure changes & current efforts to safeguard FTI



- ▶ Corrective Action Plan (CAP)
 - Describes actions taken or planned to take to address findings from last on-site Safeguard review
 - Submitted every 6 months
 - As attachment to SAR
 - 6 months from the due date of the SAR
 - CAP vs. POAM (Plan of Action & Milestone)



- ▶ Return FTI to IRS or appropriately destroy it
- ▶ Disposal requirements for paper FTI (shredding, pulping, burning)
- ▶ Disposal requirements for electronic FTI (degaussing)

Need and Use



- ▶ Prohibited from using FTI for any other purpose than allowed by authorizing disclosure statute
- ▶ Verify agency needed FTI and used it consistent with statutory authority



- ▶ Focus on NIST SP 800-53 management, operational and technical controls
- ▶ Verify hardening of all agency systems receiving, processing, storing and transmitting FTI
- ▶ Ensure auditing access, modification, deletion and movement of FTI by each unique user



Office of Safeguards ensures protection of FTI through multi-pronged approach

- ▶ **Initial Safeguard Procedures Report analysis plus required updates**
- ▶ **Annual Safeguard Activity Report analysis**
- ▶ **On-site review every three years**
- ▶ **Technical inquiries and outreach**
- ▶ **CAP and POAM monitoring**



- ▶ IRS.gov web site
 - Posting Q&A to common questions or technical inquiries
 - Posting evaluation matrixes
- ▶ Safeguards' Mailbox
 - SafeguardReports@IRS.gov

Questions?



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