

Exempt Organization Entity (EOE) – Privacy Impact Assessment

PIA Approval Date – Feb. 14, 2011

System Overview:

The Exempt Organization Entity (EOE) produces a series of letters designed to aid an Exempt Organization (EO) with a Group Ruling in filing their Supplemental Group Ruling Information (SGRI) in a timely manner to maintain their group ruling status. The SGRI is sent to a central organization that has tax exempt status under Internal Revenue Code (IRC) 501(c) and may obtain recognition of exemption, on a group basis, for subordinate organizations that are under its general supervision or control. The purpose of the group exemption is to relieve subordinate organizations from filing their own exemption applications. The application also produces several reports for use by the EO entity section that handles EO cases. The purpose of the system is to track and remind EOs with a Group Ruling when their SGRI subordinate listing is due. A monthly extract creates a listing for those Group Ruling exempt organizations whose tax returns will become due six months later. The system sends these organizations a series of letters identifying information that is required from them and when needed.

Systems of Records Notice (SORN):

- IRS 00.001--Correspondence Files and Correspondence Control Files
- IRS 24.046--Customer Account Data Engine(CADE) Business Master File (BMF)
- IRS 34.037--Audit Trail and Security Records
- IRS 50.001--Tax Exempt and Governmental Entities (TE/GE) Correspondence Control Records
- IRS 50.222--Tax Exempt/Government Entities (TE/GE) Case Management Records

Data in the System

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

A. Taxpayer Data includes:

- Employer Identification Number (EIN)
- Group Exempt Number
- Affiliation Code/Month
- Cycle, Tax Period
- Taxpayer Name
- Taxpayer Address
- Batch Number
- Exempt Type
- Suspense Date
- 1st Letter/Notice Date,/2nd Letter Date/3rd Letter Date
- Reply Date
- Change
- Closure Letter
- Closure Date
- Undelivered Indicator (U.D.)
- Comments
- Received Date
- Closed Date
- Month

- Return Type
- Name Control (first four digits for organizations name)
- Extract Month
- Status
- Extension
- Case Received date

B. Employee:

- Tax Examiner Number

C. Audit Trail Information:

- At the application level, audit trails will be saved in a separate table that is not updatable at the user level. The audit table will be updated each time the user accesses the program (log-on), each time the user exits the program and each time the user accesses one of the menus. It will store the user's SEID, the access-level they had at the time of the audit table insert, a time stamp (both with the date and time) and the action they performed (logged-in, logged-off, accessed Main Menu, accessed SGRI menu, accessed Status 40 menu, accessed Unpostables Menu, accessed Admin Menu).

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

A. IRS

- Business Master File (BMF)
 - Group Exempt Number
 - Affiliation Code
 - Cycle, Tax Period
 - Taxpayer Name
 - Taxpayer Address
 - Exempt Type
 - Remarks
 - Return Type
 - Name Control (first four digits for organizations name)
- Generalized Unpostable Framework (GUF)
 - Group Exempt Number
 - Affiliation Code
 - Cycle, Tax Period
 - Taxpayer Name
 - Taxpayer Address
 - Exempt Type
 - Remarks
 - Return Type
 - Name Control (first four digits for organizations name)

B. Employees provide:

- SEID
- Name
- Phone numbers
- Tax examiner number

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

Yes. The data items are required to provide a systematic way to track and remind Exempt Organizations when their SGRI's are due on an annual basis and to create history sheets, generate letters and track the progress of the organization trying to gain Exempt Status.

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

- **Timeliness** – EOE generates a series of notices and letters for the SGRI and Status 40 programs. The Notices and Letters are generated in sequence if the database does not reflect a reply date or a case closed date. A case is closed when a revised SGRI listing is received or a signed affidavit is received stating no changes were made to the SGRI or confirmation of tax exempt status was granted on Status 40 cases. EOE does not collect returns; the system simply tracks any updates or changes offered from letter responses
- **Completeness** – CP 119, Letters 11700S, 11700T, and 11690 are sent to the taxpayer to check for completeness of the data.
- **Accuracy** – When a response to a letter is returned, the Name and Address are verified for relevance and accuracy against existing Master File records.
- **Other** – Validity checks are also performed through files at the mainframe level to ensure that the file size is correct and the organization name matches the name on record.

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

There are no other sources for the EOE data.

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

Users can query on each field and will get a response of all records that match the query, by using the applications query button. Information cannot be retrieved by individual name, only organization name. There are no SSN's in the data.

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

Data is retrievable by:

- EIN
- Tax Examiner Number

Data can be retrieved by any of the fields above. There are no SSN's in the data.

Access to the Data

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

Users, Managers, System Administrators, and the Application Administrator will have access to the data in the system. All users are IRS employees. Information is on a "need to know" basis. Access will be restricted at both the system level and the application level to those people that have been cleared for access through the Form 5081 process. This is controlled by the management of the office (i.e., Submittal and approval authority).

Role: Application Administrator

Permission: Read, write, query, delete and print

Role: Generate Users
Permission: Read, query and print

Role: Status 40 Examiner
Permission: Read, query and print

Role: SGRI Tax Examiner
Permission: Read, query and print

Role: Unpostables
Permission: Read, write, query and print

Note: Contractors do not have access to the application.

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

Access to the data is determined by the manager based on a user's position and need-to-know. The manager will request a user be added. They must complete an Information System User Registration/Change Request in Online Form 5081, to request access to the system. The Application Administrator determines to which group and menu the user will have access. A user's access to the data terminates when it is no longer required. Criteria, procedures, controls, and responsibilities regarding access are documented in EOE User Guide.

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.

Yes. EOE receives data from Business Master File (BMF), General Unpostable Framework (GUF), and sends data to Notice Delivery System (NDS). BMF and GUF send data once a month and NDS receives data at the discretion of the users.

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

Business Master File (BMF)

- Authority to Operate (ATO) – June 14, 2010
- Privacy Impact Assessment (PIA) – March 16, 2010

General Unpostable Framework (GUF)

- Authority to Operate (ATO) – May 11, 2009
- Privacy Impact Assessment (PIA) – February 23, 2009

Notice Delivery System (NDS)

- Authority to Operate (ATO) – May 03, 2010
- Privacy Impact Assessment (PIA) – March 29, 2010

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

No. EOE data are not shared with any other International, Federal, State, or Local agency.

Administrative Controls of Data

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

A request for records disposition authority for EOE and associated records is currently being drafted with the assistance of the IRS Records and Information Management (RIM) Program Office. When

approved by the National Archives and Records Administration (NARA), disposition instructions for EOE inputs, system data, outputs and system documentation will be published in IRM 1.15, exact Records Control Schedule and item number to be determined. Current business practice dictates that on the first day of each month, any case closed for over 30 days is removed from the primary EOE master files and placed in a history table via the “Remove Records From Database” option in the EOE menu or by running a script. Cases over 180 days old that are not closed are also moved to the history table. A destruction date of one–year after placement in the history table has been proposed for these records. A three–year retention has been proposed for unpostable data. These procedures are documented in the EOE User Guide and adhere to IRM 3.3.13.12.

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

No. EOE does not 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.

Yes. The presence of taxpayer data, associated with an individual identifier, makes it possible to associate data with a given taxpayer. The system is not used to monitor individuals or organizations. Tax Examiner numbers are only used to identify who is working the case. Audit trails through the database are turned on and provide the capability to identify and monitor employee access as well.

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.

Yes. The design of the application is to provide a systematic way to track and remind Exempt Organizations when their SGRIs are due on an annual basis and to monitor individual organizations and their compliance with the exempt status process. This is accomplished by:

- Automatically generating a series of Notices and Letters to the Organization. Notices and Letters are generated in sequence if no reply is received or the case is closed.
- Generate reports indicating amount and type of Notices and Letters generated (e.g., within a given time period).

The presence of taxpayer entity data makes it possible to associate data with groups of people. Groups of people would include all those with the same Group Exempt Code, Affiliation Code, Tax Period, etc. The system is not used to monitor groups of people. Although it is technically “possible” to monitor organizations, this could only be done for a very short period of time as organizations are constantly dropping off the system and are only on the system for 180 days at the most. Thus, “realistically”, the system does not provide the capability to monitor organizations in the long term nor is it designed to do so.

Concerning IRS system users, audit trails through the database is on and provides the capability to identify and monitor employee access as well. This type of monitoring is only used to support the auditing capability and, in continuance, the business purpose of the system.

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

No. The system does not contain any employee information other than the tax examiner’s number. The system does not target or maintain a profile of the employee. EOE contains data for all Exempt Organizations. Treatment of taxpayers will be consistent. There is no disparate treatment of employees. EOE automates a former manual process.

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

No. EOE does not change the current due process rights of taxpayers. EOE does not make negative determinations regarding taxpayers. Taxpayers will still have the same due process rights as outlined in the IRC.

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

No. EOE does not use cookies.

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