IRS EPFRA Software Vendor Questionnaire (Telephone Followup Interview)

OMB ATTACHMENT 4 – SOFTWARE VENDOR TELEPHONE SURVEY

RESPONDENT INFORMATION RESPONDENT ID#... ...1-5 SAMPLE TYPE: ...00 **PROJECT-FIELD TEAM NOTES:** IRS APPEND FROM LATEST (2010) INDIVIDUAL 1040 RETURN DATA: # returns e-filed, # vendor-controllable ERCs RECORD DATE, TIME & DISPOSITION OF EACH INTERVIEW ATTEMPT: Referred **Partial Data** Refused To Another Refused Collected Com-After After Person Appoint- But Resp. nlete/ One Repeat (Start Respondent ment Will Not All Data <u>Attempt</u> **Attempt** Over) <u>Unavailable</u> Complete Collected Set 1 DATE:_____TIME:_____(am) (pm)1 2 3 4 5 6 7 ...00 2 DATE: TIME: (am) (pm)1 3 4 5 6 7 ...00 DATE: TIME: (am) (pm)1 3 2 3 5 7 4 6 ...00 TIME: (am) (pm)1 4 DATE: 2 3 4 5 6 7 ...00 DATE: TIME: (am) (pm)1 5 2 3 4 5 7 ...00 DATE:___ TIME: (am) (pm)1 7 2 3 5 6 6 4 ...00 DATE: _____TIME:_____(am) (pm)1 7 2 3 4 5 6 7 ...00 DATE:_____TIME:_____(am) (pm)1 8 3 4 5 7 ...00 9 DATE: ______1 2 3 4 5 6 7 ...00 10 DATE: TIME: (am) (pm)1 3 4 5 6 7 ...00 INTERVIEWER ...00

Introduction

Hello, I'm _______ of Russell Research, an independent national research firm. The Internal Revenue Service recently mailed you a request to participate in an important survey of risks in the electronic tax administration landscape. (IF ASKED "WHAT RISKS?", REPLY WITH "RISKS TO PREPARERS, TAXPAYERS, SOFTWARE VENDORS, STANDARDS OF TAX ADMINISTRATION, ETC.") In that mailing, the IRS included a paper survey and asked you to complete the survey in advance of a call from Russell Research. I am calling today to collect your responses from the paper survey you received.

Please keep in mind that all of your responses will be completely anonymous. Our call today to collect responses should take about 20 minutes of your time. Do <u>you have your completed survey to refer to during this call</u>? (IF "YES", GO TO Q1. IF "NO"/"HAVEN'T COMPLETED IT YET"/ETC., ASK...)

- May I schedule an appointment for a convenient day and time to call you back, when you would have your survey completed? (IF "YES", RECORD APPOINTMENT TIME IN BOX ABOVE. IF "NO"/"DO NOT WANT TO PARTICIPATE"/ETC., ASK...)
- The IRS asks that you consider the importance of this survey and would appreciate your time and help with it.

 Can we set an appointment for about a week from now to give you time to complete the survey? (IF "YES", RECORD APPOINTMENT TIME IN BOX ABOVE. IF STILL "NO"/"DO NOT WANT TO PARTICIPATE"/ETC., CLOSE WITH...)
- Government survey procedures require us to contact you again at a later date to see if you then might be willing to help. Please know that this survey is extremely important and that we are merely following Government survey procedures when we call on you again. (MAKE ONLY ONE MORE ATTEMPT TO CONVERT THIS PERSON TO COMPLETION, THEN THANK THEM FOR THEIR TIME AND RECORD AS "REFUSED AFTER REPEAT ATTEMPTS" IN BOX ABOVE.)

RETURNS

Start of Survey for Those Agreeing to It

(START SURVEY AMONG THOSE AGREEABLE BY READING THIS...) First, thank you very much for agreeing to help the IRS by participating in the survey. We are required by law to provide you the Office of Management and Budget Control Number for this information request. That number is 1545-1432. In addition, if you have any comments about the time estimate to complete the survey or ways to improve the survey, you can write to the IRS. Would you like the address? (IF YES, ADDRESS IS...) IRS Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224. CONTINUE WITH: Please keep in mind that this survey is focused only on Federal individual tax returns using the 1040 family of forms. State, business, and information returns are out of scope. Now that you have your notes and responses from the paper copy of the survey the IRS sent you, let's begin.

INTERVIEWER/ONLINE PROGRAMMER: KEEP IN MIND THAT, WITH THE SURVEY HAVING BEEN SENT TO THE RESPONDENT BY IRS IN PAPER FORM WITHOUT ANY RESPONSE CHOICES RANDOMIZED, RESPONDENT HAS PRE-ANSWERED QUESTIONS WITH RESPONSES IN EXACTLY THE ORDER SHOWN HERE. STILL, READ ALL CHOICES TO GUIDE RESPONDENT IN PROVIDING ANSWERS.

General

1.	Please estimate the <u>number</u> of <u>tax returns</u> that your firm files by each of the following customer types
	(READ CHOICES & ENTER NUMBER FOR EACH ITEM.)

	Tax Professionals who are not Franchisees
	Tax Professionals who are Franchisees
	White label customers (e.g., for others to brand as their own and resell)
	(DO NOT OFFER AS CHOICE, BUT CLICK IF:) Do not make or sell tax preparation softwarex
	IF RESPONDENT DOES NOT MAKE OR SELL TAX PREPARATION SOFTWARE, THANK AND CLOSE.
<u>ASK</u>	Q2 ONLY OF VENDORS WITH "1" OR HIGHER FOR "TAXPAYERS" IN Q1.
2.	How do your <u>taxpayer</u> customers initially install your software? Please estimate the proportion of <u>taxpayer software</u> installed <u>in 2010</u> by each of the following methods. Do not include subsequent software updates. (READ CHOICES & ENTER PERCENT RESPONSE FOR EACH ITEM; MUST TOTAL 100%.)
	PERCENT
	Online only (e.g., Software-as-a-Service/SaaS, web client)
	Download and install onto user's computer
	Install from physical media onto user's computer

3.	How do your tax professional customers initially install your software? Please estimate the proportion of
	tax professional software installed in 2010 by each of the following methods. Do not include subsequent
	software updates. (READ CHOICES & ENTER PERCENT RESPONSE FOR EACH ITEM; MUST TOTAL 100%.)

	PERCENT
Online only (e.g., Software-as-a-Service/SaaS, web client)	•
Download and install onto user's computer	•
Install from physical media onto user's computer	

4.		ways does your firm's <u>tax professio</u> Can they(READ CHOICES & CLICK ALL TH	onal software allow users to transmit (e-file) their clients' HAT APPLY.)						
		Use your firm's transmission (e-file) capab	ility built into the software						
			(PROBE) Whose?						
		Use your firm's software to create a return	n file but transmit it directly to IRS themselves						
		Other (SPECIFY)							
<u>ASK</u>									
5.		g are some definitions which we wo s. Let's carefully review these definition	uld like you to keep in mind when answering subsequent ns.						
	<u>Accuracy</u>	Software correctly applies tax law, of formats return.	correctly represents the taxpayer's tax liability, and correctly						
	<u>Reliabilit</u>	ySoftware and transmission (e-file) s	ystems are available and operating consistently.						
	Security.	Reasonable safeguards protecting p	ersonally identifiable information (PII).						
	<u>Privacy</u>	Appropriately use and disclosure of	personally identifiable information (PII).						
	Burden	<u>Burden</u> Tax law, guidance, filing requirements, process, tools, and information present a challenge in bringing software to market.							
			RANK						
			Accuracy						
			Burden						
			Privacy						
			Reliability						
			Security						
Sec	<u>urity</u>								
6.	How doe	s your firm <u>manage its security progra</u>	m? Is it(READ CHOICES & CLICK ONLY ONE ANSWER.)						
		Managed by designated	security lead (e.g., Chief Information Security Officer)						
		Managed by committee	(e.g., personnel from security, compliance and legal)□						
		· · · ·							
		Other (SPECIFY)	П						

7.	How often do you review and update your <u>internal security policies</u> (e.g., standards, controls)? Do you (READ CHOICES & CLICK ONLY ONE ANSWER.)
	Update quarterly□
	Update semi-annually□
	Update annually□
	Do not update□
	Do not have security policies

7.

	ONE ANSWER PER ITEM.)						Using and	
		Not Using or <u>Considering</u>	Planning To <u>Use</u>		Using and Internally <u>Validated</u>		Internally and Externally	Don't <u>Know</u>
	Authorization and access (e.g., access approvals, privileges, and deactivation)							
	Identification and authentication (e.g., password complexity, account lockout, CAPTCHA)							
	Separation/segregation of duties							
	Audit and accountability (e.g., monitoring and logging)							
	Physical security (e.g., card entry, surveillance, guards)							
	Network security (e.g., antivirus/malware, firewall, vulnerability scans)							
	Destruction and disposal of data (e.g., document shredders, disk wiping, locked bins)							
	Personnel (e.g., background checks)							
	Other (SPECIFY)							
9.	Where is your customers' personally identifiable in stored in(READ CHOICES & CLICK ALL THAT APPLY.) Centralized server environment			-				
	Decentralized server environmen							
	Distributed (e.g., external hard							
	Computer workstation (e.g., do							
	Computer workstation (e.g., di	езктор, тарт	υμ)	•••••	••••••	•••••	••••••	⊔
10.	How does your firm <u>use data security safeguards in</u> survey sent to you, please indicate your firm's performance only one ANSWER PER ITEM.)			_			_	-
	ONLY ONE ANSWER PER HEIM.)	Not	Planning	Using	Using and	-	Using and Internally and	
		Using or <u>Considering</u>	To <u>Use</u>		Internally <u>Validated</u>			Don't <u>Know</u>
	Customers' personally identifiable information (PII) is encrypted at rest (e.g., stored in database, stored in file).							
	Customers' personally identifiable information (PII) is encrypted in transit (e.g., Secure Socket Layer (SSL))							
	Customers' personally identifiable information (PII) is de-identified when used in non-production environments (e.g., anonymized, sanitized)							

How does your firm use security controls in its environment? Using the scale provided in the paper survey

sent to you, please indicate your firm's performance for each of the following. (READ CHOICES & CLICK ONLY

8.

ASK Q11 ONLY OF VENDORS WITH "1" OR HIGHER FOR "TAX PROFESSIONALS WHO ARE FRANCHISEES" IN Q1.

11.	How does your firm <u>use security safeguards at franch</u> survey sent to you, please indicate your firm's perform ONLY ONE ANSWER PER ITEM.)						
						Using and	
		Not Using or Considering	Planning To Use		Using and Internally Validated		Don't Know
	Tax Professional software includes option to encrypt data at rest on franchisee's computer					Vandated	
	Tax Professional software includes option to encrypt data in transit within franchisee's network						
	<u>Tax Professional</u> software automatically installs mandatory updates or will not operate unless latest version installed						
	<u>Tax Professional</u> software does not install/operate unless franchisee's computer meets security requirements						
<u>ASK /</u> 12.	ALL: How does your firm use <u>secure software development</u> survey sent to you, please indicate your firm's perform ONLY ONE ANSWER PER ITEM.)	-		_	-	HOICES &	-
		Not Using or <u>Considering</u>	Planning To <u>Use</u>		Using and Internally <u>Validated</u>	Externally	Don't <u>Know</u>
	Peer source code reviews						
	Source code vulnerability assessment (e.g., static analysis)						
	Software security testing (e.g., dynamic analysis)						
	Source code version control software (e.g., Microsoft Team Foundation Server, Visual SourceSafe	e)□					
	Other (SPECIFY)						
Relia 13.	ability How does your firm ensure <u>business continuity</u> ? Usin please indicate your firm's performance for each of the PER ITEM.)	-	-		CES & CL	-	-
		Using or Considering	To <u>Use</u>		Internally <u>Validated</u>	•	Don't <u>Know</u>
	Business continuity plan for dependent vendor failure (e.g., power, internet, payments)						
	Business continuity plan for physical infrastructure (e.g., disaster recovery for data center facility)						
	Business continuity plan for staff relocation						
	Business continuity plan for key staff loss (e.g., succession planning)						
	Operations center geographically dispersed from backup cen	ter…□					
	Backup/secondary center accommodates full operational loa	d□					
	Provide adequate capacity for filing season peak load						

	survey sent to you, please indicate the acceptable recovery time for each or	f the outag	ge types	below.	(READ
	CHOICES & CLICK ONLY ONE ANSWER PER ITEM.)		Less than	1-8	9-24
	2-6	1 or more_	1 hour	Hours	Hours
	<u>Day</u> :	<u>Weeks</u>	<u>1 Hour</u>	<u>riours</u>	<u>riours</u>
	Preparation outage (i.e., customers can't use software to complete return) \Box				
	Transmission outage (i.e., customers can't e-file completed returns with IRS)				
	Download outage (i.e., customers can't download software or updates)□				
	Customer service outage (i.e., customers can't use online or phone help)				
<u>Acc</u>	<u>uracy</u>				
15.	How many test cases do you run to validate software accuracy (e.g., correpresents the taxpayer's tax liability) for each of the following types of so NUMBER FOR EACH ITEM, EVEN IF "0".)				-
	Taypayor software			_	<u>UMBER</u>
	<u>Taxpayer</u> software <u>Tax professional soft</u> v				
16.	For your <u>preparation</u> software, which of the following <u>types of testing</u> do <u>CLICK ALL THAT APPLY.</u>)	you perfo	rm? (RE	AD CHO	ICES &
	Integration				
	Performance				
	Quality Assurance				
	Regression				
	System				
	Unit/application				
	Usability				
	Other (SPECIFY) Do not perform testir				
17.	For your <u>transmission (e-file)</u> capability, which of the following <u>types of</u> CHOICES & CLICK ALL THAT APPLY.)				
	Integration				□
	Performance				□
	Quality Assurance				□
	Regression				□
	System				
	Unit/application				□
	Usability				□
	Other (SPECIFY)				□
	Do not perform testir	ıg			□

14. What is the acceptable recovery time for unplanned service outages? Using the scale provided in the paper

18.	8. How do you <u>notify customers of software updates?</u> Do you	(READ CHOICES & CLICK ALL THAT APPLY.)
	Email instructions on updati	ng the software
	Post notice on the firm and	or product website
	Message through social med	lia (e.g., Twitter)
	Trigger the tax software to a	utomatically install and activate update
	Prompt within the software	to install and activate update
	Distribute software updates	for scheduled installation
	Use remote access to install	and activate update
	Stop accepting returns from	older software products
	Other (SPECIFY)	
		product updates
19.	9. From January 15 to April 15, 2010, how many times did ASK Q20 IF 1 OR MORE.)	you update your software? (ENTER NUMBER, THEN
		<u>NUMBER</u>
	Any reason (total number of	updates)
		<u>NUMBER</u>
	Final forms/instructions rele	ased by IRS
	Customer feedback (e.g., us	er interface design changes)
	New functionality	
	Bug fixes to existing function	nality
	Business rule updates (e.g.,	calculations)
	Other (SPECIFY)	
	Other (SPECIFY)	
<u>Priv</u>	<u>rivacy</u>	
21.	1. How does your firm manage its privacy program? Is it(RE	AD CHOICES & CLICK ONLY ONE ANSWER.)
	Managed by designated privacy lead	(e.g., Chief Privacy Officer)
	Managed by designated security lead	(e.g., Chief Information Security Officer)
	Managed by committee (e.g., person	nel from security, compliance and legal) \Box
	No privacy program	
	Other (SPECIFY)	

22.	How often do you review and update your <u>inter</u> (READ CHOICES & CLICK ONLY ONE ANSWER.)	<u>rnal privacy policies</u> (e.g., classifying PII, a	cceptable usage)?
		Update quarterly	
		Update semi-annually	
		Update annually	
		Do not update	
		Do not have policy	

23.	How do you provide your customers with your firm's	consume	r privac	y policy	? Is the	policy	(READ CH	IOICES
	& CLICK ALL THAT APPLY.)	Posted	on firm	website				□
		Posted	on softv	vare web	site			□
		Display	ed at tin	ne of soft	ware inst	tallation.		□
		Include	ed in reta	il packag	ing			□
		Emaile	d to the	customer				□
		Mailed	to the c	ustomer.				□
		Provide	ed to the	custome	er in perso	on		□
		Do not	provide	policy to	custome	rs		□
		Do not	have a p	rivacy po	olicy			□
24.	How does your firm require <u>training for its personnel</u> you, please indicate how your firm requires the follow ITEM.)	_		-			-	
							Require	
					Require		More Often	Do Not
					at Time	Require	than	Require
					Of Hire	<u>Annually</u>	<u>Annually</u>	Require
	Development (i.e., secure codin	g practices)					
	Security (e.g., safeguards and IT	controls)						
	Privacy (e.g., policy compliance)				□			
25.	How does your firm <u>manage customer consent?</u> Usin please indicate your firm's performance for each of the PER ITEM.)	_	-				-	-
		Not Using or Considering	Planning To <u>Use</u>	but Not	Using and Internally <u>Validated</u>	Externally	Internally and Externally	Don't <u>Know</u>
	Privacy policy designates a point of contact, email, phone, and address the customer may contact							
	Software products prompt the customer with a consent option (e.g., opt in or opt out for data use and disclosure).							
	Email communications to the customer include a consent option (e.g., unsubscribe, opt in or opt out)							
	Customer manages consent options by indicating preferences online (e.g., My Account settings)							
	Utilize internal software to manage customer preferences (e.g., bulk email marketing, subscription mgm	t)□						
	Other (SPECIFY)							

Risks

The next series of questions is going to focus on <u>future situations</u>. Consider all your software products and all your customers. We are going to ask for your opinion regarding <u>the chance of these potential situations occurring</u> and <u>the proportion of returns that would be affected</u> if they were to occur.

26.	Do you think the following may occur to your firm in the next two years? Using the scale provided in the
	paper survey sent to you, please rate the chance of occurrence from 1%, 25%, 50%, 75%, and 99%, with 1%
	being Extremely Low Chance and 99% being Extremely High Chance. (READ CHOICES & CLICK ONLY ONE
	ANSWER PER ITEM.)

· · · · · · · · · · · · · · · · · · ·		Extremely		
	Extremely	Low	Low	Moderate
High	High	Chance	Chance	Chance
Chance	Chance			
<u>75%</u>	99%	<u>1%</u>	<u>25%</u>	<u>50%</u>
Software error (e.g., improper tax law application, computation) \Box				
Software inconsistency (e.g., identical inputs result in different outputs) \Box				
Preparation outage (i.e., customers can't use software to complete return) \Box				
Transmission outage (i.e., customers can't e-file completed returns with IRS)				
Download outage (i.e., customers can't download software or updates)				
Customer service outage (i.e., customers can't use online or phone help)				
Improper use or disclosure of PII due to internal cause (e.g., insider theft, destruction)				
Improper use or disclosure of PII due to external cause (e.g., hacking and intrusion, malware, lost/stolen laptop)				
Lack of notice and consent (e.g., choice to opt in/out)				
Lack of transparency (e.g., written privacy policy)				

We talked about chance, now let's address effect.

27. If the following were to occur, what <u>proportion</u> of your firm's <u>returns</u> would be <u>affected</u>? Using the scale provided in the paper survey sent to you, please rate the <u>proportion</u> of returns affected from 1%, 25%, 50%, 75%, and 99%, with 1% being Extremely Low Proportion and 99% being Extremely High Proportion. (READ CHOICES & CLICK ONLY ONE ANSWER PER ITEM.)

			Extremely		
		Extremely	Low	Low	Moderate
	High	High	Proportion	Proportion	Proportion
	Proportion	Proportion	1%	25%	50%
	<u>75%</u>	<u>99%</u>	_		_
Software error (e.g., improper tax law application, computation)	□				
Software inconsistency (e.g., identical inputs result in different outputs)	□				
Preparation outage (i.e., customers can't use software to complete return)	□				
Transmission outage (i.e., customers can't e-file completed returns with IRS)	□				
Download outage (i.e., customers can't download software or updates)	□				
Customer service outage (i.e., customers can't use online or phone help)	□				

		PAGE 1	3
Improper use or disclosure of PII due to internal cause (e.g., insider theft, destruction)			
Improper use or disclosure of PII due to external cause (e.g., hacking and intrusion, malware, lost/stolen laptop)			
Lack of notice and consent (e.g., choice to opt in/out)			
Lack of transparency (e.g., written privacy policy)			

Incidents

28.

Now we will talk about inciden	ts your firm has	actually ex	perienced.

28.	In the last two years, <u>how many times</u> has your firm <u>actually</u> your production environment, regardless of whether or no <u>ENTER NUMBER FOR EACH ITEM, EVEN IF "0".</u>)	_				_	
						<u> </u>	<u>IUMBER</u>
	Software error (e.g., improper tax law application, computation error	r)					
	Software inconsistency (e.g., identical inputs resulted in different out	:puts)					
	Preparation outage (i.e., customers can't use software to complete re						
	Transmission outage (i.e., customers can't e-file completed returns w						
	Download outage (i.e., customers can't download software or update						
	Customer service outage (i.e., customers can't use online or phone h						
	Improper use or disclosure of PII due to internal cause (e.g., insider the						
	Improper use or disclosure of PII due to external cause (e.g., hacking Other (SPECIFY)						
	Loss of power or cooling Loss of network or into Hardware failure (e.g., Software failure (e.g., Security breach, cyber Fire or natural disaster	ernet , server, com crash, error, crime, or oth	puter, s bug)	storage) icious act			
	Other (SPECIFY)						
30.	How does your firm address incident response? Using the soplease indicate your firm's performance for each of the follooper ITEM.)	cale provid	ed in t	the pape	er surve	y sent t	
		Doing or	Planning To	-	Doing and Internally	-	Internally and
		Don't <u>Considering</u> <u>Know</u>	<u>Do</u>	<u>Validated</u>	<u>Validated</u>	<u>Validated</u>	<u>Validated</u>
	Identify appropriate personnel (e.g., contact list, response team)						
	Have feasible plan of action (e.g., response strategy, defined procedure)						

			PAGE 15
Have tracking capabilities (e.g., incident ticket created and escalated)			
Categorize incident (e.g., severity, assessment)			
Use forensic techniques (e.g., system logs, intrusion detection logs)			
Have physical resources (e.g., redundant storage, standby systems, backup services)			
Document and preserve evidence			
Notify proper external agencies (e.g., comply with federal and/or state security breach notification laws)			
Assess damage and cost (e.g., valuation)			
Review and update policies after incident			

Burden

31.	How do you anticipate and accommodate the effects of <u>late tax law changes</u> in your software? Do you (READ CHOICES & CLICK ALL THAT APPLY.)									
		Code software to a	account for multiple	legislative outo	omes.					
			tware changes	-						
		•	orms or instructions.							
			nnel for guidance							
			om industry and pro							
			lative analysis			_				
		_	•							
			islative analysis (e.g.							
		Other (SPECIFY)							□	
32.		vities in the previous que hours directly associated NSWER.)	with incorporatin	g late tax law	chan	ges in y	our soft	<u>ware</u> . (R	EAD &	
				s than 520 hou						
) to 1039 hours						
				10 to 2079 hou						
				30 to 4160 hou						
				re than 4160 h						
			No	hours		•••••			□	
		Bulletins	nstructionsents		 	Strongly Agree □ □ □ □ □ □ □ □	Strongly Disagree	Disagree	Neutral	
<u>Add</u>	itional Feedback									
34.	Please share any	additional <u>comments or </u>	concerns.							

Closing

Thank you for taking the time to fill out our survey. We rely on your feedback to help us improve our services. Your input is greatly appreciated.