Date of Approval: **May 03, 2021**

PIA ID Number: **6098**

**SYSTEM DESCRIPTION**

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

Automated Offers In Compromise, AOIC

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?

Automated Offers In Compromise, AOIC, # 3306

What is the approval date of the most recent PCLIA?

2/28/2018

Changes that occurred to require this update:

Expiring PCLIA

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.

SB/SE Technology 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?

Yes
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.

The Automated Offers in Compromise (AOIC) application is an Internal Revenue Service (IRS) application that has been categorized as a Minor application. AOIC allows monitoring, tracking, and controlling of offers in compromise submitted to the IRS. An offer in compromise (referred to as an offer) is a way for the IRS to recoup a portion of the monies owed by taxpayers unable to pay their taxes in full. An "offer" is a proposal, initiated by such a taxpayer, that the taxpayer will pay a specified portion of the owed monies (back taxes, penalties and interest) to the IRS over a specified period of time, in return for which the IRS will (at the end of such time period) dismiss the remainder of the debt. This offer is submitted to one of the IRS locations for consideration and is evaluated on the basis of its completeness, the taxpayer's ability to pay, and the taxpayer's foreseeable future earnings. After considering the individual circumstances, the IRS will make a determination for disposition to either Return, Reject, Withdraw, Terminate, or Accept the offer. If the offer is accepted, it is considered a contractual agreement between the taxpayer and the IRS. The taxpayer is then required to meet certain obligations over a period of several years, which are tracked to ensure compliance. Should the proposed offer be rejected, the taxpayer may exercise the right to appeal. Taxpayers may also exercise their right to withdraw the offer any time prior to acceptance.

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).

To check who the SSN (or tax identification number) is collected on.

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

Redaction of the SSN and EIN to only display the last four digits on taxpayer correspondence is currently in place.

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
Mailing address
Phone Numbers
Date of Birth
Standard Employee Identifier (SEID)
Vehicle Identifiers
Financial Account Numbers
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.

Proprietary data Business information that does not belong to the IRS.
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.

Physical Security Information Security information containing details of serious weaknesses and vulnerabilities associated with specific systems and facilities.

**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.*

Taxpayer information maintained and processed within AOIC is required in order to process taxpayer's offers. The AOIC application was designed specifically to aid in the processing of offers; therefore, requesting taxpayer information is mandatory. In addition, all employee data maintained in the application is necessary to ensure only authorized users have access in and out of the application.

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

Prior to the release of data into the production environment, extensive testing is performed to verify the accuracy, timeliness, and completeness of the data elements (SBU/PII). Format masks have been installed for most form fields to indicate that, for example, letters cannot be entered into a numeric data field, such as a phone number or date. Additionally, the application checks to ensure all required data fields are completed before a user can move to the next screen. Drop down menus are utilized throughout the application to minimize the amount of incorrect or invalid data entries.
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 26.019     Taxpayer Delinquent Account Files
IRS 34.037     Audit Trail and Security Records
IRS 26.012     Offer in Compromise Files

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: Business Master File
Current PCLIA: Yes
Approval Date: 8/27/2018
SA&A: Yes
ATO/IATO Date: 11/12/2020
System Name: Individual Master File
Current PCLIA: Yes
Approval Date: 3/4/2020
SA&A: Yes
ATO/IATO Date: 9/22/2020

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?

Yes

Identify the source that sends the SBU/PII, how the SBU/PII is transmitted and if there is an Inter-Agency Agreement (ISA) /Memorandum of Understanding (MOU).

Organization Name: Power of Attorney and Declaration of Representative
Transmission Method: Taxpayer Authorize Representative
ISA/MOU: No

Organization Name: Tax Information Authorization
Transmission Method: Taxpayer can file Form 8821
ISA/MOU: No

Does the system receive SBU/PII from Taxpayer forms?

Yes

Please identify the form number and name:

Form Number: 433A (OIC)
Form Name: Collection Information Statement for Wage Earners and Self-Employed Individuals

Form Number: 433B (OIC)
Form Name: Collection Information Statement for Businesses

Form Number: 656
Form Name: Offer in Compromise

Form Number: 656-L
Form Name: Offer in Compromise (Doubt as to Liability)
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: Appeals Centralized Database System (ACDS)
Current PCLIA: Yes
Approval Date: 3/2/2021
SA&A: Yes
ATO/IATO Date: 9/14/2020

Identify the authority.

Background/Source(s) of Authority: IRC § 6103(k)(1) permits the disclosure of specific return information to the public in regard to Offers in Compromise accepted under IRC § 7122. IRM 5.8.8.6(6) details the information that must be redacted prior to submission of the records to the Public Inspection File. AOIC allows for the generation of transcripts, both redacted and unredacted, that meet the requirements of IRC § 6103(k)(1) and IRM 5.8.8.6(6).

For what purpose?

AOIC allows for the generation of transcripts, both redacted and unredacted, that meet the requirements of IRC § 6103(k)(1) and IRM 5.8.8.6(6).

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?

No

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?

Yes

How is notice provided? Was the individual notified about the authority to collect the information, whether disclosure is mandatory or voluntary, the purpose for which the information will be used, with whom the information may be shared, and the effects on the individual, if any, if they decide not to provide all or any of the requested information?

Permission is granted based on the original agreement noted on the offer's Form 656: Offer in Compromise. Notice, consent and due process are provided via the IRS systems and their related tax forms instructions, and pursuant to 5 USC.

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

Yes

Describe the mechanism by which individuals indicate their consent choice(s):

Notice, consent and due process are provided via the IRS systems and their related tax forms instructions, and pursuant to 5 USC.
How does the system or business process ensure 'due process' regarding information access, correction and redress?

Due process is ensured through a formal appeals process if the taxpayer's offer was rejected by the IRS. Taxpayers can also exercise their right to withdraw their offer any time prior to acceptance. Notice, consent and due process are provided via the IRS systems and their related tax forms instructions, 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

Users: Read Write

Managers: Read Write

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

User access to the Sensitive But Unclassified (SBU) and Personally Identifiable Information (PII) contained within the AOIC application is determined via the On-Line (OL)5081 process. If a user requires access to the application, the user submits a request using the OL5081 system. Manager approval is required before the access can be granted. Once a manager approves the request, administrators within the access application module can perform an additional verification on the user and can then grant the appropriate access level.

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.

AOIC master data files are approved for destruction when 1 year old or when no longer needed for administrative, legal, audit or other operational purposes (Job No. N1-58-97-13), as published under Record Control Schedule (RCS) 32, item 33 Records Control Schedule for Tax Administration Systems (Electronic). Recordkeeping copies of Offers in Compromise Accepted Case Files are maintained for 11 years after acceptance (Job No. N1-58-09-2). Other than accepted offers are maintained for 6 years after the case is closed (Job No. DAA-0058-2014-0001) per IRS Records Control Schedule (RCS) Document 12990, RCS 28, Item 50.

**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?

9/30/2020

Describe the system's audit trail.

Audit Trail contains the employee's Standard Employee Identification (SEID) and tracks associated logins/logouts, user actions and activities, and failed login attempts. A date and time stamp is tracked with all captured events. In addition, the Automated Offer in Compromise (AOIC) Audit Trail accomplishes Access Module Auditing, which tracks the SEID of an administrator who adds or deletes a new AOIC user or the SEID of an added employee to include the employee role and the level of access granted. AOIC is following the appropriate audit trail elements pursuant to current Audit Logging Security Standards.

**PRIVACY TESTING**

Does the system require a System Test Plan?

Yes

Is the test plan completed?

Yes
Where are the test results stored (or documentation that validation has occurred confirming that requirements have been met)?

These documents will be in the web site repository for AOIC: http://oic.sd.is.irs.gov/wiki/index.php/ELC_Documentation-2009. A review of the Privacy Requirements against AOIC produced the following: 1. Accountability Confirmed: All AOIC user actions are captured in the OIC audit logs. 2. Purpose Limitation Confirmed: All PII collected and stored for AOIC is necessary for the investigation, processing, and monitoring of an Offer. All access to AOIC information is limited to AOIC users. 3. Minimization of Collection, Use, Retention, and Disclosure Confirmed: AOIC PII data is restricted to the Production system.

Were all the Privacy Requirements successfully tested?

Yes

Are there any residual system privacy, civil liberties, and/or security risks identified that need to be resolved?

No

Describe what testing and validation activities have been conducted or are in progress to verify and validate that the applicable Privacy Requirements (listed in header) have been met?

All AOIC user actions are captured in the OIC audit logs. 2. Purpose Limitation Confirmed: All PII collected and stored for AOIC is necessary for the investigation, processing, and monitoring of an Offer. All access to AOIC information is limited to AOIC users. 3. Minimization of Collection, Use, Retention, and Disclosure Confirmed: AOIC PII data is restricted to the Production system. Only sanitized data is used in Development and Training. The SSNs and EINs are redacted on all correspondence. 4. Openness and Consent Confirmed: (Form 656 Offer in Compromise -Section 11 Privacy Act Statement) 5. Strict Confidentiality Confirmed: AOIC data is restricted to approved AOIC users. All approved users must be authenticated and profiled with an AOIC role and office assignment before accessing AOIC. All user activity is recorded in the OIC audit log. 6. Security Confirmed: The PII data collected for the administration of Offer in Compromise comprises of taxpayer, employee data, audit trail and POA. 7. Data Quality Confirmed: Prior to the release of application software into the production environment, extensive testing is performed to verify the accuracy, timeliness, and completeness of the data elements. Format masks have been installed for most form fields to indicate that, for example, letters cannot be entered into a numeric data field, such as a phone number or date. Additionally, the application checks to ensure all required data fields are completed before a user can exit a page. 8. Verification and Notification Confirmed: The source PII data collected and input to the AOIC are Taxpayer Information (Form 656 and 433 A (OIC) and 433 B (OIC), IMF and BMF. 9. Access, Correction, and Redress Confirmed: The PII data collected on AOIC can be modified for updates and corrections as necessary until the Case is Closed. 10. Privacy Awareness and Training Confirmed: All IRS employees undertake annual Privacy Awareness and Unauthorized Disclosure (UNAX) training.
SBU DATA USE

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

No

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?

Yes

Does your matching meet the Privacy Act definition of a matching program?

Yes

Can the business owner certify that it meets requirements of IRM 11.3.39, Disclosure of Official Information, Computer Matching & Privacy Protection Act?

Yes
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?

Yes

Does the system have a process in place to account for such disclosures in compliance with IRC §6103(p) (3) (A) or Subsection (c) of the Privacy Act? Contact Disclosure to determine if an accounting is required.

Yes