

The Insider

David Ormsby, Editor
Rich Miller, Consulting Editor
<http://www.illinoisobserver.net>



Security, IDOR Says

Lang, Who Sought Legislative Hearing, Welcomes Deal

ABOVE THE FOLD: Illinois taxpayer returns are "not secure."

That was the conclusion reached by Auditor General **Bill Holland** in an audit of the Illinois Department of Revenue issued at the end of July.

Holland's audit said that IDOR, which processed 11.8 million tax returns in FY 2012, "has not implemented sufficient physical safeguards to control access to the tax processing areas throughout the Department from contractors, vendors and other State employees utilized by the Department".

Returns are, essentially, targets to be filched.

"Auditors noted taxpayer files were stored on open shelving units throughout the Department. This information is not secure from potential unauthorized access," the audit states.

"Given the easy access to tax returns in the department, there is scandal waiting to happen," an insider at the time told *The Insider*.

And the lax tax return security at IDOR prompted Deputy House Majority **Lou Lang** (D-Skokie) in July to call for a public hearing.

Lang told *The Insider*. "There should be a legislative hearing requiring the Illinois Department of Revenue to explain to lawmakers and the public how and when it plans to fully secure taxpayer data."

A legislative hearing has not yet been scheduled but IDOR took a step on August 23 that it considers to be "the most critical component of the Department's ongoing goal to secure taxpayer data" by signing off on a \$140,000, sole-source contract with a New York-based security firm, Business Protection Specialists Inc. of Canandaigua.

The firm gained a bit of notoriety in March when it was hired by the University of Massachusetts Amherst, in the wake of an alleged on-campus gang rape last fall, to make recommendations to improve safety in the university's six residence halls.

IDOR, which is three-years behind schedule in producing a security plan for the IRS, justified the sole-source contract by claiming that the feds could yank IDOR's federal tax data access, which could cost the state annually \$150 million in lost tax collections.

"[T]he Internal Revenue Service (IRS) requires compliance with its regulations for securing FTI [Federal Taxpayer Information], or it has the ability to revoke access to FTI, which could cost the State more than \$150 million in annual revenue collections. The Department is nearly 3 years behind in establishing proper physical controls over FTI..." said the department in its formal statement to the Illinois Procurement Board.

The Chief Procurement Officer slated a public hearing in Springfield and Chicago, on Wednesday, September 11, to take testimony on the proposed contract, but that hearing interested no one. So, it was nixed.

In addition to the Business Protection Specialists security plan, IDOR got \$1 million in FY2013 by the Capital Development Board for "security initiatives" and it has an additional wish list of \$5 million for FY 2014.

Lang is happy about the deal.

"While I dislike sole-source contracts on state procurements, securing tax payer records and avoiding federal government sanctions are, in this instance, far more important priorities," said Lang. "I'm glad to see the Department of Revenue moving, finally, on the protection of sensitive tax payer information."

Still, Lang wants to see IDOR hauled before a legislative hearing to explain its tax data security plan to lawmakers.

Stay tuned.