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**A. SYSTEM DESCRIPTION**

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1. Enter the full name and acronym for the system, project, application and/or database. Dependent Database, DEPDB

2. Is this a new system? No

2a. If **no**, is there a PIA for this system? Yes

If **yes**, enter the full name, acronym, PIA ID Number and milestone of the most recent PIA.

Dependent Database (DEPDB), MS4b

Next, enter the **date** of the most recent PIA. 12/04/2014

Indicate which of the following changes occurred to require this update (check all that apply).

- No Addition of PII
- No Conversions
- No Anonymous to Non-Anonymous
- No Significant System Management Changes
- No Significant Merging with Another System
- No New Access by IRS employees or Members of the Public
- No Addition of Commercial Data / Sources
- No New Interagency Use
- No Internal Flow or Collection

Were there other system changes not listed above? No

3. Check the current ELC (Enterprise Life Cycle) Milestones (select all that apply)

- No Vision & Strategy/Milestone 0
- No Project Initiation/Milestone 1
- No Domain Architecture/Milestone 2
- No Preliminary Design/Milestone 3
- No Detailed Design/Milestone 4A
- Yes System Development/Milestone 4B
- No System Deployment/Milestone 5
- No Operations & Maintenance (i.e., system is currently operational)

4. Is this a Federal Information Security Management Act (FISMA) reportable system? No

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**A.1 General Business Purpose**

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5. 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.

Dependent Database (DEPDB) supports the Wage & Investment (W&I) business unit and is used to address the subject of non-compliance relevant to the Earned Income Tax Credit (EITC) and other refundable credits. DEPDB is also instrumental in identifying other tax benefits related to the dependency and residency of children. The DEPDB project was operational in March 2000 to fulfill and address two congressional mandates. The first legislative mandate is the Kohl amendment to the Taxpayer Relief Act of 1997, Section 1090 which authorized the IRS to access data from the Federal Case Registry (FCR). The second mandate is Section 1085 of the Taxpayer Relief Act of 1997, which was established to reduce non-compliance relative to the Earned Income Tax Credit. This special appropriation provided additional resources to eliminate fraud and abuse relevant to EITC. To consistently apply the tax laws to a return claiming EITC, other tax issues had to be addressed at the same time, such as, dependent exemptions, filing status, Child and Dependent Care Credit, Child Tax Credit, and education benefits. The DEPDB has been expanded to include selection criteria for Premium Tax Credit, Fuel Tax Credit, and Health Coverage Tax Credit issues. The Dependent Database Project is a 'Rules Based' system that examines refundable credits on tax returns and applies a set of rules, Fair Isaac Model and SRA Clementine model to determine potential audit issues. Tax majority of the returns are examined in a pre-refund environment. This means the money is stopped before going out the door. In the past, the IRS would send out the refund and then work the cases in a post-refund environment. In many cases, once the money is gone it becomes very difficult to get it back. The DEPDB system incorporates data (Department of Health and Human Services (HHS), Social Security Administration (SSA) & IRS) to more accurately validate refunds entitled to a taxpayer; thus, allowing the IRS to enforce laws passed by Congress more effectively.

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**B. PII DETAIL**

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6. Does the system use, collect, receive, display, store, maintain, or disseminate IR Code 6103 taxpayer information; or any type of Sensitive but Unclassified (SBU) or Personally Identifiable Information (PII)? Yes

6a. If **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

If **yes**, check who the SSN (or tax identification number) is collected on.

Yes    On Primary            Yes    On Spouse            Yes    On Dependent

If **yes**, check all types SSN s (or tax identification numbers) that apply to this system:

Yes    Social Security Number (SSN)  
Yes    Employer Identification Number (EIN)  
Yes    Individual Taxpayer Identification Number (ITIN)  
Yes    Taxpayer Identification Number for Pending U.S. Adoptions (ATIN)  
Yes    Practitioner Tax Identification Number (PTIN)

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

DEPDB has no plans to mitigate or eliminate the use of SSNs. The Office of Management and Budget memorandum M-17-12 requires that federal agencies develop a mitigation or elimination strategy for systems that use SSNs, which the Service continues to develop strategies to meet. An exception to that requirement is when the SSN is uniquely needed to identify a user's record. Dependent Database (DEPDB) requires the use of SSN's because

no other identifier can be used to uniquely identify a taxpayer at this time. SSNs are permissible from Internal Revenue Code (IRC) 6109, which requires individual taxpayers to include their SSNs on their income tax returns.

6b. Does this system contain other (non-SSN) PII that it uses, collects, receives, displays, stores, maintains, or disseminates? (i.e. Names, addresses, etc.) Yes

If **yes**, specify the information.

<u>On Primary</u>	<u>On Spouse</u>	<u>On Dependent</u>	<u>Selected</u>	<u>PII Element</u>
Yes	Name	Yes	Yes	Yes
Yes	Mailing address	No	No	No
No	Phone Numbers	No	No	No
No	E-mail Address	No	No	No
Yes	Date of Birth	Yes	Yes	Yes
No	Place of Birth	No	No	No
No	SEID	No	No	No
No	Mother's Maiden Name	No	No	No
No	Protection Personal Identification Numbers (IP PIN)	No	No	No
No	Internet Protocol Address (IP Address)	No	No	No
No	Criminal History	No	No	No
No	Medical Information	No	No	No
No	Certificate or License Numbers	No	No	No
No	Vehicle Identifiers	No	No	No
No	Passport Number	No	No	No
No	Alien (A-) Number	No	No	No
No	Financial Account Numbers	No	No	No
No	Photographic Identifiers	No	No	No
No	Biometric Identifiers	No	No	No
No	Employment (HR) Information	No	No	No
Yes	Tax Account Information	Yes	Yes	Yes

6c. Does this system contain SBU information that is not PII, it uses, collects, receives, displays, stores, maintains, or disseminates? No

6d. Are there other types of SBU/PII used in the system? No

6e. Cite the authority for collecting SBU/PII (including SSN if relevant)

- Yes PII for federal tax administration is generally Internal Revenue Code Sections 6001, 6011, 6012e(a)
- Yes SSN for tax returns and return information is Internal Revenue Code Section 6109
- No SSN for personnel administration (IRS Employees) is 5 USC & Executive Order 9397
- No PII for personnel administration is 5 USC
- No PII about individuals for Bank Secrecy Act compliance 31 USC
- No Information by CI for certain money laundering cases may be 18 USC

6f. Has the authority been verified with the system owner? Yes

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## **B.1 BUSINESS NEEDS AND ACCURACY**

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7. 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.

Dependent Database (DEPDB) supports the Wage & Investment (W&I) business unit and is used to address the subject of non-compliance relevant to the Earned Income Tax Credit (EITC) and other refundable credits and tax benefits related to the relationship and residency of children. SSNs and date of births are used to cross-reference and identify primary taxpayers, spouses and dependents in the cases where the EITC is being claimed. DEPDB is also used to support other business organizations.

8. How is the SBU/PII verified for accuracy, timeliness, and completeness? Explain how steps are taken to ensure that all information maintained by the system that is used by IRS to make any adverse determination about an individual's rights, benefits, and/or privileges is maintained with such accuracy, relevance, timeliness, and completeness as is reasonably necessary to assure fairness to the individual in the determination

The data received by DEPDB is verified by the various applications as being complete and accurate prior to being transmitted to DEPDB. Additionally, DEPDB schema is configured in accordance with its data sources; thus, the data, when it is retrieved via batch processing, will automatically load in the right format. DEPDB also perform Log Analysis and Reporting Services (LARS) Counters to verify that all records coming into a particular DEPDB batch job are processed/ accounted for.

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## **C. PRIVACY ACT AND SYSTEM OF RECORDS**

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9. Are 10 or more records containing SBU/PII maintained, stored, and/or transmitted by or through this system? Yes

9a. If **yes**, are records in the system retrieved by any personal identifier (e.g., name, SSN, Photograph, IP Address) for an individual? Yes

If **yes**, is there a System of Records Notice(s) or SORNs that addresses the PII records in this system? Yes

If **yes**, enter the SORN numbers and the complete the name of the SORN.

<u>SORNS Number</u>	<u>SORNS Name</u>
IRS 42.021	Compliance Programs and Project Files
IRS 34.037	Audit Trail and Security Records System

If **yes**, does the System of Records Notice(s) (SORN) published in the Federal Register adequately describe the records as required by the Privacy Act? Yes

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#### D. RESPONSIBLE PARTIES

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10. Identify the individuals for the following system roles. ## Official Use Only

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#### E. INCOMING PII INTERFACES

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11. Does the system receive SBU/PII from other system or agencies? Yes

11a. If **yes**, does the system receive SBU/PII from IRS files and databases? Yes

If **yes**, enter the files and databases.

<u>System Name</u>	<u>Current PCLIA</u>	<u>Approval Date</u>	<u>SA&amp;A?</u>	<u>Authorization Date</u>
IRTFOL	No		Yes	03/08/2010
GMF	Yes	12/23/2014	No	
IDRS	Yes	07/18/2014	Yes	12/09/2016
IMFOL	Yes	03/06/2017	Yes	10/02/2015
NAP	Yes	03/21/2017	No	

11b. Does the system receive SBU/PII from other federal agency or agencies? Yes

If **yes**, for each federal interface, identify the organization that sends the SBU/PII, how the SBU/PII is transmitted and if there is an Inter-Agency Agreement (ISA)/Memorandum of Understanding (MOU).

<u>Organization Name</u>	<u>Transmission method</u>	<u>ISA/MOU</u>
Health and Human Services (HHS) Office of Child Support Enforcement (OCSE)	via IBM Masterfile Platform	Yes
Social Security Administration (SSA)	via National Account Profile (NAP)	Yes

11c. Does the system receive SBU/PII from State or local agencies? No

11d. Does the system receive SBU/PII from other sources? No

11e. Does the system receive SBU/PII from **Taxpayer** forms? No

11f. Does the system receive SBU/PII from **Employee** forms (such as the I-9)? No

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**F. PII SENT TO EXTERNAL ORGANIZATIONS**

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12. Does this system disseminate SBU/PII? Yes

12a. Does this system disseminate SBU/PII to other IRS Systems? Yes

If **yes**, identify the full name and acronym of the IRS system(s) that receive SBU/PII from this system.

<u>System Name</u>	<u>Current PCLIA</u>	<u>Approval Date</u>	<u>SA&amp;A?</u>	<u>Authorization Date</u>
IDRS	Yes	07/18/2014	Yes	12/09/2016
RGS	Yes	04/10/2015	Yes	04/29/2016

Identify the authority and for what purpose? Authority and purpose is pursuant to section 6103(h)(1) of the Internal Revenue Code (IRC). IRC 6103(h)(1) provides for disclosure of returns and return information to officers and employees of the Department of the Treasury (including IRS) whose official duties require access for tax administration.

12b. Does this system disseminate SBU/PII to other Federal agencies? No

12c. Does this system disseminate SBU/PII to State and local agencies? Yes

If **yes**, identify the full names of the state and local agency(s) that receive SBU/PII from this system, and if there is an Inter-Agency Agreement (ISA) /Memorandum of Understanding (MOU).

<u>Organization Name</u>	<u>Transmission method</u>	<u>ISA/MOU</u>
Wisconsin Department of Revenue	Secure Data Transfer	Yes
California Franchise Tax Board	Secure Data Transfer	Yes
Delaware Division of Revenue	Secure Data Transfer	Yes
District of Columbia Chief Financial Officer (primarily Office of Tax & Revenue)	Secure Data Transfer	Yes
Illinois Department of Revenue	Secure Data Transfer	Yes
Iowa Department of Revenue	Secure Data Transfer	Yes
Louisiana Department of Revenue	Secure Data Transfer	Yes
Maryland Comptroller of Maryland	Secure Data Transfer	Yes
Massachusetts Department of Revenue	Secure Data Transfer	Yes
Michigan Department of Treasury	Secure Data Transfer	Yes
Minnesota Department of Revenue	Secure Data Transfer	Yes
Nebraska Department of Revenue	Secure Data Transfer	Yes
New Jersey Division of Taxation	Secure Data Transfer	Yes
New Mexico Taxation and Revenue Department	Secure Data Transfer	Yes
New York Department of Taxation and Finance	Secure Data Transfer	Yes
North Carolina Department of Revenue	Secure Data Transfer	Yes
Oregon Department of Revenue	Secure Data Transfer	Yes
West Virginia State Tax Department	Secure Data Transfer	Yes
Colorado Department of Revenue	Secure Data Transfer	Yes
Connecticut Department of Revenue Services	Secure Data Transfer	Yes

Identify the authority and for what purpose? Authority and purpose is pursuant to section 6103(d) of the Internal Revenue Code (IRC). The information will be used by the State and local agencies for tax administration.

12d. Does this system disseminate SBU/PII to IRS or Treasury contractors? No

12e. Does this system disseminate SBU/PII to other Sources? No

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## **G. PRIVACY SENSITIVE TECHNOLOGY**

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13. Does this system use social media channels? No

14. Does this system use privacy-sensitive technologies such as mobile, global position system (GPS), biometrics, RFID, etc.? No

15. Does the system use cloud computing? No

16. Does this system/application interact with the public? No

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## **H. INDIVIDUAL NOTICE AND CONSENT**

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

17a. If **yes**, how is notice provided? Was the individual notified about the authority to collect the information, whether such is mandatory or voluntary, the purpose for which the information will be used, with whom the information may be shared, and the effects, if any, if they decide not to provide any of the requested information?

The IRS notifies all individuals who file tax returns of such collection via the Privacy Act Notice which provides the legal right to ask for information under Internal Revenue Code sections 6001, 6011, and 6012(a), and their regulations. Under these sections, response is mandatory. Code section 6109 requires the individual provide an identifying number.

18. Do individuals have the opportunity to decline from providing information and/or from consenting to particular uses of the information? No

18b. If no, why not? The information is collected while carrying out the Internal Revenue laws of the United States; an individual cannot decline providing the information.

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

PII data comes from tax returns via other IRS systems and other government agencies' systems. The system does not replace any individual taxpayer's right to due process, as dictated by the Internal Revenue Manual guidelines. IRS policy allows individual taxpayers whose data is in the system the opportunity to clarify or dispute negative determinations through the appeals process. However, due to the nature of this system, individuals may not receive specific notice that their information has been collected. Due process is provided pursuant to 5 USC and is included within those systems that feed the data to DEPDB.

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**I. INFORMATION PROTECTION**

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20. 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

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

IRS Employees? Yes

<u>IRS Employees?</u>	Yes/No	Access Level (Read Only/Read Write/ Administrator)
Users	No	
Managers	No	
Sys. Administrators	Yes	Read and Write
Developers	No	

Contractor Employees? No

21a. How is access to SBU/PII determined and by whom? DEPDB resides on the MITS-21 GSS (mainframe) and there are no end users with direct access to the DEPDB. Only system administrators can have read/write authority to the DEPDB system. DEPDB is a batch job system. Employees view select data via command codes that are under SACS/IDRS control with OL5081 requirements. Access to the data is determined by the IDRS user's manager based on a user's position and need-to-know. IDRS users, via the command codes, are restricted to read only access. IDRS users do not have direct access to the DEPDB, access to IDRS must be obtained through RAC F permissions.

21b. If computer matching occurs, can the business owner certify that it meets requirements of IRM 11.3.39 Disclosure of Official Information, Computer Matching & Privacy Protection Act?

Not Applicable

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**I.1 RECORDS RETENTION SCHEDULE**

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22. Are these records covered under the General Records Schedule (GRS), or have a National Archives and Records Administration (NARA) archivist approved a Record Control Schedule (RCS) for the retention and destruction of official agency records stored in this system? Yes

22a. If **yes**, how long are the records required to be held under the corresponding RCS and how are they disposed of? In your response, please include the complete IRM number 1.15.XX and specific item number and title.

The records in DEPDB are scheduled in Records Control Schedule 29 for Service Center Operations, Item 417 (NARA Job No. N1-58-07-4, approved 5/14/07). System data is approved for destruction, retention periods vary. Disposition instructions are published in IRS Document 12990 under RCS 29



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## I.2 SA&A OR ECM-R

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23. Has the system been through SA&A (Security Assessment and Authorization) or ECM-R (Enterprise Continuous Monitoring Reauthorization)? No

23c. If **no**, is the system secured in accordance with all applicable federal, treasury, and IRS security policy, procedures, and requirements? Yes

23.1 Describe in detail the system s audit trail. Audit Trail Information – DEPDB relies on Resources Access Control Facility (RACF) auditing capabilities.

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## J. PRIVACY TESTING

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24. Does the system require a System Test Plan? Yes

24b. If **yes**, Is the test plan in process or completed: Completed

24.3 If **completed/ or in process**, 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?

N/A - No PII data is being used in system testing. DDB is a batch, compliance system where PII data is not exposed outside of the processing of the returns.

24b.1. If **completed**, where are the test results stored (or documentation that validation has occurred confirming that requirements have been met)? Document Management for Information Technology (DocIT) - The System Test Plan documentation is stored in DocIT. DocIT is a web-based electronic document management system powered by the enterprise standard tool Documentum. The tool provides documentation control for IT projects within the IRS.

24b.2. If **completed**, were all the Privacy Requirements successfully tested? Yes

24.2 If **completed**, are there any residual system privacy, civil liberties, and/or security risks identified that need to be resolved? No

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## K. SBU Data Use

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25. Does this system use, or plan to use SBU Data in Testing? No

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## L. NUMBER AND CATEGORY OF PII RECORDS

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

26a. IRS Employees:	<u>Not Applicable</u>
26b. Contractors:	<u>Not Applicable</u>
26c. Members of the Public:	<u>More than 1,000,000</u>
26d. Other:	<u>No</u>

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**M. CIVIL LIBERTIES**

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27. Does the system maintain any information describing how any individual exercises their rights guaranteed by the First Amendment? No

28. Is the system information used to conduct data-mining as defined in the *Implementing the 9/11 Commission Recommendations Act of 2007, Public Law 110-53, Section 804*? No

29. Will this system have the capability to identify, locate, and monitor individuals or groups of people? No

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**N. ACCOUNTING OF DISCLOSURES**

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30. 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

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**End of Report**

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