

Date of Approval: **November 20, 2020**

PIA ID Number: **5642**

## **SYSTEM DESCRIPTION**

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

ACA Verification Service, AVS

*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?*

ACA Verification Service, AVS, PCLIA #: 3206

*What is the approval date of the most recent PCLIA?*

1/19/2018

*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.*

Submission Processing Governance Board (SPGB)

*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 Affordable Care Act (ACA) increased access to care, established state health exchanges, modified the financing of healthcare, and created several tax credits and penalties. Beginning with the filing season in 2015, taxpayers need to attach the Form 8962 and schedules in order to claim the tax credits and/or self-assess penalties related to ACA. AVS has been chartered to work with the IRS Current Processing Environment (CPE) systems including Modernized E-File (MeF), Generalized Mainline Framework (GMF), Error Resolution System (ERS), and the Account Management System (AMS) to support the ACA legislation. The interactions between AVS and CPE systems will occur on a synchronous or asynchronous basis and respond in accordance with current Service-level Agreements (SLAs) governing tax-administration processing. The AVS system will accept request data which contains ACA-related data from GMF/ERS and MeF as part of processing of individual tax returns. The system will perform calculations to confirm taxpayers' math computations on the ACA form and schedule were reported correct to the appropriate Form 1040 and Form 8962. AVS also supports AMS to handle any customer service inquiries related to Premium Tax Credit (PTC) reconciliation and compliance. The AVS system will cross check taxpayer-submitted ACA-related data against third-party data also known as Exchange Periodic data (EPD). The EPD is stored in Coverage Data Repository (CDR) which is an operational data store that collects and maintains ACA information. The EPD contains information on each healthcare policy sold to an individual through the exchange including the policy number, SSNs of all coverage members (Primary, Spouse, and Dependents), Enrollment premium, Second Lowest Cost Silver Plan (SLCSP) premium and Advance Premium Tax Credit (APTC) amount paid on their behalf to insurers. These data should be consistent with the data taxpayers reported on the returns. When AVS identifies the mismatch, AVS will return response with error code(s) to the called systems to take the corresponding actions such as routing to the ERS for correction or rejecting the tax return.

## **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:*

Delivery of governmental benefits, privileges, and services

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

AVS uses TIN/SSN to retrieve EPD data from CDR to perform At-Filing compliance checks and validations.

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

There is no plan at this moment. SSN is required to retrieve data from CDR. The AVS system requires the use of SSNs 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.

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:*

Medical 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.*

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

*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.*

The associated tax modules are passed to AVS from the system MEF, GMF, ERS and AMS contains the individual SSNs provided on the Form 1040. AVS uses SSNs to access CDR - Exchange data (including policy number, premium amount, APTC amount, and SLCSP premium amount) to validate ACA data taxpayers reported on the Form 8962. AVS only processes the ACA related filed returns 'inflight'. AVS, itself, maintains no persistent tax return data in any AVS specific database or disk resident flat file. AVS has no direct end user interface.

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

Accuracy: AVS validates the accuracy of the ACA related data elements from the filed Form 1040 and Form 8962 as articulated in the ACA legislation and associated requirements as derived by the ACA Business Unit owner(s). The PTC claimed on the Form 1040 must be consistent with the monthly data reported by the filer on their Form 8962 and consistent with

the data received from EPD stored in the ACA CDR database. Timeliness: AVS processes individual taxpayer Form 1040 and Form 8962 at the time of submission to the IRS. AVS is an extension of the IRS tax return 'pipeline' processing chain of systems. For electronically filed returns, AVS will typically process the return within 24 hours. For paper-filed returns, AVS will typically process the return within 24 hours of the paper-filed return having been 'keystroked' into an IRS system and sent to GMF. Completeness: AVS validates the completeness of the ACA related data elements from the filed Form 1040 and Form 8962 as articulated in the ACA legislation and derived associated requirements as derived by the ACA Business Unit owner(s). For example, if the filer has claimed a PTC on the Form 1040, a Form 8962 must have been submitted along with the Form 1040.

## **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

## **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: ISR - Sharing (ISR-S/ESB)

Current PCLIA: Yes

Approval Date: 9/7/2018

SA&A: Yes

ATO/IATO Date: 4/16/2020

System Name: Coverage Data Repository (CDR)

Current PCLIA: Yes

Approval Date: 5/3/2018

SA&A: Yes

ATO/IATO Date: 4/16/2020

System Name: Modernized eFile (MeF)

Current PCLIA: Yes

Approval Date: 2/20/2019

SA&A: Yes

ATO/IATO Date: 5/22/2020

System Name: Generalized Mainline Framework (GMF)

Current PCLIA: Yes

Approval Date: 10/6/2017

SA&A: No

System Name: Error Resolution System (ERS)

Current PCLIA: Yes

Approval Date: 12/18/2017

SA&A: No

System Name: Account Management System (AMS)

Current PCLIA: Yes

Approval Date: 1/18/2018

SA&A: Yes

ATO/IATO Date: 6/10/2020

*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: Market Place

Transmission Method: EFT

ISA/MOU: No

*Does the system receive SBU/PII from Taxpayer forms?*

Yes

*Please identify the form number and name:*

Form Number: Form 1040 Form Name: U.S. Individual Income Tax Return

Form Number: Form 8962 Form Name: Premium Tax Credit (PTC)

*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: 4/16/2020

*Identify the authority.*

26 U.S.C. 6103

*For what purpose?*

AVS sends request data which contains SSNs to CDR web service to get Exchange data (policy number, premium amount, APTC amount, and SLCSP premium amount) in order to validate ACA related data taxpayers had claimed on the returns.

*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?*

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?*

Yes

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

The individuals are informed of the uses of data when they enroll in ACA during the Open Enrollment. Once consent is given to the Marketplace, the data can be shared with the IRS.

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

Due process is ensured under existing practices for IRS adjustments to tax return information. Errors identified by AVS with the potential to result in an adjustment to the tax return fall under one of two existing processes: 1) General Math Error Authority - Return is adjusted under general math authority and notice is sent to the taxpayer. Taxpayer has the opportunity to respond to the notice. 2) Statutory Notice of Deficiency - IRS will correspond with the taxpayer regarding the error identified by AVS and request supporting documentation for the return entry or missing information. There are two possible outcomes to the correspondence: a. Taxpayer provides support for entries or supplies the missing information: Once AVS receives the return; it will re-evaluate the return based on updated inputs resulting from correspondence with the taxpayer and error code closure. AVS will not pass error codes when there is an associated ACA Resolution Code present in the inputs

received from ERS. ACA resolution code is a new ERS closing code entered when the IRS accepts the taxpayer entries associated with the error code. All other error conditions identified generate error codes as normal based on AVS programming. b. Taxpayer does not respond or does not provide an acceptable response: AVS continues to identify the error code when requested to re-evaluate the return. Continued presence of the error code after ERS handling prompts the Compliance statutory notice of deficiency procedures, which includes due process. Notes: As in current practice for other third party end-of-year documents, the taxpayer is expected to contact the Exchange directly to secure a Form 1095-A when one is not provided or to correct discrepancies between taxpayer information and Form 1095-A. AVS error identification will not result in IRS interceding with the Exchange on behalf of individual taxpayers.

## 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?*

PII will only be accessed by, or disclosed to, authorized individuals who require the information for the performance of official duties. Browsing of taxpayer information by any IRS employee or contractor will not be tolerated. In Production environment, AVS application is running with debug mode disabled to prevent PII data written on the log files. In addition to, AVS team does not have access to Production and Disaster Recovery (DR) servers. AVS team only have read/write access privileges in the development and test environments. AVS team will have to submit a ticket to request the log files as needed. When an issue is reported in Production, the business analyst will describe the scenario to the developers in order to reproduce the issue in the development environment for further analysis. Occasionally the business analyst is able to obtain a copy of tax return from the tax examiner and show to developers who have Live Data Waiver authorized when they triage the problems.

## 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?*

No

*You must work with the IRS Records and Information Management (RIM) Program Office to address records retention requirements before you dispose of any records in this system.*

## 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?*

6/9/2020

*Describe the system's audit trail.*

AVS does not have any direct human end users and all PII data related transaction are Application to Application (A2A) that use Web services security; therefore, the IRS Cyber/Enterprise Security Audit Trails (ESAT) team recommended that auditing of these AVS transactions is not required. AVS inherits auditing at the infrastructure (Platform) component level (Linux, JBoss, etc.). The details of data elements and fields captured are listed in the respective Platform audit plans. For CPE systems (AMS and ERS) interfacing with AVS, auditing of the end user's activity is inherited from other ACA and CPE components. For the error resolution specialists using the ERS system, end user auditing is provided by the Security and Communications System (SACS) front end to the Integrated Data Retrieval System (IDRS) and ERS. For the AMS system, end user auditing will be provided by the Enterprise Service Bus (ESB) component of the ACA Information Sharing and Reporting (IS&R) Project. See respective IS&R and SACS audit plans.

## 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)?*

Test results were captured in MS Excel spreadsheets and stored in the AVS SharePoint. Once testing had been completed, test results will be sent to Cybersecurity for review and verification.

*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?*

The testing and validation activities are aligned with the AVS iterative development path. During each sprint, the AVS code was scanned using the AppScan utility to identify potential vulnerabilities that included handling PII data. Additionally, the following testing and validation activities were conducted for each of the AVS application components: AVS Cache Loading: AVS receives Exchange Periodic Data (EPD) in bulk files from CDR that contains TIN/SSN. The cache loading component loads the data into memory using JBoss Data Grid (JDG). Once the cache loading is complete, the bulk data files are removed from the AVS servers. - Test cases were developed and executed to validate that the bulk data files are deleted from the server after cache loading completes - The AVS application log files were verified to ensure no PII/SBU data is logged to the log files that are stored locally on AVS servers AVS Application: AVS processes transactions from each supplier interface (e.g., MeF, GMF, ERS, and AMS) that contain PII data. - Since AVS does not have transaction data storage requirements, test cases were developed and executed to verify if transactions are stored on the AVS servers - The AVS application log files were verified to ensure no PII/SBU data is logged to the log files that are stored locally on AVS servers.

## **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.*

1/19/2018

*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: Not Applicable

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