IRP/IFTA

Data Sharing

Best Practices Guide
Introduction

This Best Practices Guide began in response to the IRP Audit Committee goal to improve coordination and uniformity of IRP audits with IFTA to reduce administrative costs and burdens on carriers. A subcommittee was formed to explore benefits to jurisdictions and carriers when separate program operations exchange data. The document is intended to help foster the exchange of information by providing jurisdictions with a description of potential benefits and methods that can help them facilitate data exchange.

The project began in early 2011 with the formation of a subcommittee within the IRP Audit Committee, which included audit supervisors and managers representing joint and separate jurisdiction audit operations and an industry representative. Additional invitations for the subcommittee were extended to the IFTA community. The assembled subcommittee included representatives with a vast amount of expertise in IRP, IFTA, and tax administration in general. The subcommittee met monthly to develop the document and regularly provided updates and received input from the full IRP Audit Committee. A draft was also provided to the IFTA Audit Committee for comments prior to completion of the final document.

Subcommittee Members

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**Key Statement**

It is the intent of this Best Practices Guide to help foster the exchange of information between a jurisdiction’s IRP and IFTA operations when those programs may reside in separate Agencies or different Bureaus/Divisions within an Agency. The guide will detail the benefits to the jurisdiction and the registrant/taxpayer when separate program operations share data with one another and will provide jurisdictions with methods that can help them facilitate the exchange of data leading to efficiencies within each of those programs.

**Benefits to Jurisdiction**

The exchange of information between a jurisdiction’s IRP and IFTA operations may provide benefits within the audit program, return processing, and administration. The potential benefits include, but are not limited to, the following:

- Audit staff may reduce the hours required to complete an audit by sharing data and reviewing audit reports from the related program’s prior audits. They may reduce the duplication of effort created when auditors from both programs perform separate reviews of the same information.

- Shared data concerning fleet composition and jurisdictional travel may also assist in pre-audit planning. The additional data may allow audit staff to more efficiently and effectively plan the audit.

- Audit staff can then make more efficient use of their time on-site by focusing on any areas of concern identified in the additional pre-audit data.

- Reduced audit hours will provide the opportunity to increase audit counts.

- Audit staff may identify audit candidates for the related IFTA account.

- There is a potential cost savings through increased audit counts and reduced time resources required per audit.

- Return processing staff may see increased accuracy and efficiency in evaluating estimated and actual mileage declarations by comparing the miles declared to related IFTA filings.
- Return processing staff may identify registrants lacking required IFTA licensing or current filings and could notify the registrant and IFTA program for required actions.

- IFTA and IRP administrators may benefit from sharing their current rules and procedures. Administrators may be able to implement rules and procedures already used in the related program.

- Administrators may also be able to increase consistency in the requirements and procedures communicated to account holders of both programs.

- A jurisdiction’s IRP and IFTA operations sharing data could lead to more combined audits.

**Benefits to the registrant/taxpayer**

The exchange of information between a jurisdiction’s IRP and IFTA operations may also provide benefits to the registrant/taxpayer. The potential benefits include, but are not limited to, the following:

- Comparison of the IRP Schedule-B mileage data to corresponding IFTA Quarterly filing mileage data may identify possible system errors.

- May provide a fair and equitable application of both programs in the performance of a combined audit; as in conducting an IRP and IFTA audit simultaneously.

- One agency is dealt with as opposed to two. Industry could make a call and/or come to one counter, one person to deal with on all their accounts.

- Sharing of data between a jurisdiction’s IRP and IFTA operations may prevent an unnecessary audit from being scheduled.

- A jurisdiction’s IRP and IFTA operations sharing data could lead to more combined audits.

**Steps to begin the data sharing process**

Before a jurisdiction’s IRP and IFTA operations establish any kind of a data exchange or sharing type program each should invest the time to be sure such a project will be supported by their Agency or bureau and that it provides each with
desired information to improve their operations. Some steps that should be considered when undertaking such a project are:

- Discussions should take place with respective management personnel to determine support for undertaking such an initiative.
- Identify essential information held by your respective operation.
- Identify specific information you would like to receive from the other operation.
- Determine if there may be any restrictions or limitations (statutory, regulation, MOU, policy, waiver from taxpayer) that might impact the exchanging/sharing of data.
- Determine what actions or steps may need to be taken to maintain compliance with identified data exchange/sharing requirements. Seek assistance from agency Legal or Data Access representative for review of proposed information for sharing.

**Informal Data Exchange process**

A jurisdiction’s IRP and IFTA operations may be able to exchange data on an informal basis. A benefit to an informal data exchange process is that it should be easier to set-up, however the operations may be limited to what data they may be able to share through that process. The following steps may help a jurisdiction in establishing an informal data exchange process:

- Operational personnel should identify information for sharing.
- Agency statutes, regulations and policies that address the releasing of information should be reviewed for restrictions or limitations.
- Establish within agency guidelines/requirements an acceptable method for submission of data requests.
- Establish within agency guidelines an acceptable method or means for providing information back to the requestor.

**Formal Data Exchange process**

Depending on where the operating units are assigned within each jurisdiction’s respective organizational structure (same agency or different agencies) may dictate how management will have to plan and execute a formal data exchange
process. Types of documents/agreements that may be necessary to accomplish this task are listed below and in some cases one or more may be needed by a jurisdiction to establish their process.

- **Establishing Policy** opens the data exchange process between the operating units, provides structure and guidelines the units should follow in requesting and disseminating appropriate data.
- **A Regulation** provides a more formalized document allowing the exchange of data to occur between the operating units. The creation of such a document may require a higher degree of detail to be provided on the overall data exchange process.
- **Statutory authority** may be necessary in some jurisdictions to legally execute a data exchange process as a result of where the operating units may reside in the respective organizational structure and/or as a result of existing language in current governing statutes. Attention to detail in crafting appropriate language and cooperation and support of respective agency or agencies management.
- **A Memorandum of Understanding (MOU) or Memorandum of Agreement (MOA)** is another avenue a jurisdiction can look into using in order to establish a data exchange process. Such documents allow a jurisdiction’s agencies to express interest in performing a service or taking part in an activity, but does not legally obligate either party.

Establishing a formal data exchange process has its benefits as well as limitations, however jurisdictions should evaluate the benefits/limitations and use both in developing their approach and plan in creating their data sharing process. Some benefits and limitations are:

- Identifies what data will be exchanged/shared
- Identifies how (method of transmission) the agreed upon data will be exchanged
- Identifies personnel authorized to receive data
- Provides an avenue for discussion/communication between the groups for possible future data exchange opportunities
- Requires more time to enact compared to an informal process
- May place limitations on what data can be exchanged
- May require specific security measures to be instituted
  - How the provided data must be stored/secured
  - Limit number of personnel to receive/access the data
  - Signing of confidentiality agreement by personnel

The Appendix to this document contains some examples of MOU’s/MOA’s and legislative language that may be used as guidance or reference by a jurisdiction in developing their formal data exchange process.
Clearinghouse Data

The IRP and IFTA Clearinghouses contain valuable information relative to demographic, application, and returns processing data. IRP and IFTA units could benefit from having access to such information. Subject to statutory, regulatory, and contractual (i.e. MOU’s) restrictions, such sharing of clearinghouse data may enable the recipient of such data the ability to better understand how information was filed by the registrant or taxpayer and how such information might impact both the IFTA and the IRP. Beyond having to go to the taxpayer or registrant this tool provides an avenue to both the IFTA and IRP operations to information that may be helpful to them in the performance of their responsibilities. Please consult your agency administration or data security personnel to determine what, if any and how such information can be shared.

Efficiencies that may result from data exchange

The exchange of information and data sharing between a jurisdiction’s IRP and IFTA operations will result in a series of efficiencies not normally realized when the functions remain totally independent from one another. The programs (IFTA & IRP) and their related functionalities (registration/licensing, application/returns processing, audit, and law enforcement) have significant commonalities. The potential efficiencies include, but are not limited to, the following:

- Through the use of exchanging registration and licensing data, jurisdictions may identify non-filers (IFTA), unregistered, or under-registered fleets.

- The exchange of data may enable taxing agencies to identify potential liabilities for other tax types (i.e. sales, business or personal income taxes).

- Audit managers can use the data exchange as an audit selection tool. Identifying “flags” such as an IRP registered fleet without an IFTA license or vice-versa may result in a discovery worthy of examination. This would enhance the normal audit selection process (i.e. routine, perpetually audited taxpayers, strata based mandates).

- The potential of combined audits would result in time efficiencies for all stakeholders (IRP staff, IFTA staff, registrant/taxpayer).

- Jurisdictions not electing to conduct joint audits of IRP and IFTA may still realize efficiencies from the data exchange in the form of “referrals” from the sister agency, division, or unit.
The use of registration or tax return data will bring efficiency to the use of “best information” in the event of an audit conducted in accordance with Article XII of IFTA and Article X of IRP (as rewritten and ratified by Ballot 371).

Sharing of data could lead to the creation of a database containing registration and returns processing information that could result in a cross-check system that may enable other stakeholders to identify potential areas for review. This would be subject to jurisdictional laws, regulations, policies, and procedures relative to reciprocity and confidentiality.

The bulleted items above are suggested and possible efficiencies to be realized from the exchange of data and information between IRP and IFTA operations. Your jurisdiction may discover additional efficiencies or potential uses of the data from the collection and analysis of such information.

Appendix

We have included in the appendix examples of current documents/agreements provided by various jurisdictions that allows the exchange of data between their Agencies and the IRP & IFTA operating units. These documents are presented with the intention of providing jurisdictions looking to create a data sharing program examples of various formats, language and content which they can use as a guide in developing their own documents/agreements.
MEMORANDUM OF UNDERSTANDING

With respect to IRP AUDIT

Between

THE DEPARTMENT OF XXX

AND

THE DEPARTMENT OF YYY

Effective Date: xxxx
MEMORANDUM OF UNDERSTANDING Relating To the Provision of Audit Services Respecting The International Registration Plan (IRP)

BETWEEN

The jurisdiction, as represented by the Department Head of the Department of XXX (herein after referred to as a “Party” or collectively as the “Parties”)

AND

The jurisdiction, as represented by the Department Head of the Department of YYY. (herein after referred to as a “Party” or collectively as the “Parties”)

WHEREAS the Department of XXX has an auditing process in place to audit International Fuel Tax Agreement (IFTA) licensees resident in jurisdiction to confirm the gasoline and motive fuel taxes payable to member jurisdictions;

AND WHEREAS the Department of YYY is responsible to audit registrants under the IRP agreement;

The Parties agree as follows:

1. Purpose of Agreement

This agreement is established to set the terms and conditions by which the Department of YYY will contract with the Department of XXX to conduct audits of registrants under the IRP agreement in compliance with the IRP requirements.

2. Background

Article 16, Section 1600 of the IRP agreement, requires each member jurisdiction to conduct audits of the registered carriers based in its jurisdiction on behalf of all IRP member jurisdictions.

The purpose of the audits are to ensure compliance with established rules and regulations governing prorated registration and proper payment of prorated registration fees to all member jurisdictions in which the carrier was registered to travel.

3. Definitions

Registrant: a person, firm or corporation in whose name or names a vehicle is properly registered.
4. Authorities

Motor Vehicle Act, section 99(9)

5. Responsibilities of the Parties

Department of XXX

The Department of XXX is responsible for:

I. Performing audits to the standards set out in the current International Registration Plan and the IRP Audit Procedures Manual.

II. Training auditors in conducting IRP audits, which may include attending the IRP/IFTA annual workshops.

III. Selecting and auditing large, medium and small IRP registrants for a total of 15% of total IRP registrants over any five-year period with the goal to average 3% per year over each five-year period. The audits will be conducted concurrently with IFTA audits, where possible.

IV. Explaining and presenting audit reports to audited registrants. Also, upon completion of the audit report, the Department of XXX will forward the results to the Department of YYY and distribute a copy of required information to the other affected jurisdictions in a timely manner, when required. The original audit reports will be filed with Audit Services.

V. Creating an annual report on audit activity for the Department of YYY by the end of May each year, as required by the IRP. This report will identify accounts, the number of files completed and additional information, as required.

VI. Assisting the Department of YYY in any peer review conducted by IRP Inc.

VII. Assisting the Department of YYY in the appeal process by providing guidance, advice and support.

VIII. Producing and maintaining a jurisdiction IRP Audit Manual in conjunction with the IRP plan.
Department of YYY

The Department of YYY is responsible for:

I. Paying the Department of XXX the equivalent annual amount of xx auditors’ services, $xxx,xxx/year, to do the audits and internally journalizing one-twelfth of this amount on a monthly basis.

II. The legislation governing the IRP program. This should identify the Department of XXX:
   i. as having the authority to conduct audits on behalf of the Department of YYY, and
   ii. as having the authority to require registrants to provide any necessary information at the time an audit is conducted in order to confirm the fees payable to member jurisdictions.

III. Ensuring legislative authority to allow audits to be appealed and providing a mechanism to hear appeals.

IV. Providing the Department of XXX with an interface to data systems maintained by the Department of YYY for purposes of accessing information required to complete audits of registrants.

V. The issuance of Notice of Assessments and collection of liabilities established

VI. Providing an annual list of licensed IRP registrants that matches those in the annual report provided to IRP Inc.

VII. Consulting with the Department of XXX on operational issues and changes in the IRP program, particularly those that could impact the audits.

VIII. Providing education to IRP registrants and setting a goal of developing and maintaining a jurisdiction IRP Carrier manual.

IX. Providing final approval on the jurisdiction IRP Audit Manual developed by the Department of XXX.

6. Effective Date and Duration of Agreement

I. This agreement shall take effect xxxx.

II. This agreement shall be reviewed at the end of every two years following the effective date or earlier if the need arises.
III

This agreement will remain in full force and effect until terminated by one party giving the other party at least 90 days notice in writing.

IN WITNESS WHEREOF the parties have duly executed this Memorandum on the date herein indicated.

____________________________    ______________________________
John Doe                        Jane Doe

Dated:________________________  Dated:________________________
Witness_______________________  Witness:_______________________
MEMORANDUM OF UNDERSTANDING
BETWEEN
DEPARTMENT OF REVENUE SERVICES ("DRS")
and
DEPARTMENT OF MOTOR VEHICLES ("DMV")

THIS MEMORANDUM OF UNDERSTANDING (MOU) made and entered into by and between the State of Connecticut, Department of Revenue Services, hereinafter referred to as "DRS" and the State of Connecticut, Department of Motor Vehicles, hereinafter referred to as "DMV".

WHEREAS, DRS is the state agency authorized to administer and regulate the taxation laws of the State of Connecticut and to ensure compliance with said laws in the State of Connecticut; and

WHEREAS, DMV is authorized to collect information and maintain driver license, registration and title records concerning Connecticut citizens and motor vehicles; and

WHEREAS, DRS is responsible for investigating and ensuring compliance with the taxation laws of the State of Connecticut in a cost effective manner, and instilling public confidence in the integrity of Connecticut's tax programs; and

WHEREAS, DRS is authorized the share information with DMV concerning compliance by motor vehicle dealers, as licensed by DMV, with Connecticut tax laws; and

WHEREAS, DMV is authorized by Section 14-10 of the Connecticut General Statutes, as amended, to disclose personal information from a motor vehicle record to any federal, state or local government agency in carrying out its official functions;

NOW, THEREFORE, the Commissioner of Motor Vehicles and the Commissioner of Revenue Services agree on behalf of their respective agencies as follows:

FIRST: DMV shall provide to DRS, not more than four times per year, copies of DMV's electronic master files concerning motor vehicles registrations and titles under procedures for the transfer of this information agreed upon by appropriate staff members of DMV and DRS.

SECOND: DMV shall also provide to DRS copies of its electronic master operator's license file, updated at approximately two week intervals.

THIRD: In addition to the provision on a regular basis of copies of its master files, as above stated, DMV will provide, upon request, on-line inquiry type of access ("read only") to certain other DMV electronic files containing information on the holders of credentials issued by DMV to designated DRS employees, to assist such employees to carry out their official responsibilities. In addition, each designated employee with access shall sign an Authorized
User Agreement declaring that he or she has read, understands and agrees to fully comply with federal and state laws.

FOURTH: DMV will continue to transmit to DRS on a regular basis, microfiche copies of DMV motor vehicle registration applications and supporting documents. To the extent available, DMV will transmit such copies by electronic media, including, but not limited to, compact discs (CD's).

FIFTH: DMV will continue to permit authorized employees of DRS to obtain copies of and to physically inspect file information concerning registrations, motor vehicle titles, marine vessels and related records.

SIXTH: DMV authorizes DRS to obtain information concerning motor vehicle registration applications and registrations issued from its contractors and from vendors providing services to support the Dealer On-Line and Leasing On-Line programs. DRS shall be responsible to make whatever arrangements with such contractors and vendors that are necessary and mutually agreeable to secure such access.

SEVENTH: DMV will provide DRS, on a quarterly basis, with an electronic version of its files relating to dealers, repairers, dismantlers, and other businesses, which are subject to state licensing requirements administered by DMV. Such information to be provided quarterly will be limited to the current Motor Vehicles license status. From time to time DRS may request and DMV will provide information (including summaries and lists) concerning registration transactions performed by licensed dealers in connection with sales of new and used cars made by such dealers.

EIGHTH: DMV will notify DRS in writing, at a name and address to be provided by DRS, of each instance in which it becomes aware of persons or firms performing motor vehicle sales or repairs without a State license, in accordance with the provisions of section 14-52(e) of the Connecticut general Statutes.

NINETH: From time to time, the Document Integrity Unit (DIU) of DMV may request DRS to furnish or to verify social security numbers of individuals who hold Connecticut motor vehicle operator's licenses or identity cards. DRS shall continue to furnish such information in accordance with procedures developed by DIU and the appropriate personnel or office within DRS.

TENTH: DMV's agreement to provide the information in the said files to DRS is subject to conformance by DRS with the following terms and conditions:

(A) All information and material provided by DMV to DRS in the performance of this MOU shall be regarded as confidential information and all necessary steps shall be taken by DRS to safeguard the confidentiality of such information in conformance with federal and state statutes and regulations. DRS agrees to maintain control of this information and further agrees not to disseminate or disclose this information, except as may occur in the course of carrying out its official responsibilities including, but not limited to, administrative hearings or tax appeal proceedings. DRS shall not use any information obtained under this MOU for any
purpose other than that which is necessary to carry out the terms of this MOU and its statutory responsibilities; and

(B) DRS agrees to take the necessary steps to ensure that only authorized employees of DRS are permitted access to the information furnished pursuant to this MOU; and

(C) DRS shall not request, nor shall the Commissioner consider any use of information supplied pursuant to this MOU that is not permitted under state or federal law, including, but not limited to, the provisions of Section 14-10 of the Connecticut General Statutes, as amended, and the federal Driver's Privacy Protection Act, 18 USC Section 2721, et seq. By entering into this MOU, DRS represents and warrants that it has knowledge of the provisions of the laws herein cited, and will comply fully with the terms of these laws and all other applicable laws and regulations respecting access to motor vehicle records. Each authorized DRS employee shall be subject to official agency policy regarding the confidentiality of the information furnished pursuant to this MOU and regarding the prohibition of unauthorized use or disclosure, and will represent and acknowledge to DRS that he or she is aware of such policy and agrees to be bound by its terms, to the full extent provided by law.

ELEVENTH: This MOU is subject to the provisions of State of Connecticut, Public Act Nos. 05-148, Section 3, and 05-288, Section 231, regarding notification to any resident of this state of security breaches, and related matters as stated in the cited laws. DRS represents that it has knowledge of the terms and laws and will take all actions required in the event that circumstances occur that require obligations on DRS.

TWELFTH: Each party shall be solely responsible for all its expenses and liabilities incurred with respect to any aspect of this MOU or performance hereunder, including administrative costs and the costs associated with the use of electronic media and communications.

THIRTEENTH: The use of any file information obtained pursuant to this MOU for any purpose other than as stated above shall be deemed to constitute good cause for the immediate termination of this MOU by DMV and of all responsibilities of DMV hereunder.

FOURTEENTH: Amendments or additions to this MOU may be made only by written agreement, duly executed by both parties.

FIFTEENTH: The parties agree that this MOU and the interpretation of all its provisions shall be governed by the laws of the State of Connecticut and applicable provisions of federal law, as cited herein.

SIXTEENTH: Except as provided in Paragraph THIRTEENTH, this MOU shall remain in effect until terminated at any time by either party, without liability of any kind, upon thirty (30) days written notice to the other party.

SEVENTEENTH: This MOU and the rights hereunder shall not be assigned by DMV or DRS.
EIGHTEENTH: For the provisions described in this MOU for which DMV is obtaining information from DRS which has its source in tax return information, as referenced in section 12-15 of the Connecticut General Statutes, DMV acknowledges and agrees to the terms and conditions of a Confidentiality Agreement, attached hereto-marked Exhibit A and incorporated herein by reference.

NINETEENTH: For the purpose of administration of the terms and conditions of this MOU, DMV designates as its primary contact persons Gayle Murphy and Nicholas Demetriades, and DRS designates Mary Kate Speers. During the course of performance of this MOU, either party may make a change in the identity of its contact person or persons, by written notice to the other.

TWENTIETH: This MOU supersedes in its entirety any prior MOU’s (including letters of agreement or understanding, or any other writings) between the parties concerning the exchange of information and mutual access to official files, records and documents. Upon the execution of this MOU, all such prior MOUs and writings shall be deemed cancelled and of no effect.

IN WITNESS WHEREOF, the parties hereto have caused this MOU to be duly signed on the dates hereinafter stated.

State of Connecticut
Department of Revenue Services

By____________________ Date:____________________
Commissioner

State of Connecticut
Department of Motor Vehicles

By____________________ Date:____________________
Commissioner
Exhibit A

AGREEMENT OF RELEASING CONFIDENTIAL INFORMATION TO STATE AGENCIES

This AGREEMENT is made between the Department of Motor Vehicles (hereinafter “the Agency”) and the Department of Revenue Services, State of Connecticut, (hereinafter “the Department”) and contains the terms and conditions under which the Department will disclose return information to the Agency.

1. Definitions. For purposes of this Agreement

A. “Return information” means “return information” as defined in Connecticut General Statute §12-15(h)(2), and includes any “return,” as defined in Connecticut General Statute §12-15(h)(1).


C. “Secured area” means an area to which undetected entry by unauthorized personnel is, by design, preventable. The area must be constructed with slab-to-slab walls; otherwise, an electronic intrusion detection device must be in use or entrances to the room in which the secured area is situated must be locked and keys or combinations to those locks must be controlled. A “secured area” must be prominently identified and posted as such, and must be separated from other areas by physical barriers that will assist in controlling access.

D. “Security room” means a room that is used for storage of return information. Walls must be slab-to-slab walls that are designed to resist forced entry. All entrances into a security room must be locked and keys or combinations to those locks controlled. A “security room” must be prominently identified as such.

E. “Security container” means a lockable metal container that is approved for storage of return information. “Security container” includes a metal lateral key lock file, the key to which is controlled, or pull drawer metal cabinet that is equipped with lock bars that is secured with padlocks, the key or combination to which is controlled; safe or vault.

F. “Commissioner” means the Commissioner of Revenue Services.

G. “Agency head” means the head of the Agency.

H. “Inspection” means any examination of a return or return information
2. **Duties and responsibilities of the Agency Security Liaison and of the Internal Control Specialist.**

   A. The Agency head shall designate in writing an Agency specialist or employee to fulfill the duties and responsibilities that are imposed on the Agency Security Liaison by this Agreement and shall give express written authority to such Agency Security Liaison to carry out those duties and responsibilities. The Agency head shall provide a copy of this writing to the Internal Control Specialist and shall provide prompt written notification to the Internal Control Specialist of any change in the identity of the Agency Security Liaison.

   B. The Commissioner of Revenue Services shall designate in writing a Department specialist or employee to fulfill the duties and responsibilities that are imposed on the Internal Control Specialist by this Agreement and shall give express written authority to such Internal Control Specialist to carry out those duties and responsibilities. The Commissioner of Revenue Services designates Mary Kate Speer of the Administration Division of the Department of Revenue Services as the Internal Control Specialist. The Department shall provide prompt written notification to the Agency Security Liaison of any change in the identity of the Internal Control Specialist.

3. **Permanent system of standardized records with respect to disclosure requests.**
   Connecticut General Statute §12-15(c) does not permit the disclosure of return information by the Department to another Connecticut state agency or office unless such agency or office has established and has maintained to the satisfaction of the Department, a permanent system of standardized records with respect to any disclosure or inspection request made by or of such agency or office, the reason for such request, the date of such request, and any disclosure or inspection of returns or return information made by or to such agency or office.

   A. The Agency agrees to establish and maintain a permanent log and to make it available immediately upon request by the Internal Control Specialist. The log shall identify all return information, whether or not on a magnetic tape, that has been provided by the Department to the Agency, and shall include all copies made by the Agency of such return information. With respect to each person about which return information was requested and received by the Agency, the log shall identify each person’s name, the taxable year for which return information was requested and received on such person and the social security number or federal employer identification number, the type of information that the Agency requested, the reason for the Agency’s request and the name of the Agency employee or specialist who requested the returns or return information, the date of the Agency’s request, the date that the Agency received the return information, the place where the return information is being stored by the Agency, and the date that the Agency, upon completing its use of the return information, sent it back to the Department or, if the return information was made undisclosable in a manner that the Department has approved, the manner of making such information undisclosable and the date thereof.

   B. If the return information is received on a magnetic tape, the log shall also identify the reel number of the tape, the contents of the tape, and the number of records on the tape.
C. The Agency Security Liaison shall make regular (but not less than quarterly) inspections of the log and shall report on such inspections in the Safeguard Activity Report. The Department may inspect the log as it deems necessary, and the Agency Security Liaison shall, upon request by the Internal Control Specialist, promptly make the log available.

4. **Secure storage of return information.** Connecticut General Statute §12-15(e)(2) does not permit the disclosure or inspection of return information by the Department to another Connecticut state agency or office unless such agency or office has established and has maintained to the satisfaction of the Department, a secure area or place in which such return information shall be stored.

   A. The Agency agrees to establish and maintain, in accordance with this Agreement, a secure area or place in which the return information, in whatever form, that has been requested and received by the Agency shall be used and stored.

   B. Such return information, when in use, shall be used in a secured area or a security room.

   C. Such return information, when not in use, shall be stored in a security container.

   D. The Agency Security Liaison shall make regular (but not less than quarterly) inspections of secured areas, security rooms and security containers and shall report on such inspections in the Safeguard Activity Report. The Department may inspect such areas, rooms and containers as it deems necessary, and the Agency shall, upon request by the Internal Control Specialist, permit inspections, including unannounced inspections, by the Internal Control Specialist.

5. **Restricting access to return information only to persons whose duties or responsibilities require access.** Connecticut General Statute §12-15(e)(3) does not permit the disclosure or inspection of return information by the Department to another Connecticut state agency or office unless such agency or office restricts, to the satisfaction of the Department, access to return information only to persons whose duties or responsibilities require access and to whom disclosure may be made under this Agreement.

   A. The Agency agrees to restrict access to persons whose duties or responsibilities require access to return information and to whom disclosure or inspection may be made under this Agreement. If the return is stored in the Agency computer system, such computer system shall, by requiring identification and authentication of each computer system user, including the use of individual passwords, and by allowing or denying access to such system according to each individual user’s predetermined authorization to have access to return information, ensure that access is restricted to persons whose duties or responsibilities require access to return information and to whom disclosure or inspection may be made under this Agreement.
B. The Agency shall ensure that such predetermined individual user profiles are protected from unauthorized changes.

C. The Agency agrees to maintain, and to protect from unauthorized changes, records that will enable the reconstruction or review of access, through the Agency computer system, to return information, including "log-in" attempts, password changes, and file creations or deletions.

D. The Agency Security Liaison shall maintain, and provide to the Internal Control Specialist whenever requested thereby or required by this Agreement, a list of Agency employees whose duties or responsibilities require that they have access to return information. Whenever there is a change in employment of any employee on the list, a change in duties of any employee on the list, or a change in Agency programs that affects whether the Agency requires access to return information, the Agency Security Liaison shall provide prompt written notification to the Internal Control Specialist.

E. The Agency Security Liaison shall make regular (but not less than quarterly) reviews of such list and of the security features of the Agency computer system, and shall report on such reviews in the Safeguard Activity Report.

6. Necessary and appropriate safeguards to protect return information from disclosure.

Connecticut General Statute §12-15(c)(4) does not permit the disclosure or inspection of return information by the Department to another Connecticut state agency or office unless such agency or office provides safeguards which the Department prescribes as necessary or appropriate to protect the confidentiality of return information.

A. The Agency agrees to follow the safeguards which this Agreement prescribes.

B. The Agency Security Liaison shall give prompt written notification to the Internal Control Specialist of any unauthorized use or disclosure of return information by the Agency.

C. The Agency Security Liaison shall give periodic (but not less than annual) written notice to Agency employees who have access to return information concerning Connecticut General Statute §12-15, including its prohibition of disclosure or inspection of return information and the penalties that are provided for such disclosure or inspection, and this Agreement. The content of the notice shall be subject to the prior written approval of the Internal Control Specialist.

D. The Agency, with the assistance of the Internal Control Specialist and the Agency Security Liaison, shall hold periodic training sessions for Agency employees who have access to return information concerning Connecticut General Statute §12-15, including its prohibition of disclosure or inspection of return information and the penalties that are provided for such disclosure or inspection, and this Agreement. At these sessions, procedures that have been established and used by the Agency to ensure that return information is not unlawfully disclosed or inspected shall be reviewed. The Agency shall ensure that the Agency employees who have access to return information attend the training sessions.
E. All requests for return information that are made by the Agency shall be made by the Agency Security Liaison to the Internal Control Specialist.

F. If the Agency processes data at a facility that is shared with other state agencies, the Agency Security Liaison shall ensure that the Agency meets the terms and conditions of this Agreement in the same manner that the Agency would be required to meet the terms and conditions of this Agreement if it processed data at its own facility.

G. The Agency agrees not to physically remove, or allow to be physically removed, return information to a remote worksite in a telecommuting capacity due to security concerns.

7. Reports describing procedures established and utilized for ensuring the confidentiality of return information. Connecticut General Statute §12-15(e)(5) does not permit the disclosure or inspection of return information by the Department to another Connecticut state agency or office unless such agency or office furnishes reports to the Department, at such time and containing such information as the Department prescribes, describing the procedures established and utilized by such agency or office to ensure the confidentiality of return information.

A. The Agency agrees to furnish reports at such time and containing such information as this Agreement prescribes.

B. The Agency agrees to provide a Safeguard Procedure Report to the Internal Control Specialist within 45 days following the signing of this Agreement by the Agency.

C. The Safeguard Procedures Report shall be signed by the Agency Security Liaison and the Agency head and shall include the pertinent statutes or regulations that form the basis for the disclosure request by the Agency and the precise use to which the return information will be put by the Agency; a diagram showing the structure of the Agency; a chart showing the units or bureaus through which the return information will pass, from the time such information is received through the time such information is sent back to the Department or destroyed in accordance with this Agreement; a statement concerning the physical locations from which access to return information may be gained by authorized Agency employees; a statement concerning whether or not return information will be commingled with Agency records; a description of the Agency’s automated data processing system as it relates to return information, including system configuration, the data that is processed and the files or records that are created when processing the data; copies of all written Agency procedures concerning safeguards required in connection with return information, including a description of the permanent system of standardized records with respect to disclosure requests, the security measures surrounding the use and storage of return information, the manner in which access to return information is restricted to persons whose duties or responsibilities require access and to whom disclosure or inspection may be made under this Agreement. An amended Safeguard Procedures Report must be submitted by the Agency and must be signed by the Agency Security Liaison and the Agency head if there is a change in the data that was provided by the Agency in its originally filed Safeguard Procedures Report.
D. The Agency agrees to provide to the Internal Control Specialist by January 31 each year a Safeguard Activity Report. The Safeguard Activity Report shall be signed by the Agency Security Liaison and the Agency head, and shall cover activity of the preceding calendar year.

E. The Safeguard Activity Report shall describe, in detail, any changes in safeguard procedures, in access to return information, or security arrangements; a copy of internal inspection reports that are required by this Agreement; information pertaining to return information that has been sent back to the Department or made undisclosable in a manner that has the prior written approval of the Internal Control Specialist, including the date and manner in which such information was made undisclosable; information pertaining to the disclosure or inspection of return information to the Auditors of Public Accounts, including the employee or specialist to whom such information was disclosed or inspected, a description of the information disclosed, and the date of disclosure or inspection.

8. **Sending back or making undisclosable return information that is no longer needed.**

Connecticut General Statute §12-15(e)(6) does not permit the disclosure or inspection of return information by the Department to another Connecticut state agency or office unless such agency or office, upon completion of use of such return information, sends it, including all copies made thereof, back to the Department or makes such information, including all copies made thereof, undisclosable in such manner as the Department may prescribe and furnishes a written report to the Department identifying the return information that was made undisclosable.

A. The Agency agrees to follow the standards that this Agreement prescribes for making return information undisclosable. Any other method must receive prior written approval of the Internal Control Specialist.

B. The proper method to make return information on paper documents undisclosable is to burn, mulch, pulp or shred them.

C. The proper method to make return information on magnetic media undisclosable is to run a magnetic strip over and under each surface a minimum of three times or by completely overwriting all data tracks a minimum of three times; otherwise, the magnetic media must be physically and noticeably damaged to prevent its future use.

9. **Prohibitions.**

A. Without the prior written approval of the Internal Control Specialist, the Agency will not put the return information that it has requested and received from the Department to any use other than that expressly disclosed to the Department or, except as expressly provided by this paragraph, disclose such return information. By way of example and not of limitation, the use of return information, without prior approval of the Internal Control Specialist, for statistical purposes, is prohibited.

B. Except as expressly provided in this paragraph, the Agency will not disclose return information to any person who is not an employee of the State of Connecticut or to any
Agency employee whose duties or responsibilities do not require access to return information or to any employee of another Connecticut state agency. By way of example, and not of limitation, the disclosure or inspection of return information to independent contractors is prohibited.

C. Without the prior written approval of the Internal Control Specialist, the Agency will not disclose return information to its legal representative. Approval will be given if such legal representative will use such return information solely in preparation for a civil or criminal proceeding before a state or federal administrative body, grand jury or court in a matter involving the administration of Connecticut law for the enforcement of which the Agency is responsible.

D. Subject to written notification to the Internal Control Specialist by the Agency in the annual Safeguard Activity Report, the Agency may disclose return information to a specialist or employee of the Auditors of Public Accounts for the purpose of, and only to the extent necessary in, making an audit of the Agency. The Agency shall inform such specialist or employee, at the time of such disclosure, that return information is involved and that the disclosure to such specialist or employee will be reported to the Internal Control Specialist.

E. The Agency may disclose return information about a person who the Agency believes is violating a Connecticut law, for the enforcement of which the Agency is responsible, to such person.

10. **Forms.** The Department may prescribe forms including forms to be used by the Agency to request return information from the Department, and may require their use by the Agency. The Agency agrees to use any forms that the Department requires.

11. **Termination.** This Agreement may, upon ten days' written notice, be terminated by the Department, whenever, in its sole discretion, the Commissioner deems such termination advisable, and any decision of the Commissioner to terminate this Agreement will be final. The Agency may, upon thirty days' written notice, terminate this Agreement. If this Agreement is terminated, the Department may require that the Agency immediately send back or make undisclosable return information that was previously provided to the Agency by the Department.

12. **Effective date.** This Agreement shall not become effective until the Safeguard Procedures Report has been signed by the Agency Security Liaison and the Agency head, and has been provided to and accepted in writing by the Internal Control Specialist.
SIGNED AGREEMENT

Commissioner of Department of Motor Vehicles

Date

ACCEPTED BY:

Commissioner of Revenue Services

Date