

Automated Under Reporter (AUR) – Privacy Impact Assessment

PIA Approval Date – Feb. 27, 2009

System Overview

The Automated Underreporter (AUR) System has automated the Under Reporter Program. An under reporter is a taxpayer case where the income information associated with a tax return is less than what is reported by third parties (e.g., banks, employers). AUR is comprised of two separate modules – AUR and AUR–Inventory Strategy Database (ISD). The AUR reduces the number of computational errors through on–line tax calculation, provides on–line access to case information, eliminates manual sorts and most paper handling, provides on–line training, and also on–line quality control and review. The AUR–ISD Case Scoring and Selection Tool is used to select approximately 30% of the AUR inventory, for a given tax year. The goal of this selection operation is to obtain those cases that satisfy the objectives established by the business unit.

Systems of Records Notice (SORN):

- IRS 24.047--Audit Under Reporter Case File
- IRS 22.061--Wage and Information Returns Processing File
- IRS 34.037--IRS Audit Trail and Security Records System
- IRS 24.030--Customer Account Data Engine Individual Master File
- IRS 42.021--Compliance Programs and Projects Files

Data in the System

1. Describe the information (data elements and fields) available in the system in the following categories:

- A. Taxpayer – There are three separate tax years of taxpayer data at any time in AUR, starting generally with the prior Tax Year (TY). This data is analyzed by the system to determine whether or not individual taxpayers are under–reporting tax filing information. The data includes:
- Taxpayer name
 - Address
 - Telephone
 - Social security number (SSN)
 - Date of birth
 - Income information
 - Secondary SSN
 - Underreported information (wages)
 - Zip code
- B. Employee – User access is keyed off “user account files,” identifying a specific user by:
- Name
 - System assigned user identification (UID) number
 - AUR password
- C. Audit Trail Information – Program Execution (any actions the user can use on the tool – read, view, print, edit)
- Time stamp
 - User ID

2. Describe/identify which data elements are obtained from files, databases, individuals, or any other sources.

- A. IRS – Taxpayer and employer/payer information are submitted to the IRS via electronic and paper formats for the current year and pertinent taxpayer information from the two previous years. The underreporter information is collected by the IRS and compiled into the AUR databases. AUR sends and/or receives data from Integrated Data Retrieval System (IDRS), Notice Delivery System (NDS), and Tax Return Data Base (TRDB).

The AUR–ISD data source is inherited. All of the data is coming from another source. AUR–ISD does not seek additional information from taxpayers or modify the data. The 100 data elements that make up the flat files that are used as the AUR–ISD information data source are extracted from the Individual Master File (IMF) and Information Return Master File (IRP) data sources. IMF and IRP are two of the main frame databases that all taxpayer info is sent.

- B. Employee – Name, USERID, and AUR password of users who access the system.
- C. State and Local Agencies – All information that is processed by AUR and sent to the states is sent to IDRS before being sent to the states. State Tax Departments provide state income tax refund data for matching (i.e., State Income Tax Refund (SITR) information). No local agencies are providing data for use in the AUR System. There is not a data matching agreement in place.

3. Is each data item required for the business purpose of the system? Explain.

Yes. All data compiled by the AUR System is used to cross–reference and verify information to improve the quality of notices and timeliness of service to the taxpayer while increasing its efficiency and making the program more cost–effective.

4. How will each data item be verified for accuracy, timeliness, and completeness?

A Payer/Agent program is used to identify erroneous data from third party sources. Payers may advise IRS that they supplied incorrect taxpayer information. Also, AUR Tax Examiners (TEs) may identify bad payer data. An alert is then issued to all AUR sites concerning payer data that's determined to be incorrect. The Payer/Agent program is also used to crosscheck payer data for consistency, including, where possible, completeness. Payers submit taxpayer data based on tax year. It is normally only submitted once. The information would be current unless it is identified as "payer/agent" data. Then the AUR Payer/Agent coordinator would coordinate corrected data being given to the TEs. The IMF and the IRP are responsible for data integrity checks for data provided to the AUR–ISD. The data generated within AUR–ISD is also checked for syntax errors. The tools focus is on the query and selection of the inherited data. The select and non–select rules are checked by the tool.

5. Is there another source for the data? Explain how that source is or is not used.

- AUR –No. There is no other source for the data.
- AUR–ISD – No. The only source of data is from the Under Reporter Correlation Group (URCG), it is the entity that develops the data used by AUR–ISD. The URCG pulls data from the IMF and the IRP.

6. Generally, how will data be retrieved by the user?

Taxpayer data is retrieved by SSN by the individual AUR users. Using batch processing, tax filing information is periodically received from the legacy systems. Tax filing information from previous years related to the individual is retrieved by queuing the other databases using the individual's SSN.

Access to AUR–ISD is through the IRS Intranet only. Once a user is authenticated he may import data, score cases (using an internal algorithm), build specific business rules to query the data for selection, change case profiles from an unselected status to a selected status, query data into standard report formats, and export data to specified folders.

7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?

Yes. Data is retrievable by SSN or any of the data elements in the system.

Access to the Data

8. Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others)?

Tax Examiners and Clerks who have authorization to access the AUR System and its data as Users, Managers, System Administrators (SAs) and Database Administrators (DBAs). Customer Service Representatives (CSR) may also have access to the system. The CSRs can access, but not change AUR data as they assist taxpayers with questions concerning his/her AUR case.

Role: System Administrators (AUR)

Permission: None

Role: Clerks Profile (AUR) CSR

Permission: Read, Write, Query, Delete

Role: Employee Case (AUR) CSR

Permission: Read, Write, Query, Delete

Role: Manager (AUR)

Permission: Read, Write, Query, Delete

Role: Quality Review Analyst (AUR) CSR

Permission: Read, Write, Query, Delete

Role: Lead TE (AUR) CSR

Permission: Read, Write, Query, Delete

Role: TE (AUR) CSR

Permission: Read, Write, Query, Delete

Role: Coordinator (AUR)

Permission: Read, Write, Query, Delete

Role: Headquarter Analyst – Application Administrator (AUR)

Permission: Read, Write, Query, Delete

AUR–ISD – There are eight persons with authorized access to the AUR–ISD application tool. Four of those users are developers. There are only two primary business unit users of the system: W&I and SB/SE. A W&I and a SB/SE representative access this tool on a daily basis only during a two week period twice a year during January and August. Two other users have access but only serve in a backup capacity. All users have administrative access to the AUR–ISD tool, however in order to facilitate the concept of least privilege and separation of duties only one user, other than the

developers, has access to the server to include administrative database control. The following is a table of user roles and permissions of the system:

Role: Application Administrator (AUR–ISD)

Permission: Read, Write, Query, Delete

Role: AUR – ISD User (AUR–ISD)

Permission: Read, Query

Note: Contractors with Moderate Risk security clearance act as AUR users (as developers). Once their contract is complete the developers (contractors) will be removed from the system.

9. How is access to the data by a user determined and by whom?

- AUR – A user’s position and need-to-know determines the type of access to the data. The manager, functional security coordinator, and the system administrator/security officer grant approval for system access. A user’s access to the data terminates when it is no longer required. The AUR System platform requires users to identify themselves and provide proof of their identity by USERIDs and AUR passwords. USERIDs are unique to each user. Any user must use the Online 5081 system to request access to the System. UNAX training is also provided to inform users of the statutory rules governing and the IRS’ policy on unauthorized access and inspection of records by IRS employees.
- AUR–ISD – IRS personnel can obtain access to AUR–ISD by completing and submitting an Online Form 5081 (OL5081) request. The OL5081 was developed to identify, authorize, and register IRS information system users, communicate the Information Systems Security Rules to information system users, and obtain a signed (electronically) statement from each user that he/she has read and understands the rules and their consequences. For complete details of the OL5081 process refer to the implementation language in Section 5.2.2 Technical Controls, AC–2: Account Management. Upon successful completion of the process a user has an IRS system account but can only access AUR–ISD if they are designated as an authorized user of the system. There are no separate administrator accounts. The two system users require full access and administrative rights to the system. The business owner of the AUR Selection Tool establishes permissions for granting access. Once permissions are granted users are authenticated by IRS active directory services. Contractors developing the tool do currently have “Staff like access”. Background checks have been performed and they have access to the tool.

10. Do other IRS systems provide, receive, or share data in the system? If YES, list the system(s) and describe which data is shared.

AUR – Yes. There is information coming from Individual Master File (IMF), Information Returns Processing (IRP), Integrated Data Retrieval System (IDRS), Tax Return Data Base (TRDB), and Notice Delivery System (NDS). IMF gathers underreported information such as records of tax liability and accounting information pertaining to the income tax for one tax period. IRP sends return data reported on tax returns (e.g., name, SSN, address). Both IMF and IRP data are combined in a file which gathers information on cases sent to the AUR–ISD tool via Electronic File Transfer Utility (EFTU). EFTU is the secure mechanism by which all files are sent and received (e.g. Name, SSN, address). IDRS sends and receives AUR data for notification processing. This data is sent via File Transfer Protocol (FTP) (e.g., name, SSN, address). TRDB receives the original tax returns as filed by the taxpayers from multiple electronic filing systems. Portions of this data are sent to AUR via FTP (e.g. name, SSN, address). NDS prints and sends notices from AUR. These notices are then sent to the taxpayer (e.g., name, SSN, address).

11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?

Yes.

Integrated Data Retrieval System (IDRS)

- Certification & Accreditation (C&A) received 5/18/2006
- Privacy Impact Assessment (PIA) received 11/6/2008

Tax Return Data Base (TRDB)

- Certification & Accreditation (C&A) – May 1, 2007
- Privacy Impact Assessment (PIA) – May 27, 2006

Notice Delivery System (NDS)

- Certification & Accreditation (C&A) – June 18, 2008
- Privacy Impact Assessment (PIA) – August 3, 2007

Individual Master File (IMF)

- Certification & Accreditation (C&A) – June 21, 2007
- Privacy Impact Assessment (PIA) – June 7, 2007

Information Return Processing (IRP)

- Certification & Accreditation (C&A) – June 21, 2007
- Privacy Impact Assessment (PIA) – June 5, 2007

12. Will other agencies provide, receive, or share data in any form with this system?

No. Other agencies will not provide, receive, or share data in any form with AUR.

Administrative Controls of Data

13. What are the procedures for eliminating the data at the end of the retention period?

As it relates to data retention, the AUR–ISD tool will become a sub–component of the AUR system since records are consistent with the input records of the AUR system and is part of the case workload for AUR. The AUR–ISD tool, therefore, retains records consistent with IRM 1.15.32 (Records Control Schedule for Tax Administration), Item 31 (Automated UnderReporter). Under this schedule, the records of the AUR–ISD will be deleted after 10 years, and any input files will be deleted when 1 year old or when no longer needed for administrative, legal, audit, or other operational purposes, whichever is sooner (IRM 1.15.28 Item 6 Case Files.). For electronic data generated by the tool, IRM 1.15.57 (GRS 20) will apply.

14. Will this system use technology in a new way?

No. Neither AUR nor AUR–ISD will use technology in a new way.

15. Will this system be used to identify or locate individuals or groups? If so, describe the business purpose for this capability.

No. The AUR System contains identity and address information for taxpayers, but incorporates no monitoring capabilities.

16. Will this system provide the capability to monitor individuals or groups? If yes, describe the business purpose for this capability and the controls established to prevent unauthorized monitoring.

No. AUR–ISD does not provide the capability to monitor individuals or groups.

17. Can use of the system allow IRS to treat taxpayers, employees, or others, differently?

No. The system will not allow IRS to treat anyone differently. All data stored in the AUR System can be accessed as "Read Only." IRS service-wide user training has been implemented for the AUR System to provide consistency amongst system users. Documented standard operating procedures have been developed and implemented for the system. User guides and manuals are provided for the AUR System. The capability to select taxpayers does exist. However, the purpose of the system is to be an inventory analysis tool used to improve the AUR workload and does not deny, or grant any rights. AUR-ISD does not utilize this capability to make any negative determinations.

18. Does the system ensure "due process" by allowing affected parties to respond to any negative determination, prior to final action?

- AUR – Yes. An initial data match with the individual 1040 tax returns vs. payer documents is performed in Information Return Processing (IRP). After this match, potential AUR cases are loaded onto the system based on income type and other criteria. Tax Examiners (TE) then examine the F1040 with the taxpayer data to determine if the income in question has been reported by the taxpayer (on another line/form of the return, or something to explain why the income wasn't reported). The TEs then make a determination to close the case, or to send a letter to the taxpayer, asking why the reported income was not included on the F1040. At any time, payers may notify IRS of any bad data, or TEs may spot a trend and identify potential "payer/agent" data. The Payer/Agent coordinator will contact payers if necessary to determine if data is inaccurate. TEs are then notified of any confirmed bad payer data.
- AUR-ISD – Not Applicable. Since negative determinations are not processed by the system, due process procedures are not applicable. Due process is afforded to all taxpayers if their case is selected for review before final determinations are made, but that happens within another system.

19. If the system is web-based, does it use persistent cookies or other tracking devices to identify web visitors?

No. AUR-ISD is a web intranet tool with limited access. It does not use any cookies or tracking devices.

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