

Date of Approval: March 2, 2017

PIA ID Number: **2240**

A. SYSTEM DESCRIPTION

1. Enter the full name and acronym for the system, project, application and/or database. Combined FedState, CSFS

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.

Combined FedState, CombFS, #732, 4b

Next, enter the **date** of the most recent PIA. 4/8/2014

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>No</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? No

If yes, explain what changes were made.

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>No</u>	System Deployment/Milestone 5
<u>No</u>	Operations & Maintenance (i.e., system is currently operational)

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

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.

A passthrough system to minimize duplication of effort on the taxpayer by providing forms to the federal government, who then pass the same data back to the participating states instead of the taxpayer presenting the information to both the state and the federal government. Input from the Filing Information Returns Electronically (FIRE) program contains many forms from the taxpayer. The Combined FedState program extracts just the forms (listed below) and separates the output by participating state agency. Then the Electronic File Transfer Utility section transmits the data to a file server where the participating state agencies pull the data. Described fully in "Publication 1220 Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, 8935, and W-2G". The Combined Federal/State Filing program was established to simplify information returns filing for payers. Through CF/SF, the IRS electronically forwards information returns (original and corrected) to participating states. The following information returns may be filed under the Combined Federal/State Filing Program: • Form 1099-B, Proceeds from Broker and Barter Exchange Transactions • Form 1099-DIV, Dividends and Distributions • Form 1099-G, Certain Government Payments • Form 1099-INT, Interest Income • Form 1099-K, Payment Card and Third Party Network Transactions • Form 1099-MISC, Miscellaneous Income • Form 1099-OID, Original Issue Discount • Form 1099-PATR, Taxable Distributions Received From Cooperatives • Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. • Form 5498, IRA Contribution Information

B. PII DETAIL

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)
No	Employer Identification Number (EIN)
No	Individual Taxpayer Identification Number (ITIN)
No	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 SSN is needed to uniquely identify a user's record. No alternative solutions have/or will be applied to the system.

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	Yes	Yes

Yes	Mailing address	No	No	No
Yes	Phone Numbers	No	No	No
Yes	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
No	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? Yes

If **yes**, describe the other types of SBU/PII that are applicable to this system. All of the data contained on 1099 forms: 1099-DIV, F-5498, 1099-INT, 1099-PATR, 1099-R, 1099-MISC, 1099-OID, 1099-G, 1099-B, and 1099-K

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

If the answer to 6f is **No**, verify the authority is correct with the system owner and then update the answer to 6f.

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.

SSNs are permissible from Internal Revenue Code (IRC) 6109, which requires individual taxpayers to include their SSNs on their income tax returns. Additional information can be found at these two links: <http://www.irs.gov/pub/irs-wd/00-0075.pdf> <http://www.law.cornell.edu/uscode/text/26/6109>

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

This is a batch, pass-through file system where the files are pulled by state agencies. Each file contains that state's 1099's that are included with the Combined FedState's Program.

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

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

<u>SORNS Number</u>	<u>SORNS Name</u>
Treas/IRS 24.030	IMF
Treas/IRS 24.046	BMF

D. RESPONSIBLE PARTIES

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

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.

<u>System Name</u>	<u>Current PIA?</u>	<u>PIA Approval Date</u>	<u>SA & A?</u>	<u>Authorization Date</u>
FIRE	Yes	12/10/2014	No	

- 11b. Does the system receive SBU/PII from other federal agency or agencies? No

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? 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>
ARIZONA	File via EFTU	Yes
CONNECTICUT	File via EFTU	Yes
DELAWARE	File via EFTU	Yes
DISTRICT OF COLUMBIA	File via EFTU	Yes
GEORGIA	File via EFTU	Yes
HAWAII	File via EFTU	Yes
IDAHO	File via EFTU	Yes
INDIANA	File via EFTU	Yes
IOWA	File via EFTU	Yes
KANSAS	File via EFTU	Yes
LOUISIANA	File via EFTU	Yes
MAINE	File via EFTU	Yes
MARYLAND	File via EFTU	Yes
MASSACHUSETTS	File via EFTU	Yes
VIRGINIA	File via EFTU	Yes
WISCONSIN	File via EFTU	Yes
UTAH	File via EFTU	Yes
VERMONT	File via EFTU	Yes
MICHIGAN	File via EFTU	Yes
MINNESOTA	File via EFTU	Yes
MISSISSIPPI	File via EFTU	Yes
MISSOURI	File via EFTU	Yes
MONTANA	File via EFTU	Yes
NEBRASKA	File via EFTU	Yes
NEW JERSEY	File via EFTU	Yes
NEW MEXICO	File via EFTU	Yes
NORTH CAROLINA	File via EFTU	Yes
NORTH DAKOTA	File via EFTU	Yes
OHIO	File via EFTU	Yes
SOUTH CAROLINA	File via EFTU	Yes
ALABAMA	File via EFTU	Yes
ARKANSAS	File via EFTU	Yes
CALIFORNIA	File via EFTU	Yes
COLORADO	File via EFTU	Yes

Identify the authority and for what purpose? Office of Management and Budget Memorandum M-03-22 & IRS Privacy Principles and Privacy Requirements Number 16 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

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?

State agencies notify individuals that they are part of the Combined FedState extract process thereby only having to submit 1099 form data to the federal government. Then we copy the file to send to the states, which reduces the burden on the taxpayer.

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

18a. If **yes**, describe the mechanism by which individuals indicate their consent choice(s): They would send the form to both the federal government and the state government offices.

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

That is determined by the state agencies.

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? Yes

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

Contractor Employees? No

21a. How is access to SBU/PII determined and by whom? Martinsburg Computing Center mainframe administrators determine the level of access. Access is determined on a need-to-know basis by Information Technology management or the Governmental Liaison's project office executive.

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? 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.

All records housed in the Combined Federal State Application will be erased or purged from the system in accordance with approved retention periods. It is the official repository for data and documents and has National Archives approval to affect data disposition (Job No. N1-58-09-39). Any records generated by the system will be managed according to requirements under Internal Revenue Manual 1.15.1 and 1.15.6, and will be destroyed using IRS Records Control Schedules 19, Item 55 and as coordinated with the IRS Records and Information Management Program and IRS Records Officer

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)? 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. Record counts only. Not a system that does transactions. Flat file processing.

J. PRIVACY TESTING

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? Unit testing only. This is a batch file processing where the input records are split off by state and sent out.

24b.1. If **completed**, where are the test results stored (or documentation that validation has occurred confirming that requirements have been met)? The End-of-Test Report in DocIT for FedState.

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

K. SBU Data Use

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

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
