A. SYSTEM DESCRIPTION

1. Enter the full name and acronym for the system, project, application and/or database. <u>ACA Compliance Validation 1.0/2.0, ACV</u>

2. Is this a new system? <u>No</u>

     2a. If **no**, is there a PIA for this system?   <u>Yes</u>

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

        <u>ACV PIA 1391 and ACV 2.0 PIA 1418</u>

        Next, enter the **date** of the most recent PIA.   <u>7/13/2015</u>

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

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

        Were there other system changes not listed above?   <u>No</u>

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

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

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

A.1 General Business Purpose

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.

To support post-filing compliance, the Affordable Care Act Compliance Validation (ACV) 1.0 system will process and correlate data between Affordable Care Act (ACA) third-party information and tax returns. The ACV project will develop an ACA post-filing compliance system that will: • Perform an analysis and provide information on those individuals who previously received an Advanced Premium Tax Credit (APTC) and failed to file a return • Provide services to the Accounts Management Service (AMS) so that tax examiners can calculate the Shared Responsibility Payment (SRP) using taxpayer reported data. To support post-filing compliance for ACA Section 4980H(a), the ACV 2.0 system will process and correlate data between ACA third-party information and tax returns. The ACV 2.0 project will develop an ACA post-filing compliance system that will: • Perform an analysis to identify and evaluate potential 4980H(a) non-compliant Applicable Large Employers (ALEs) • Provide Employer Coverage Compliance (ECC) Calculator service to ACA Compliance Management (ACM) to calculate the Employer Shared Responsibility Payment (ESRP) amount using ALE's Preliminary Letter (PreL) responses data and • Provide bulk access via a web service to the Individual Coverage Compliance (ICC) Calculator.

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)
No	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).

The ACV 1.0 and 2.0 systems will follow IRM 10.5.1.2 (see IRM for IRS strategy compliance with the OMB – Safeguarding IRM 10.5.1.2) Privacy, Information Protection & Data Security (PIPDS) Policy and Guidance in handling the use of SSN from taxpayers.

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.

Selected	**PII Element**	**On Primary**	**On Spouse**	**On Dependent**
Yes	Name	Yes	No	No
No	Mailing address	No	No	No

No	Phone Numbers	No	No	No
No	E-mail Address	No	No	No
No	Date of Birth	No	No	No
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
Yes	Employment (HR) Information	No	No	No
No	Tax Account Information	No	No	No

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)

No	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

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.

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) compliance evaluation analysis and stores results on ACV Correlation database. During the analysis, ACV 2.0 uses Employers' EINs, and their employees' SSNs.

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

ACV 1.0 does not have any end users and auditing is performed at the infrastructure level (Linux, Greenplum). ACV 2.0 will follow IRM 10.5.1.2 (see IRM for IRS strategy compliance with the OMB – Safeguarding IRM 10.5.1.2) Privacy, Information Protection & Data Security (PIPDS) Policy and Guidance in handling the use of EINs and SSNs of taxpayers.

C. PRIVACY ACT AND SYSTEM OF RECORDS

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**, enter the SORN number(s) and the complete the name of the SORN.

SORNS Number	SORNS Name
Treas/IRS 24.030	IMF
Treas/IRS 24.046	BMF
Treas/IRS 34.037	IRS 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

D. RESPONSIBLE PARTIES

10. Identify the individuals for the following system roles. N/A

E. INCOMING PII INTERFACES

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.

System Name	Current PIA?	PIA Approval Date	SA & A?	Authorization Date
IPM	Yes	10/15/2014	Yes	08/01/2011

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).

Organization Name	Transmission method	ISA/MOU
Health and Human Services (HHS)/Centers for Medicare and Medicaid Services (CMS)	Extended Markup Language (XML)	Yes

11c. Does the system receive SBU/PII from State or local agency (-ies)?   Yes

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

Organization Name	Transmission method	ISA/MOU
State Healthcare Exchanges	XML	Yes

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

11e. Does the system receive SBU/PII from **Taxpayer** forms?   Yes

If **yes**, identify the forms

Form Number	Form Name
1040	Individual Tax Return

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

12. Does this system disseminate SBU/PII?   Yes

12a. Does this system disseminate SBU/PII to other IRS Systems?   No

12b. Does this system disseminate SBU/PII to other Federal agencies?   Yes

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

Organization Name	Transmission method	ISA/MOU
HHS/CMS	XML	Yes

Identify the authority and for what purpose?   ACV 1.0 itself doesn't communicate with other agencies – we are generating results that are used by another system Enterprise Messaging and Integration Service (EMIS) that communicates with another agency, Health and Human Services (HHS) Center for Medicare and Medicaid Services (CMS). ACV 2.0 return compliance validation results on ALEs to CMS in accordance with MOU by authority of 4980H(a).

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).

Organization Name	**Transmission method**	**ISA/MOU**
State Healthcare Exchanges	XML	Yes

Identify the authority and for what purpose?   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.

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

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

G. PRIVACY SENSITIVE TECHNOLOGY

13. Does this system use social media channels?   No

14. Does this system use privacy-sensitive technologies such as mobile, cloud, 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

H. INDIVIDUAL NOTICE AND CONSENT

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?   ACV 1.0 is applied only to submitted tax returns. The ACV 2.0 system does not communicate directly with taxpayers or employers. ACV 2.0 retrieves information from tax returns and from ACA Information Returns which includes PII data (such as EINs and SSNs), to perform and evaluate ALEs' 4980H(a) compliance. This analysis is saved in ACV Correlation database.

19. 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. The ACV 2.0 system does not communicate directly with taxpayers or employers. ACV 2.0 retrieves information from tax returns and from ACA Information Returns which includes PII data (such as EINs and SSNs), to perform and evaluate ALEs' 4980H(a) compliance. This analysis is saved in ACV Correlation database.

I. INFORMATION PROTECTION

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?   No

Contractor Employees?   No

21a. How is access to SBU/PII determined and by whom? Not applicable.

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

I.1 RECORDS RETENTION SCHEDULE

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?   No

22b. If **no**, how long are you proposing to retain the records? Please note, if you answered no, you must contact the IRS Records and Information Management Program to initiate records retention scheduling before you dispose of any records in this system.

ACV 1.0 is non-recordkeeping. However, system-generated tax filing compliance data does need to be scheduled and will be in the context of the ACA Coverage Data Repository (CDR). ACV serves as a short-term staging area for this data that is transferred to CDR for programmatic use and recordkeeping purposes. CDR is in the early stages of development and is unscheduled. The IRS Records Office and ACA will be working together to draft a request for CDR records disposition authority (for submission to the National Archives) when data retention requirements are finalized. When approved by NARA, disposition instructions for CDR's system inputs, master files data, outputs, and system documentation will be published in IRS Document 12990, exact Records Control Schedule and item number to be determined. ACV 2.0 is non-recordkeeping. However, system-generated 4980H(a) compliance analysis results are stored in ACV Correlation database (CDR) for future analysis and PreL generation. The IRS Records Office and ACA will be working together to review CDR records retention/scheduling requirements.

I.2 SA&A OR ECM-R

23. Has the system been through SA&A (Security Assessment and Authorization) or ECM-R (Enterprise Continuous Monitoring Reauthorization)?   Yes

23a. If **yes**, what date was it completed?   9/9/2015

23.1 Describe in detail the system s audit trail.   Access to PII data is only granted to authorized employees with specific permission, i.e., System Administrators (SA). Access privileges will be established via Live Data Waiver and determined by ACA management. IRS utilizes Continuous Monitoring program to evaluate the presence and effectiveness of the security controls on an ongoing basis.

J. PRIVACY TESTING

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

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

If **in process**, when is the test plan scheduled for completion?   12/14/2016

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?
ACV 1.0 has a completed System Test Plan completed for the ACA 6.1 Release on March 9, 2015. For ACV 2.0, the System Test Plan will also be a consolidation of all projects for the ACA 7.1 Release. ACA 7.1 is scheduled to exit Milestone 4b on December 14, 2016.

K. SBU Data Use

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

25a. If **yes,** was permission granted per the requirements of Form 14664, SBU Data Use Questionnaire or Form 14665, SBU Data Use Request?   Yes

25b. **If yes**, was testing performed in conformance with IRM 10.8.8 Information Technology (IT) Security, Sensitive But Unclassified (SBU) Data Policy?   Yes

L. NUMBER AND CATEGORY OF PII RECORDS

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

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

M. CIVIL LIBERTIES

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

N. ACCOUNTING OF DISCLOSURES

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

End of Report