

Date of Approval: December 14, 2016

PIA ID Number: **1947**

A. SYSTEM DESCRIPTION

1. Enter the full name and acronym for the system, project, application and/or database. Offshore Compliance Initiative Database , OCI

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.

Offshore Compliance Initiative (OCI) #1143 O&M

Next, enter the **date** of the most recent PIA. 2/3/2015

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

<u>Yes</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>Yes</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

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>No</u>	System Development/Milestone 4B
<u>No</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? Yes

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.

The OCI is a Large Business and International Division (LB&I) compliance initiative directed at bringing back into compliance with U.S. tax laws non-compliant taxpayers who maintain bank accounts, investments and/or other financial arrangements in certain Offshore Financial Centers (OFCs). These OFCs are commonly referred to as "tax havens," to disguise or shelter their taxable income and/or other assets. The initiative identifies U.S. persons who maintain offshore accounts, investments, and assets by reviewing the ownership and transactional records of debit and credit cards that are linked or attached to offshore bank accounts located in any of these OFCs. These ownership and transactional records are obtained from U.S. based third-party record keepers pursuant to court approved John Doe Summonses, and are reviewed by IRS researchers and analysts assigned to the Philadelphia, PA, and Jacksonville, FL, Offshore Identification Units (OIU) through use of the OCI database application.

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 No On Spouse No 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)
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).

There is no planned mitigation strategy to mitigate or eliminate the use of the SSN on the system. A few TINs are sometimes apparent in the data provided from sources of offshore financial records. These TINs are useful in determining the identity of individuals and entities related to offshore financial accounts.

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>Selected</u>	<u>PII Element</u>	<u>On Primary</u>	<u>On Spouse</u>	<u>On Dependent</u>
Yes	Name	Yes	Yes	No
Yes	Mailing address	No	No	No
Yes	Phone Numbers	No	No	No
Yes	E-mail Address	No	No	No
Yes	Date of Birth	Yes	Yes	No

No	Place of Birth	No	No	No
No	SEID	No	No	No
Yes	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
Yes	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
Yes	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? 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

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.

The OCI application assist the IRS in the identification of individuals and entities who have US tax liabilities. The PII is needed to identify, evaluate, and classify these entities and individuals. In our latest dataset, approximately 450 check images were determined to have SSNs/EINs on the image. This data was transcribed by the IRS, and can be included in the tabular reference data for the check image. This data would assist users of the OCI system in positively identifying the entities related to the offshore bank account.

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

OCI contains information from John Doe Summons from companies that store financial information related to offshore accounts. Information is presented in a format as close as practicable to the format in which it was received. Prior to entering data into the OCI application, it is iteratively reviewed by data specific Subject Matter Experts and OCI developers. Adjustments and modifications are made until the SMEs and OCI developers concur that the data is accurate and appropriate for the OCI application. Data Test Plans and Test reports are approved by IRS-OCI Management prior to inclusion in the OCI application.

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>
Treasury/IRS 42.021	Compliance Programs and Project Files
Treasury/IRS 42.001	Examination Administrative Files
Treasury/IRS 46.002	Criminal Investigation Management Information Syst
Treasury/IRS 24.030	CADE Individual Master File (IMF)
Treasurey/IRS 24.046	CADE Business Master File (BMF)
Treasury/IRS 24.061	Individual Return Master File
Treasury/IRS 34.037	Audit Trail and Security Records System
Treasury/IRS 42.031	Anti-Money Laundering/Bank Secrecy Act (BSA) and F

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. ## Official Use Only

E. INCOMING PII INTERFACES

11. Does the system receive SBU/PII from other system or agencies? No

F. PII SENT TO EXTERNAL ORGANIZATIONS

12. Does this system disseminate SBU/PII? 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? No

17b. If **no**, why not? If information is not collected directly from an individual, please discuss the factors considered in deciding to collect information from third party sources. Information is collected via John Doe Summons from financial institutions that have information about offshore financial accounts.

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? Individuals are not identified ahead of data collection.

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

Not applicable for the OCI application. The information provided by third party sources is used to further verify tax return information collected from the individual. Procedures are in place for verifying the third party information with the individual before making an adverse determination based on that information.

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>	Yes/No	Access Level(Read Only/Read Write/Administrator)
Users	Yes	Read-Only
Managers	Yes	Read-Only
Sys. Administrators	No	
Developers	No	

Contractor Employees? Yes

<u>Contractor Employees?</u>	<u>Yes/No</u>	<u>Access Level</u>	<u>Background Invest. Level</u>
Contractor Users	No		
Contractor Managers	No		
Contractor Sys. Admin.	No		
Contractor Developers	Yes	Read-Only	High

21a. How is access to SBU/PII determined and by whom? Data access is granted on a need-to-know basis. A potential user must submit a request for access (form 5081) to their local management for approval consideration. Users are not permitted access without a signed form 5081 from an authorized management official.

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.

OCI data is approved for destruction 10 years after the case is closed or when no longer needed for administrative, investigative, legal, audit, or other operational purposes, whichever is later (Job No. N1-58-09-56). retention requirements for OCI inputs, outputs, and system documentation are also stipulated under that NARA-approved authority. OCI disposition instructions are published in the IRS Records Control Schedule(RCS) Document 12990, under RCS 18 for the Enterprise Computing Center, Item 64.

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? 10/6/2016

23.1 Describe in detail the system's audit trail. The OCI project is in the process of implementing application audit trail capabilities. Currently, the application audit capability is in use in the ddt environment, awaiting final eSAT approval. This approval is expected within the next 10 days. OCI is currently upgrading all its platforms to Windows Server 2012/SQL Server 2014. All servers have been built, and are awaiting application testing and transmittal. Production is currently scheduled for January 2017. Application auditing will be implemented in production environment when the new servers are commissioned.

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?

OCI has undergone Unit testing, System testing, and User Acceptance testing. The system was designed, implemented, and deployed in accordance with privacy requirements and has successfully passed testing requirements. Additionally, the system has gone through the PIA process, and has received prior PIAs (1143).

24b.1. If **completed**, where are the test results stored (or documentation that validation has occurred confirming that requirements have been met)? The OCI test results are stored in the Contractors SharePoint site.

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? Yes

If **yes**, describe the type of information derived from these efforts and the technical (e.g., audit trails) or other processes used to limit unauthorized monitoring. the OCI system is used to assist in the identification of individuals and entities that may have unreported offshore tax liabilities. It contains financial institution information about offshore accounts. Names, addresses, DOB and other identifying information is used to help determine the potential probability and size of the

liability. Currently, the OCI team is working with the eSAT team to develop application auditing under the unified work request number #1109511.

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
