



CDSS

WILL LIGHTBOURNE  
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY  
**DEPARTMENT OF SOCIAL SERVICES**

744 P Street • Sacramento, CA 95814 • [www.cdss.ca.gov](http://www.cdss.ca.gov)



EDMUND G. BROWN JR.  
GOVERNOR

June 21, 2017

ALL COUNTY WELFARE DIRECTORS LETTER

TO: ALL COUNTY WELFARE DIRECTORS

FROM: TODD R. BLAND  
Deputy Director  
Welfare to Work Division

SUBJECT: REVISION TO INTERNAL REVENUE SERVICE PUBLICATION 1075  
EFFECTIVE SEPTEMBER 30, 2016

REASON FOR THIS TRANSMITTAL

- ☐ State Law Change
- ☒ Federal Law or Regulation Change
- ☐ Court Order
- ☐ Clarification Requested by One or More Counties
- ☐ Initiated by CDSS

The Internal Revenue Service (IRS) and the Social Security Administration (SSA) provide the California Department of Social Services (CDSS) with federal tax information (FTI), under the authority of United States Code Title 26, Internal Revenue Code (IRC) Section 6103(l)(7). CDSS provides this FTI to county welfare departments (CWDs) in the IRS Asset and Beneficiary Earnings Exchange Record (BEER) matches produced as part of the Income and Eligibility Verification System (IEVS). All documents and files containing FTI must be protected under IRC §6103(p)(4).

The IRS issues Publication 1075 Tax Information Security Guidelines for Federal, State and Local Agencies: Safeguards for Protecting Federal Tax Returns and Return Information (Pub 1075) to disseminate the requirements for safeguarding FTI. The use of Pub 1075 as a guide for safeguarding FTI is required by IRC §6103(p)(4) and the Manual of Policies and Procedures (MPP) Section 20-006.7.

On September 30, 2016, the IRS published a revised Pub 1075 which is effective as of that date. This revised Pub 1075 is available online at: <http://www.irs.gov/pub/irs-pdf/p1075.pdf>. All updates to Pub 1075 are listed at the beginning of the document for quick reference. Two of the changes effective in September 2016 were Section 5.0, "Restricting Access" and Section 8.3, "Destruction and Disposal."

## Background Investigations

Section 5.0, "Restricting Access," was expanded to include new sections 5.1.1, "Background Investigation Minimum Requirements" and 5.1.2 "Implementing the Background Investigation Requirement." These sections establish a requirement to conduct initial and periodic background investigations of any employees who access FTI. (No contractors may access BEER or IRS Asset match FTI. See [ACL 16-106](#).) The results of the background investigation must be determined to be favorable in order to allow access

to FTI. The background investigation requirement does not create a requirement for employment, but rather a requirement for an individual to access FTI.

Per Pub 1075 section 5.1.1, background investigations of employees who access FTI must include, at a minimum, the following three components:

1. Federal Bureau of Investigation (FBI) fingerprinting and the review of FBI fingerprint results to identify possible suitability issues
2. Local law enforcement (LE) check, including all LE agencies where the individual has lived, worked, or attended school within the previous five years to look for identifying trends of misbehavior that would not be included in an FBI check, but useful for identifying suitability issues
3. Citizenship/residency validation:
  - a. Validate the individual's eligibility to work legally in the United States using:
    - i. United States Citizenship and Immigration Services (USCIS) Form I-9
    - ii. USCIS' E-Verify
      - 1) New employees only
      - 2) Free service available at <http://www.uscis.gov/e-verify>
  - b. Employees with expiring employment eligibility must be documented and monitored for compliance

The CDSS will issue further guidance on this requirement but CWDs should begin addressing the following requirements from Pub 1075:

1. Develop written procedures or update existing procedures to include the Pub 1075 requirements for background investigations.
2. Identify all positions and classifications whose duties and responsibilities require access to FTI
3. Initiate background investigations for all employees impacted prior to permitting access to FTI.
4. Ensure a reinvestigation is completed, at a minimum, of every ten (10) years.

The IRS has given CDSS and CWDs until January 26, 2018, to meet the background investigation requirements. This includes establishing a written background investigation policy that conforms to the standards listed above, identifying employees with access to FTI who have not completed this screening, and initiate background investigations of employees who access or who will access FTI (new employees) as soon as feasible upon notification of the request. Failure to comply with this new requirement may result in sanctions from the IRS and stoppage of FTI disclosure to CDSS and CWDs.

### **Destruction of Paper FTI**

Section 8.3 "Destruction and Disposal," changes the destruction specifications of paper FTI. Per Pub 1075, Section 8.3, Table 9 "FTI Destruction Methods," paper FTI must be "disintegrated," meaning it must be shred to pieces no larger than 0.04 inches X 0.2 inches

All County Welfare Director Letter  
Page Three

(1 mm X 5 mm) in size. If the paper cannot be disintegrated, it must be safeguarded until it can be burned or pulped. The cross-cut shredder type is no longer acceptable based on this new change in Pub 1075.

A collaborative effort here at CDSS is underway in coordination with other California departments who are similarly impacted by the expanded access requirements. The CDSS will provide more information and/or guidance on a separate letter as the information becomes available.

If you have any questions or need additional information please contact Nancy Cronin, Security Safeguard Coordinator, at [Nancy.Cronin@dss.ca.gov](mailto:Nancy.Cronin@dss.ca.gov) or (916) 651-5007 or Analyn Deloso, Fraud Detection Unit Manager at [Analyn.Deloso@dss.ca.gov](mailto:Analyn.Deloso@dss.ca.gov) or (916) 651-5008.