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## **DWD Policy 2017-08, Change 3: Suitability Standards for Department of Workforce Development Employees, Contractors, and Subcontractors with Access to Federal Taxpayer Information**

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

**From:** Indiana Department of Workforce Development (DWD)

**Date:** July 29, 2025

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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/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 3 SUMMARY**

This policy has been updated to specify that all employees and contractors with access to IRS-FTI must wear their state-issued identification badge above the waist. It also includes updated IOT policy references.

### **RESCISSION**

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

### **REFERENCES**

See **Attachment A**.

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

## 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>2</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 exchanges with the IRS which includes:

- Treasury Offset Program (TOP) using tax return intercepts to recover overpayments. This includes tax intercept amounts and other data shared specifically for the TOP process.<sup>3</sup>
- 1099-MISC.
- Annual Fed Cert.
- Quarterly Potential Liable (Quarterly EIN Update Data Exchange).

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. Only authorized individuals who have attended the IRS-FTI trainings may discuss IRS-FTI.

**Local Law Enforcement Check** means checks with local law enforcement agencies regarding 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>4</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.

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<sup>2</sup> <https://www.uscis.gov/i-9>.

<sup>3</sup> DWD departments such as the Benefit Payment Control, Trust Fund Accounting, and Field Audit utilize IRS-FTI.

<sup>4</sup> 5 CFR 731.201.

## 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 of Unemployment Insurance Operations to ensure that all necessary steps have been completed before an individual is allowed access to IRS-FTI. An individual must complete the following:

- 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 of Unemployment Insurance Operations, 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>5</sup> still apply 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 of Unemployment Insurance Operations, 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 of Unemployment Insurance Operations, 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.

### **ID Badge Requirements**

All employees and contractors with access to IRS-FTI must wear their state-issued identification badge above the waist, and the badge must be visible at all times.

### **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;
  - 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.
  - State/IOT's annual ELM Success Factors Information Technology Resource User Policy and Agreement (ITR User Policy).

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<sup>5</sup> SPD's Standardized Polices can be accessed at <https://www.in.gov/spd/policies-and-procedures/standardized-policies/>. Managers must adhere to SPD/DWD procedures regarding onboarding, offboarding, and disciplinary actions.

- State's Acceptable Use Policy (IRUA (IOT-CS-SEC-008));<sup>6</sup>
- State's Access Control IOT-CS-SEC-138;
- Personnel Screening NIST800-53, Control PS-3;
- DWD Policy 2021-10, Change 2, *Safeguarding Protected Information and DWD User Accounts Management*;<sup>7</sup> and
- Other applicable polices/procedures.

### **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.

## **ATTACHMENTS**

**Attachment A** – References

## **EFFECTIVE DATE**

Immediately.

## **ENDING DATE**

Upon rescission.

## **ADDITIONAL INFORMATION**

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

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<sup>6</sup> Individuals with IRS-FTI access can view IOT policies through the Archer system.

<sup>7</sup> <https://www.in.gov/dwd/compliance-policy/policy/active/>.

## ATTACHMENT A REFERENCES

- IRS Publication 1075, Tax Information Security Guidelines for Federal, State and Local Agencies, (Rev.11/2021)<sup>8</sup>
- U.S. Citizen and Immigration Services, I-9, Employment Eligibility Verification<sup>9</sup>
- 5 CFR 731.201
- Indiana State Personnel Department, *Laws, Rules, and Standardized Policies*<sup>10</sup>
- DWD Policy 2021-10, Change 2, *Safeguarding Protected Information and DWD User Accounts Management*<sup>11</sup>

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<sup>8</sup> <https://www.irs.gov/pub/irs-pdf/p1075.pdf>.

<sup>9</sup> <https://www.uscis.gov/i-9>.

<sup>10</sup> <https://www.in.gov/spd/policies-and-procedures/standardized-policies/>.

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