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**To:** DWD Employees with Access to Federal Taxpayer Information  
DWD Hiring Managers  
DWD Contractors and Subcontractors

**From:** Department of Workforce Development

**Date:** December 18, 2023

**Subject:** DWD Policy 2017-08, Change 2  
Suitability Standards for Department of Workforce Development Employees,  
Contractors, and Subcontractors with Access to Federal Taxpayer Information

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## Purpose

The purpose of this policy is to define and establish procedural guidelines, background checks, and suitability standards for applicants, employees, and contractors and subcontractors (within this guidance, referred to as “contractors”) who may have access to Federal Tax Information (FTI) as part of their job duties with the Department of Workforce Development (DWD). IRS Publication 1075 requires that DWD create a written policy that ensures compliance with Internal Revenue Service (IRS) standards for persons having access to IRS-FTI.

DWD is committed to protecting its information, particularly its IRS-FTI. Upon being approved to handle IRS-FTI, employees and contractors will be required to maintain safeguard procedures as established by DWD and the IRS. Employees and contractors will be required to have background checks and a suitability review every five (5) years.<sup>1</sup>

## Change 2 Summary

This policy has been updated to cite current DWD safeguarding information guidance, and it now provides further clarification on the definitions of FTI and IRS-FTI.

## References

- IRS Publication 1075, *Tax Information Security Guidelines for Federal, State and Local Agencies*, (Rev.11/2021)<sup>2</sup>
- U.S. Citizen and Immigration Services, *I-9, Employment Eligibility Verification*<sup>3</sup>
- 5 CFR 731.201

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<sup>1</sup> IRS 1075 (Rev. 11/2022) Section 2.C.3.

<sup>2</sup> <https://www.irs.gov/pub/irs-pdf/p1075.pdf>.

<sup>3</sup> [Employment Eligibility Verification | USCIS](#).

## Definitions

**Background Check** means all necessary checks required in order to have access to IRS-FTI. IRS Pub 1075 requires that checks must include, at a minimum, fingerprint checks (as permitted by the Federal Bureau of Investigation (FBI)), local law enforcement checks, and citizenship verification.

**Citizenship Requirement Check** means verification of an individual's eligibility to legally work in the United States.<sup>4</sup>

**Federal Tax Information (FTI)** consists of tax returns and tax return information. FTI can be either or both. FTI is any return or return information received from the IRS or an IRS secondary source, such as the Social Security Administration, Federal Office of Child Support Enforcement, Bureau of Fiscal Services, or the Center of Medicare and Medicaid Services. FTI is also shared under agreements allowed by statute or regulations.

**Fingerprinting** means fingerprint background checks, as permitted by the FBI.

**IRS Federal Tax Information (IRS-FTI)** means Internal Revenue Service Federal Tax Information that DWD receives from the IRS and is often used as part of the Treasury Offset Program (TOP) using tax return intercepts to recover overpayments. Only authorized individuals who have attended the IRS-FTI trainings should discuss IRS-FTI. This specifically refers to tax intercept amount and other data shared specifically for the TOP process. This does not include general PII or Federal Taxpayer Identification data that a claimant willingly shares in interactions with DWD such as name, Social Security Number (SSN), address, last employer, etc.

**Local Law Enforcement Check** means checks with local law enforcement agencies where the individual has lived, worked, and/or attended school within the past five years. These may include searches of the Indiana Data and Communications System (IDACS) and the National Crime Information Center (NCIC), as permitted by the FBI.

**Suitability Standards<sup>5</sup>** means agency criteria for determining an individual's suitability to have access to IRS-FTI. Suitability is a person's identifiable character traits and conduct sufficient to decide whether an individual's employment or continued employment would or would not protect the efficiency of DWD and its use and storage of IRS-FTI.

## Content

### *IRS-FTI Access: Requirements and Standards*

#### **Background Check Requirements**

These requirements are conducted in conjunction with both state and federal agencies. It is the duty of the Chief Unemployment Insurance Officer to ensure that all necessary steps have been completed before an individual is allowed access to IRS-FTI. An individual must complete the following:

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<sup>4</sup> [Employment Eligibility Verification | USCIS](#).

<sup>5</sup> 5 CFR 731.201.

- **Fingerprinting**, as permitted by the FBI.
- **Citizenship Requirement Check** to verify eligibility to legally work in the United States.
- **Criminal History Check** where the individual has lived, worked, and/or attended school within the last five years.

DWD will ensure that all background checks are conducted in alignment with federal guidelines. An individual will not be allowed access to IRS-FTI until they have passed all background checks and received a favorable rating under DWD Suitability Standards.

#### **DWD Suitability Standards**

DWD will consider the following crimes and activities in determining an individual's suitability to access IRS-FTI:

- Theft;
- Larceny;
- Burglary;
- Robbery;
- Fraud;
- Identity theft;
- Illegal credit card use;
- Any crime involving fraud, deceit, or dishonesty with a potential for financial gain to the individual or for the benefit of another;
- Any crime with a direct link to the individual's specific job functions;
- Material or intentional false statement, deception or fraud in examination or appointment; or
- Any statute or regulatory bar which prevents the lawful employment of the person involved in the position in question.

DWD must consider the following additional factors to the extent DWD deems any of them pertinent to the individual's case:

- The nature of the position for which the person is applying or in which the person is employed;
- The nature and seriousness of the conduct;
- The circumstances surrounding the conduct;
- The recency of the conduct;
- The age of the person involved at the time of the conduct; and
- The absence or presence of rehabilitation or efforts toward rehabilitation.

For employees and contractors currently in positions that require access to IRS-FTI, the Chief Unemployment Insurance Officer, or their designee, shall have discretion on retention decisions for any employee or contractor who has been found guilty of any of the crimes or activities listed above, or similar crimes or activities, based on the age and circumstances of the underlying events leading to the guilty finding. Current employees and contractors must comply with investigation requirements, and revocation of access to IRS-FTI may result in dismissal.

***NOTE: The Mandatory Duty to Report Arrests and Convictions policy remains in effect. The State Personnel Department's Arrests or Convictions Policy Statement and the related Responsibilities and***

***Procedures<sup>6</sup> still applies to all employees and contractors, including those who are covered by this policy.***

For employees and contractors under consideration for hire in positions that require access to IRS-FTI, the Chief Unemployment Insurance Officer, or their designee, shall not employ or contract with any person who has been found guilty of any of the crimes or activities listed above, or similar crimes or activities, within the last five (5) years. For those persons with guilty findings older than five (5) years, the Chief Unemployment Insurance Officer, or their designee, shall have discretion on hiring decisions based on the age and circumstances of the underlying events leading to the guilty finding.

### **Reinvestigation Check Requirements**

IRS Pub 1075 section 2.C.3 requires that a reinvestigation of employees must be conducted within five (5) years from the date of the previous background investigation for each employee and contractor having access to IRS-FTI. Reinvestigations will encompass the full five (5) year period.

### **IRS-FTI Safeguard Requirements**

All employees and contractors with access to FTI must complete the following training/agreements and adhere to listed policies:

- **IRS-FTI-specific Training/Agreements**
  - State's bi-annual ELM Success Factors, Information Resources Use Agreement (IRUA).<sup>7</sup>
  - DWD's/IRS annual ELM Success Factors, Treasury Offset Program (TOP) FTI training/agreement.
- **General Training/Agreements**
  - The timely completion of the State's IOT monthly ELM Success Factors, monthly cyber security training modules.
- **Other Applicable Polices/Procedures**
  - State's Acceptable Use Policy (IRUA (IOT-CS-SEC-008));<sup>8</sup>
  - State's Access Control IOT-CS-SEC-138;<sup>9</sup>
  - Personnel Screening NIST800-53, Control PS-3;<sup>10</sup> and
  - DWD Policy 2021-10, Change 2, *Safeguarding Protected Information and DWD User Accounts Management*<sup>11</sup>

### **Employee Reporting Requirements**

It is the employee's duty to notify their supervisor and HR representative immediately in the event any of the following occur:

- Changes in the employee's suitability to access IRS-FTI; and/or
- When any unauthorized personnel have gained access to IRS-FTI.
  - In addition to notifying their supervisor and HR representative, staff must also notify the DWD Chief Information Officer (CIO) and DWD General Counsel.

<sup>6</sup> SPD's Standardized Polices can be accessed at <https://www.in.gov/spd/policies-and-procedures/standardized-policies/>.

<sup>7</sup> The IRUA and other resources can be accessed at [IOT: Information Resources Use Agreement](https://secure.iot.in.gov/00.4_Acceptable_Use_Policy_(The%20IRUA).pdf).

<sup>8</sup> [https://secure.iot.in.gov/00.4\\_Acceptable\\_Use\\_Policy\\_\(The%20IRUA\).pdf](https://secure.iot.in.gov/00.4_Acceptable_Use_Policy_(The%20IRUA).pdf).

<sup>9</sup> [06.1.1\\_Access\\_Control.pdf \(in.gov\)](https://secure.iot.in.gov/00.4_Acceptable_Use_Policy_(The%20IRUA).pdf).

<sup>10</sup> [NIST Risk Management Framework | CSRC](https://www.nist.gov/CSRC).

<sup>11</sup> <https://www.in.gov/dwd/compliance-policy/policy/active/>.

## **Effective Date**

Immediately.

## **Ending Date**

Upon rescission.

## **Additional Information**

Questions regarding this publication should be directed to [policy@dwd.in.gov](mailto:policy@dwd.in.gov).