# NCCSD IRS Audit Committee

# June 6, 2016 Meeting Minutes

*Attendees: Michele Cristello, Pat Risch, Eileen Stack, Tannisha Bell, Shaneen Moore, Lisa Maddock, Denise Drake, Vern Greenhalgh, John Cleveland, Erin McDaniel*

**Committee Objective:** Share issues/ideas among the committee related to IRS audit findings in order to determine if there is consistency, or a lack of consistency, in the IRS audits across the states.  Share best practices with ALL directors in regard to how best to address/respond to various audit findings and build consistency in the IRS audit process.

With the exception of Utah (May 2016) and New York (July 2016), the states represented will have their three year security reviews in 2017.

**IRS Off-cycle reviews:** Pat Risch described a new IRS pilot/off-cycle risk based security review that the IRS conducted of the NJ program. NJ received notice in September 2015 and the review took place in December 2015. The off-cycle review required a similar level of effort as the 3-year cycle review.

**Introductory exploration of audit concerns and regional variations:**

* IRS requirement for a Service Level Agreement where IT is in separate agency. It can be challenging for state child support agencies to enter into an SLA with a state’s technology agency.
* Keeping licenses up to date and with no gap in patches can be difficult, particularly where IT agency is outside of the control of the child support agency.
* Two factor authentication and what dictates remote access. When does remote access encompass a desktop requiring 2-factor authentication?
* Testing with live data
* Documentation of FTI and labeling, particularly concern about IRS requiring labeling at the field level; labelling within the application down to the element level.
* Printing joint refund checks to both parties.
* Despite multi-agency coordination within a state in preparation for IRS review, child support agency prone to getting a finding where identical answer does not result in a finding for another government agency within the state. Inconsistencies within a state regarding findings.
* IT agency personnel taking the required child support training
* Receipt of FTI in an incoming interstate request can trigger broader IRS review in receiving state.
* Requirement for 7 year retention for logs, including electronic logs.
* Mail coming into a state facility without an SLA in place with the facility

**Best Practices:**

1. Security Review or Off-cycle review – Submission of checklist with documentation electronically embedded for ease of review for IRS was effective strategy
2. Ensure IRS is copying all state contacts on communications in order to avoid inefficiencies and gaps when the IRS is sending different communications to different in-state points of contacts.
3. Prior to security review, ensure program coordinates pre-review meetings with all the right people to ensure necessary contacts are available and prepared to respond at the time of the review. This will likely require perseverance but may payoff in a smoother, more efficient review and reduced findings.
4. Don’t push address information into the system; consider terminating receipt of addresses altogether.
5. Coordinate review responses with other state agencies undergoing review
6. Ensure caseworkers do not include FTI with interstate documentation sent to another jurisdiction.
7. Logging – IRS indicates, at least in one jurisdiction, log reviews must be done more frequently than quarterly and are recommended monthly; must not have gaps in information such as names and titles.
8. Joint return check – contact parties and hold check until parties verify names and addresses to ensure the information is no longer FTI