

Date of Approval: **May 19, 2021**

PIA ID Number: **6108**

SYSTEM DESCRIPTION

Enter the full name and acronym for the system, project, application and/or database.

Affordable Care Act Compliance Validation, ACV 1.0 / ACV 2.0

Is this a new system?

No

Is there a PCLIA for this system?

Yes

What is the full name, acronym and milestone of the most recent PCLIA?

Affordable Care Act Compliance Validation 1.0 and _PCLIA_3.8.2021_112910221, PIA #3927

What is the approval date of the most recent PCLIA?

6/25/2019

Changes that occurred to require this update:

Significant System Management Changes

Were there other system changes not listed above?

No

What governance board or Executive Steering Committee (ESC) does this system report to? Full name and acronym.

Applications Development (AD) Compliance Governance Board

Current ELC (Enterprise Life Cycle) Milestones:

Operations & Maintenance (i.e. system is currently operational)

Is this a Federal Information Security Management Act (FISMA) reportable system?

No

GENERAL BUSINESS PURPOSE

What is the general business purpose of this system? Provide a clear, concise description of the system, application or database, the reason for the system, and the benefits to the IRS to use the information, and how the information will be used.

To support post-filing compliance, the Affordable Care Act Compliance Validation (ACV) 1.0 system processes and correlates data between Affordable Care Act (ACA) third-party information and tax returns. The ACV project operates an ACA post-filing compliance system that: (1) Performs an analysis and provides information on those individuals who previously received an Advanced Premium Tax Credit (APTC) and failed to file a return, (2) Provides services to the Accounts Management Service (AMS) so that tax examiners can calculate the Individual Shared Responsibility Payment (ISRP) using taxpayer reported data. To support post-filing compliance for ACA Section 4980H(a) and 4980H(b), the ACV 2.0 system also processes and correlates data between ACA third-party information and tax returns. The ACV 2.0 project operates an ACA post-filing compliance system that: (1) Performs an analysis to identify and evaluate potential 4980H(a) or 4980H(b) non-compliant Applicable Large Employers (ALEs), (2) Runs an analysis to determine the initial Employer Shared Responsibility Payment (ESRP) amount.

PII DETAILS

Does the system use, collect, receive, display, store, maintain, or disseminate IR Code 6103 taxpayer information: or any other type of Sensitive but Unclassified (SBU) information or PII such as information about IRS employees or outside stakeholders?

Yes

Does the system use, collect, receive, display, store, maintain, or disseminate Social Security Numbers (SSN's) or tax identification numbers (i.e. last 4 digits, etc.)?

Yes

What types of tax identification numbers (TIN) apply to this system?

Social Security Number (SSN)

List the approved Treasury uses of the SSN:

Legal/statutory basis (e.g. where collection is expressly required by statute)

Explain why the authorized use(s) above support the new or continued use of SSNs (or tax identification numbers).

SSNs are used to match tax returns to APTC payments to determine reconciliation status and to identify taxpayer households for ACA individual shared responsibility payments.

Describe the planned mitigation strategy and forecasted implementation date to mitigate or eliminate the use of SSN's (or tax identification numbers).

The system requires the use of SSN's because no other identifier can be used to uniquely identify a taxpayer. SSNs are permissible from Internal Revenue Code (IRC) 6109, which requires individual taxpayers to include their SSNs on their income tax returns.

Employer Identification Number

Other Taxpayer Identification Number

Does this system use, collect, receive, display, store, maintain or disseminate other (non-SSN) PII (i.e. names, addresses, etc.)?

Yes

Specify the PII Elements:

Name

Employment Information

Tax Account Information

Does this system use, collect, receive, display, store, maintain, or disseminate SBU information that is not PII?

Yes

Specify the types of SBU from the SBU Types List:

Agency Sensitive Information Information which if improperly used or disclosed could adversely affect the ability of the agency to accomplish its mission.

Official Use Only (OUO) or Limited Official Use (LOU) Information designated as OUO or LOU is information that: is exempt under one of the statutory Freedom of Information Act exemptions; is prohibited by other laws or regulations; would significantly impede the agency in carrying out a responsibility or function; or would constitute an unwarranted invasion of privacy.

Protected Information Information which if modified, destroyed or disclosed in an unauthorized manner could cause: loss of life, loss of property or funds by unlawful means, violation of personal privacy or civil rights, gaining of an unfair procurement advantage by contractors bidding on government contracts, or disclosure of proprietary information entrusted to the Government.

Are there other types of SBU/PII used in the system?

No

Cite the authority for collecting SBU/PII (including SSN if relevant).

PII for federal tax administration is generally Internal Revenue Code Sections 6001, 6011, & 6012e(a)

SSN for tax returns and return information is Internal Revenue Code Section 6109

Has the authority been verified with the system owner?

Yes

BUSINESS NEEDS AND ACCURACY

Explain the detailed business needs and uses for the SBU/ PII, and how the SBU / PII is limited only to that which is relevant and necessary to meet the mission requirements of the system. If SSNs (or tax identification numbers) are used, explicitly explain why use of SSNs meets this criteria. Be specific.

ACV 1.0 must correlate data between tax returns and Exchange Periodic Data, and the SSN is the only common identifier across these data sources. IPM (Integrated Production Model) contains information from systems such as Individual Returns Transaction File (IRTF), Information Returns System Modernization (IRSM), Coverage Data Repository (CDR), Integrated Master File/ Customer Account Data Engine 2 (IMF/CADE 2), and Business Master File (BMF). ACV 2.0 uses these data to perform 4980H(a) and 4980H(b) compliance evaluation analysis and stores results on ACV Correlation database. During the analysis, ACV 2.0 uses Employers' EINs, and their employees' SSNs.

How is the SBU/PII verified for accuracy, timeliness and completion?

ACV 1.0 does not have any end users and auditing is performed at the infrastructure level. ACV 2.0 does not have any end users and auditing is performed at the infrastructure level. The data received from IPM (internal IRS system) is deemed accurate, timely and complete.

PRIVACY ACT AND SYSTEM OF RECORDS

The Privacy Act requires Federal agencies that maintain a system of records to publish systems of records notices (SORNs) in the Federal Register for records from which information is retrieved by any personal identifier for an individual who is a US citizen or an alien lawfully admitted for permanent residence. The Privacy Act also provides for criminal penalties for intentional noncompliance.

Does your application or this PCLIA system pertain to a group of any record from which information is retrieved by any personal identifier for an individual who is a US citizen, or an alien lawfully admitted for permanent residence? An identifier may be a symbol, voiceprint, SEID, or other personal identifier that is used to retrieve information.

Yes

Identify the Privacy Act SORN(s) that cover these records.

IRS 24.030 Customer Account Data Engine Individual Master File

IRS 24.046 Customer Account Data Engine Business Master File

IRS 34.037 Audit Trail and Security Records

RESPONSIBLE PARTIES

Identify the individuals for the following system roles:

Official Use Only

INCOMING PII INTERFACES

Does the system receive SBU/PII from other systems or agencies?

Yes

Does the system receive SBU/PII from IRS files and databases?

Yes

Enter the files and databases:

System Name: Integrated Production Model (IPM)

Current PCLIA: Yes

Approval Date: 6/6/2019

SA&A: Yes

ATO/IATO Date: 9/9/2015

Does the system receive SBU/PII from other federal agency or agencies?

No

Does the system receive SBU/PII from State or local agency (-ies)?

No

Does the system receive SBU/PII from other sources?

No

Does the system receive SBU/PII from Taxpayer forms?

Yes

Please identify the form number and name:

Form Number: 1040

Form Name: Individual Tax Return

Does the system receive SBU/PII from Employee forms (e.g. the I-9)?

No

DISSEMINATION OF PII

Does this system disseminate SBU/PII?

Yes

Does this system disseminate SBU/PII to other IRS Systems?

Yes

Identify the full name and acronym of the IRS system(s) that receive SBU/PII from this system.

System Name: Coverage Data Repository (CDR)

Current PCLIA: Yes

Approval Date: 5/3/2018

SA&A: Yes

ATO/IATO Date: 6/21/2019

System Name: Information Sharing Reporting Analytics and Reporting (ISR-A&R)
Current PCLIA: Yes
Approval Date: 9/6/2019
SA&A: Yes
ATO/IATO Date: 3/7/2019

Identify the authority.

Internal Revenue Code sections 6001, 6011, 6012(a), and 6109

For what purpose?

To support ACA legislative provisions.

Does this system disseminate SBU/PII to other Federal agencies?

No

Does this system disseminate SBU/PII to State and local agencies?

No

Does this system disseminate SBU/PII to IRS or Treasury contractors?

No

Does this system disseminate SBU/PII to other Sources?

No

PRIVACY SENSITIVE TECHNOLOGY

Does this system use social media channels?

No

Does this system use privacy-sensitive technologies such as mobile, global position system (GPS), biometrics, RFID, etc.?

No

Does the system use cloud computing?

Yes

Is the cloud service provider (CSP) Federal Risk and Authorization Management Program (FedRAMP) certified?

Yes

Date Certified

6/21/2016

Please identify the ownership of the CSP data.

IRS

Does the CSP allow auditing?

Yes

Who audits the CSP Data?

IRS

What is the background check level required for CSP?

Moderate

Is there a breach/incident plan on file?

No

When will Breach/Incident plan be available?

9/30/2021

Privacy laws (including access and ownership) can differ in other countries. This cloud will be Continental US (CONUS) only for:

Storage
Transmission
Maintenance

Does this system/application interact with the public?

No

INDIVIDUAL NOTICE AND CONSENT

Was/is notice provided to the individual prior to collection of information?

No

Why not? If information is not collected directly from an individual, please discuss the factors considered in deciding to collect information from third party sources.

The system contains tax information. The IRS notifies all individuals who file tax returns of such collection via the Privacy Act Notice in tax return instructions.

Do individuals have the opportunity to decline from providing information and/or from consenting to particular uses of the information?

No

Why not?

Consent and due process are provided in the tax forms instructions filed by the taxpayer and pursuant to 5 USC.

How does the system or business process ensure 'due process' regarding information access, correction and redress?

ACV 1.0 is applied only to submitted tax returns through IPM database and Cade2 ODS. The ACV 2.0 system does not communicate directly with taxpayers or employers. ACV 2.0 retrieves information from tax returns as well as from ACA Information Returns through IPM database which includes PII data (such as EINs and SSNs), to perform and evaluate ALEs' 4980H(a) and 4980H(b) compliance. This analysis result data is saved in ACV Correlation database in BDA. Due process is provided in the tax forms instructions filed by the taxpayer and pursuant to 5 USC.

INFORMATION PROTECTION

Identify the owner and operator of the system (could be IRS owned and Operated; IRS owned, contractor operated; contractor owned and operated).

IRS Owned and Operated

The following people have access to the system with the specified rights:

IRS Employees

System Administrators: Administrator

How is access to SBU/PII determined and by whom?

No end user is involved in ACV to run the job. ACV 1.0 and ACV 2.0 are back-end batch application systems invoked automatically by Control-M scheduler. System administrator and Database administrator are granted access for maintenance of server and database.

RECORDS RETENTION SCHEDULE

Are these records covered under a General Records Schedule (GRS, IRS Document 12829), or has the National Archives and Records Administration (NARA) approved a Records Control Schedule (RCS, IRS Document 12990) for the retention and destruction of official agency records stored in this system?

Yes

How long are the records required to be held under the corresponding GRS or RCS, and how are they disposed of? In your response, please provide the GRS or RCS chapter number, the specific item number, and records series title.

Records must be retained for 5 years after cut-off at the end of the processing year. The source of this requirement is "RECORDS AND INFORMATION MANAGEMENT RECORDS CONTROL SCHEDULES", Schedule 17 (Information Technology), Item 65, Electronic Tax Administration Marketing Database.

SA&A OR ASCA

Has the system been through SA&A (Security Assessment and Authorization) or ASCA (Annual Security Control Assessment)?

Yes

What date was it completed?

9/9/2015

Describe the system's audit trail.

Access to PII data is only granted to authorized employees with specific permission, i.e., System Administrators (SA). IRS utilizes Continuous Monitoring program to evaluate the presence and effectiveness of the security controls on an ongoing basis.

PRIVACY TESTING

Does the system require a System Test Plan?

No

Please explain why:

ACV uses Enterprise System Test (EST) for all Operations and Maintenance testing before each production deployment. The method they use to validate our code is System Acceptability Testing (SAT).

SBU DATA USE

Does this system use, or plan to use SBU Data in Testing?

Yes

Was permission granted per the requirements of Form 14664, SBU Data Use Questionnaire or Form 14665, SBU Data Use Request?

Yes

Provide the date the permission was granted.

7/21/2020

Was testing performed in conformance with IRM 10.8.8 Information Technology (IT) Security, Sensitive But Unclassified (SBU) Data Policy?

Yes

NUMBER AND CATEGORY OF PII RECORDS

Identify the number of individual records in the system for each category:

IRS Employees: Not Applicable

Contractors: Not Applicable

Members of the Public: More than 1,000,000

Other: No

CIVIL LIBERTIES

Does the system maintain any information describing how any individual exercises their rights guaranteed by the First Amendment?

No

Is the system information used to conduct 'data-mining' as defined in the Implementing Recommendations of the 9/11 Commission Act of 2007, Public Law 110-53, Section 804?

No

Will this system have the capability to identify, locate, and monitor individuals or groups of people?

No

Does computer matching occur?

No

ACCOUNTING OF DISCLOSURES

Does the system include or require disclosure of tax or employee information to anyone other than IRS employees in the performance of their duties, or to the person to whom the information pertains or to a 3rd party pursuant to a Power of Attorney, tax or Privacy Act consent?

No