

FRRR/BEEER

Annual Safeguard Awareness Training

TERMS

- **FRR – Financial Resource Report**
- **BEER – Beneficiary Earnings Exchange Report**
- **IEVS – Income Eligibility Verification System**
- **IRS – Internal Revenue Service**
- **FTI – Federal Tax Information**
- **IRC – Internal Revenue Code**

PURPOSE

- The Safeguard Awareness Training is designed to provide the annual training required by the IRS for safeguarding Federal Tax Information (FTI).
- Provide a history of the FRR/BEER.
- Provide basic guidelines for handling and working the FRR/BEER reports (the trainer should provide specific instructions for your county).

IRC SECTION 6103 – GENERAL RULE

Returns and Return Information shall be confidential, and except as authorized by this title –

1. No officer or employee of the United States
2. No officer or employee of any State, any local child support enforcement agency administering a program listed in subsection (1)(7)(A), any local child support enforcement agency, or any local agency administering a program listed in subsection (1)(7)(D) who has or had access to returns or return information under this section or section 6104 (c), and
3. No other person (or officer or employee thereof) who has or had access to returns or return information under subsection (e)(1)(D)(iii), paragraph (6), (10), (12), (16), (19), or (20) of subsection (1), paragraph (2) or (4)(B) of subsection (m), or subsection (n), shall disclose any return or return information obtained by him in any manner in connection with his service as such an officer or an employee or otherwise or under the provisions of this sections. For purposes of this subsection, the term “officer or employee” includes a former officer or employee.

IRC SECTION 6103 – GENERAL RULE SUMMARY

- FTI can only be disclosed to the recipient or their authorized representative.
- FTI can not be disclosed to any legal counsel in the case of fraud claims. You may release the information to the recipient and they may share with their counsel.
- IRC Section 6103 applies while you are employed and after employment ends.

DEFINITIONS

(Provide a Copy to each worker)

IRC SECTION 6103

Return – The term “RETURN” means any tax or information return, declaration of estimated tax, or claim for refund required by, or provided for or permitted under, the provisions of this title which is filed with the Secretary by, on behalf of, or with respect to any person, and any amendment or supplement thereof, including supporting schedules, attachments, or lists which are supplemental to, or part of the return filed.

DEFINITIONS

Return Information – The term “RETURN INFORMATION” means:

(A) A taxpayers identity, the nature, source, or amount of his income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, over assessments, or tax payments, whether the taxpayer’s return was, is being, or will be examined or subject to other investigation or processing, or any other data, received by, recorded by, prepared by, furnished to, or collected by the Secretary with respect to a return or with respect to the determination of the existence, or possible existence, of liability (or the amount thereof) of any person under this title for any tax, penalty, interest, fine, forfeiture, or other imposition, or offense, AND

(B) Any part of any written determination of any background file document relating to such written determination [as such terms are defined in section 6110(b)] which is not open to the public inspection under 6110, but such term does not include data in a form which cannot be associated with, or otherwise identify, directly or indirectly, a particular taxpayer. Nothing in the preceding sentence, or in any other provision of the law, shall be construed to require the disclosure of standards used or to be used for the selection of returns for examination, or data used or to be used for determining such standards, if the Secretary determines that such disclosure will seriously impair assessment, collection, or enforcement under the internal revenue laws.

Summary: All information printed on the FRR and BEER reports IS considered FTI and must be protected from unauthorized inspections and/or disclosure.

DEFINITIONS

Taxpayer Identity – The term “TAXPAYER IDENTITY” means the name of a person with respect to whom a return is filed, his mailing address, his taxpayer identifying number (as described in section 6109), or a combination thereof.

Inspection – The terms “INSPECTED” or “INSPECTION” mean any examination of a return or return information.

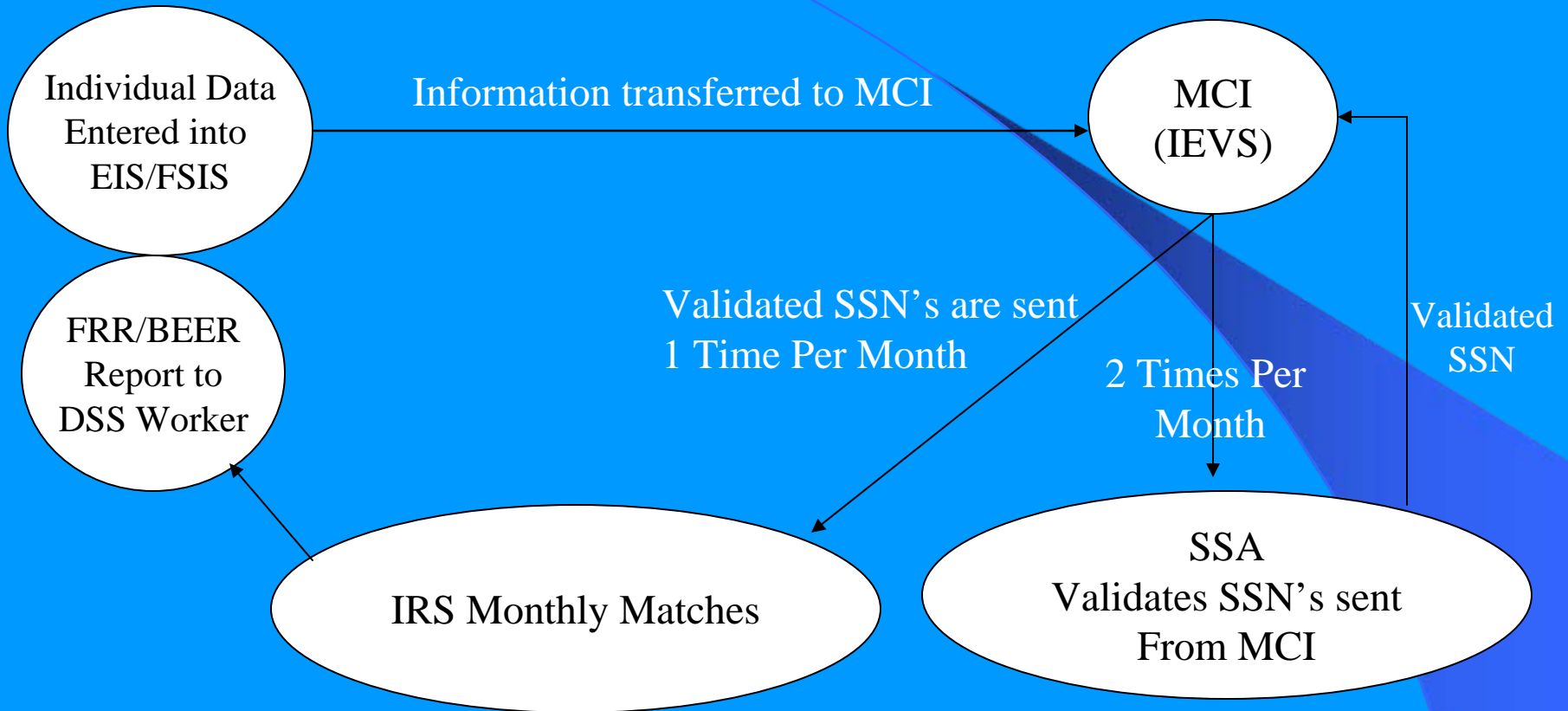
Disclosure – The term “DISCLOSURE” means the making known to any person in any manner whatever a return or return information.

HISTORY

The Income and Eligibility Verification System (IEVS) was implemented in October 1986. This system provides a mechanism to interface with the Internal Revenue Service (IRS) to obtain leads regarding income and resources reported to the IRS by employers and financial institutions. This matched information is printed on the Financial Resource Report (FRR).

IEVS also gave us access to certain types of income reported to the Social Security Administration (SSA) by the IRS. These income types are: military employment, self-employment, and federal employment. This matched information is printed on the Beneficiary Earnings Exchange Report (BEER).

TRANSFER OF INFORMATION



FRR/BEER matches are conducted monthly in each aid program/category for Pending applications and newly approved recipients with a valid SSN.

A mass run of the FRR report is conducted yearly (in July/August) for all applicants/recipients with a valid SSN.

MAILING OF FRR/BEER REPORTS

- The FRR/BEER reports are mailed in envelopes and boxes provided by the United States Postal Service. The following statement is on all envelopes and boxes: Confidential: Do not open in the mailroom.
- The reports are addressed to the FRR/BEER Primary and Secondary Control Person for each agency.
- Once received, the worker copy and control copy should be logged before distributing the worker copies.

DISTRIBUTION OF REPORTS

The control officers should have exact procedures for the handling of the FRR/BEER reports in your county.

- The control officer distributes the reports and must keep a log of who reports are given to.
- If given to a supervisor who distributes to the case managers, then this must also be kept on a log.
- The control copy must never be used as the log.
- When the FRR/BEER has been resolved, document your findings on the worker copy and return to the control officer to be logged and filed with the control copy.

[Log for Access to FRR/BEER Reports](#)

FRR/BEER SAFEGUARDING

- Review IRS Code Sections: 7213(a), 7213A and 7431 (Provide a copy to each worker).
- All staff that have access to FTI must sign the annual security training log.
- Reports must be safeguarded at all times. They must be locked in a file cabinet or desk drawer when not in use and/or when the worker leaves the office.
- Caseworker Responsibilities
- If workers do not have lockable cabinets, then the reports must be given back to the control officer or supervisor for logging and secure storage.
- All FTI must be kept out of public view.

FRR/BEER SAFEGUARDING

- All FTI must be protected from unauthorized disclosure at all times.
- Interagency communication among program workers is allowable. However, FTI must not be included in electronic format (email, etc.) to other agency staff.
- Reports must be kept separate from any case files.

DESTRUCTION OF REPORTS

- FRR/BEER Reports may be destroyed after 2 years. Information older than this, but not prior to 11/2000 may be obtained by contacting DMA.
- During destruction, county staff must be present. If reports are given to a contractor to destroy, then a member of the county staff must stay with the reports until destruction is complete. Contractor must review IRS Code Sections: [7213\(a\)](#), [7213\(A\)](#) and [7431](#). (Provide a copy to the Contractor and have Contractor sign Attachment IIIA, Documentation of Annual Security Training form.)
- Destruction of the FRR/BEER reports (includes also waste material with FTI information for agency and alternate site workers) must be logged and the log kept for 5 years.
- Destruction methods are:
 - Incineration
 - Shredding (5/16” wide or smaller strips)

[Example of Log for Destruction of the FRR/BEER Reports](#)

FRR/BEER SAFEGUARDING

Physical Security – Minimum Protection Standards (IRS Pub 1075)

Alternative I

Secured Perimeter – Enclosed by slab-to-slab walls constructed of approved materials and supplemented by periodic inspection. Any lesser-type partition supplemented by UL approved electronic intrusion detection and fire detection systems. Unless there is electronic intrusion detection devices, all doors entering the space must be locked. In the case of a fence/gate, the fence must have intrusion detection devices or be continually guarded or locked with intrusion alarms. Space must be cleaned during duty hours. This requirement could apply to exterior or interior perimeters.

Locked Container – A commercially available or prefabricated metal cabinet or box with riveted or welded seams or metal desks with lockable drawers.

FRR/BEER SAFEGUARDING

Physical Security – Minimum Protection Standards (IRS Pub 1075)

Alternative II

Locked Perimeter – High security pin-tumbler cylinder locks meeting the following criteria:

- Key operated mortised or rim-mounted dead bolt lock.
- Dead bolt throw of one inch or longer.
- Double cylinder design – must have five or more pin tumblers.
- If bolt is visible when locked, must contain hardened inserts or be made of steel.
- Both the key and the lock must be “off master”.

Secured Interior Area – Same specifications as secured perimeter.

FRR/BEER SAFEGUARDING

Physical Security – Minimum Protection Standards (IRS Pub 1075)

Alternative III

Locked Perimeter – See Alternative II.

Security Container – Metal containers that are lockable and have a resistance to penetration. There should only be 2 keys to the containers. Strict control of keys is mandatory. (Ex: mini safes, metal lateral key lock files, metal pull drawer cabinets with center/off center lock bars secured by padlocks).

FRR/BEER SAFEGUARDING

Alternate Work Sites

If the confidentiality of FTI can be adequately protected, alternative work sites, such as employee's homes can be used. FTI remains subject to the same safeguard requirements and the highest level of attainable security as below:

Minimum Protection Standards (MPS) requires two barriers to access FTI under normal security: secured perimeter/locked container, locked perimeter/secured interior, or locked perimeter/security container. Locked means an area or container that has a lock and the keys or combinations are controlled. A security container is a lockable metal container with a resistance to forced penetration, with a security lock and keys or combinations are controlled. The two barriers provide an additional layer of protection to deter, delay, or detect surreptitious entry. Protected information must be containerized in areas where other than authorized employees may have access after hours.

FRR/BEER SAFEGUARDING

Transporting Federal Tax Information by Staff

Any time FTI is transported from one location to another, care must be taken to provide safeguards. In the event the material is hand carried by an individual in connection with a trip or in the course of daily activities, it must be kept with that individual and protected from unauthorized disclosures. When not in use, the material is to be in a locked briefcase or suitcases.

FRR/BEER SAFEGUARDING

Security Incident

When a security incident is discovered, within 24 hours of the discovery, follow the procedures below to report the incident:

All security incidents, including IRS incidents, need to be reported at DHHS Privacy and Security website at <https://security.dhhs.state.nc.us/incidents/security/index.php>

Click on “Submit a support ticket”. When the user is reporting at this website, specify this as an IRS incident in the incident box and give the details of the incident in the message section.

Reference Information

- **DMA Administrative Letter No. 16-02**
- **DMA Administrative Letter No. 16-02 Addendum 1**
- **DMA Administrative Letter No. 16-02 Addendum 2**
- **Adult Medicaid Policy Manual Section 2430**
- **Family & Children's Medicaid Manual Section 3515**
- **County DSS Control Officer/Trainer**
- **Program Representatives**
 - MPR (Medicaid Program Representative)
 - WFR (Work First Program Representative)
 - PIR (Program Integrity Representative)
 - FNR (Food & Nutrition Representative)
- **IEVS Coordinator @ DMA**
 - Candes Smith, 919-855-4000
- **IRS Publication 1075**

REVIEW

- All information printed on the FRR and BEER reports is considered FTI and must be safeguarded.
- All FRR/BEER reports must be returned to the control officer once complete.
- If case managers do not have a secure location to store FRR/BEER reports, then they must be returned to a location where they can be securely stored.
- FTI must never be transmitted in electronic format (ex: email).
- All staff having access to FTI should have a copy of the IRC sections [7213\(a\)](#), [7213A](#) and [7431](#) to serve as notification of penalties for unauthorized disclosure or inspection of FTI.
- When a security incident is discovered, within 24 hours of the discovery, the DHHS Privacy and Security Incident Report must be completed.
- Disclosure restrictions and penalties apply even after employment with the agency has ended.

Questions?

Candes Smith, Interim IEVS Coordinator
NC Division of Medical Assistance
2501 Mail Service Center
Raleigh, NC 27699-2501
Phone: 919-855-4000
Fax: 919-715-0801

The End

Slide Modified: 03/03/08