

NOTE: The following reflects the information entered in the PIAMS website.

A. SYSTEM DESCRIPTION

Authority: Office of Management Budget (OMB) Memorandum (M) 03-22, OMB Guidance for Implementing the Privacy Provisions of the E-Government Act of 2002 & PVR #10- Privacy Accountability and #21-Privacy Risk Management

Date of Submission: December 1, 2015

PIA ID Number: **901**

1. What type of system is this? Legacy

1a. Is this a Federal Information Security Management Act (FISMA) reportable system? Yes

2. Full System Name, Acronym, and Release/Milestone (if appropriate):

Tax Refund Offset Program, TRO

2a. Has the name of the system changed? No

3. Identify how many individuals the system contains information on

Number of Employees: Not Applicable

Number of Contractors: Not Applicable

Members of the Public: Over 1,000,000

4. Responsible Parties: N/A

5. General Business Purpose of System

The Tax Refund Offset (TRO) Program allows for internal tax offsets and external offsets to post to taxpayer accounts. For internal offset: An overpayment from one tax period may be applied to another tax period in debit balance to satisfy the tax liability. For external offsets: Refund files certified by Internal Revenue Service (IRS) to Bureau of Fiscal Services (BFS) for payment may be offset to pay Federal non-tax debts, State income tax obligation or unemployment compensation up to the amount of the debt or the amount of the refund whichever is the lesser amount.

6. Has a PIA for this system, application, or database been submitted previously to the Office of Privacy Compliance? (If you do not know, please contact *Privacy and request a search) Yes

6a. If **Yes**, please indicate the date the latest PIA was approved: 6/8/2006

6b. If **Yes**, please indicate which of the following changes occurred to require this update.

- System Change (1 or more of the 9 examples listed in OMB 03-22 applies) (refer to PIA Training Reference Guide for the list of system changes) No
 - System is undergoing Security Assessment and Authorization No
-

6c. State any changes that have occurred to the system since the last PIA

N/A

7. If this system has an Exhibit 53 or Exhibit 300 please provide the Unique Project Identifier (UPI) number (XXX-XX-XX-XX-XX-XXXX-XX). Otherwise, enter the word 'none' or 'NA'. N/A

B. DATA CATEGORIZATION

Authority: OMB M 03-22 & PVR #23- PII Management

8. Does this system collect, display, store, maintain or disseminate Personally Identifiable Information (PII)? Yes

9. Indicate the category that best describes the source that provides or originates the PII collected, displayed, stored, maintained or disseminated by this system. Most common categories follow:

Taxpayers/Public/Tax Systems	<u>Yes</u>	
Employees/Personnel/HR Systems	<u>Yes</u>	
Other	<u>Yes</u>	<i>Other Source:</i> <u>Bureau of Fiscal Service (BFS)</u>

10. Indicate all of the types of PII collected, displayed, stored, maintained or disseminated by this system. Then state if the PII collected is on the Public and/or Employees. Most common fields follow:

TYPE OF PII	Collected?	On Public?	On IRS Employees or Contractors?
Name	Yes	Yes	Yes
Social Security Number (SSN)	Yes	Yes	Yes
Tax Payer ID Number (TIN)	Yes	Yes	No
Address	Yes	Yes	Yes
Date of Birth	Yes	Yes	Yes

Additional Types of PII: No

10a. What is the business purpose for collecting and using the SSN ?

The SSN is used to accurately post certain transactions related to the internal or external offset that occurred.

If you answered **Yes** to Social Security Number (SSN) in question 10, answer **10b**, **10c**, and **10d**.

10b. Cite the authority that allows this system to contain SSN's? (e.g. specific regulations, statutes, etc.)

SSNs are permissible. See 26 USC 6109 which requires individual taxpayers to include their SSNs on their income tax returns. See also 26 USC 7801 and 7803. 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>

10c. What alternative solution to the use of the SSN has/or will be applied to this system? (e.g. masking, truncation, alternative identifier)

SSNs are the primary key, used by IDRS and employees to tie together tax forms relating to a particular taxpayer and is a key component to accurately post offset transactions conducted by BFS. The replacement of this identifier with a masked ID would be not be feasible. Therefore, there are currently no plans to mask or truncate the SSN.

10d. Describe the planned mitigation strategy and forecasted implementation date to mitigate or eliminate the use of Social Security Numbers on this system?

There is no alternative to the use of the SSN. The SSN is the significant part of the data being processed. There is no planned mitigation strategy to mitigate or eliminate the use of the SSN on the system.

Describe the PII available in the system referred to in question 10 above.

For offsets that occur from a tax refund overpayment at BFS, BFS provides the following information that will post to the taxpayer's account: * offset transaction record (posts as TC 898) with a memo amount that provides the total offset for a particular refund * offset reversal transaction record (posts as TC 899, type 1 thru4) with a memo amount that provides the total amount of the offset that is subsequently refunded to the taxpayer by the creditor agency or by BFS. For data provided by BFS,

the IRS does not know if the debt owed is for a Federal non-tax debt, a State income tax obligation or unemployment compensation. The IRS only knows that a debt exists at BFS. IRS employees use this information to accurately calculate Injured Spouse Allocations, determine if funds are available for reversal when processing Identity Theft cases, etc.

11. Describe in detail the system's audit trail. State what data elements and fields are collected. Include employee log-in information. If the system does not have audit capabilities, explain why an audit trail is not needed.

Customer Service Representatives (CSR), with Integrated Data Retrieval System (IDRS), will be able to obtain some of the information concerning a tax debt offset as well as delinquent Federal non-tax debt, State income tax obligation or unemployment compensation. Audit trails for the CSRs will be captured through IDRS. IDRS audit trail captures employee sign-on/sign-off and every command code accessed by employee number, taxpayer TIN and MFT/tax period if applicable. Other variable data will be captured depending on the command code accessed. This information is found on Command Codes (CC) TXMOD, IMFOL, BMFOL, ENMOD, INOLE. The audit trail captures are standard operating procedures through-out the Service for all IDRS users.

- 11a. Does the audit trail contain the audit trail elements as required in current IRM 10.8.3 *Audit Logging Security Standards*? Yes

12. What are the sources of the PII in the system? Please indicate specific sources:

- a. IRS files and databases: Yes

If **Yes**, the system(s) are listed below:

<u>System Name</u>	<u>Current PIA?</u>	<u>PIA Approval Date</u>	<u>SA & A?</u>	<u>Authorization Date</u>
Integrated Data Retrieval System	Yes	08/03/2014	No	
Individual Master File	Yes	04/24/2015	No	
Business Master File	Yes	05/02/2014	No	

- b. Other federal agency or agencies: Yes

If **Yes**, please list the agency (or agencies) below:

Bureau of Fiscal Service (BFS)

- c. State and local agency or agencies: No
 d. Third party sources: No
 e. Taxpayers (such as the 1040): Yes
 f. Employees (such as the I-9): Yes
 g. Other: No

C. PURPOSE OF COLLECTION

Authorities: OMB M 03-22 & Internal Revenue Manual (IRM) 10.8.8, IT Security, Live Data Protection Policy & PVR #16, Acceptable Use

13. What is the business need for the collection of PII in this system? Be specific.

The SSN is used to accurately post certain transactions related to the internal or external offset that occur. SSNs are the primary key, used by IDRS and employees to tie together tax forms relating to a particular taxpayer and is a key component to accurately post offset transactions conducted by BFS. For offsets that occur from a tax refund overpayment at BFS, BFS provides information that posts to the taxpayer's account identifying that an offset occurred; however, the IRS does not know if the debt owed is for a Federal non-tax debt, a State income tax obligation or unemployment compensation. The IRS only knows that a debt exists at BFS. BFS also provides offset reversal transaction records if the offset is subsequently refunded to the taxpayer by the creditor agency or by BFS. IRS employees use this information to accurately calculate Injured Spouse Allocations, determine if funds are available for reversal when processing Identity Theft cases, etc.

D. PII USAGE

Authority: OMB M 03-22 & PVR #16, Acceptable Use

14. What is the specific use(s) of the PII?

To conduct tax administration	Yes
To provide taxpayer services	Yes
To collect demographic data	No
For employee purposes	No
Other:	No

E. INFORMATION DISSEMINATION

Authority: OMB M 03-22 & PVR #14- Privacy Notice and #19- Authorizations

15. Will the information be shared outside the IRS? (for purposes such as computer matching, statistical purposes, etc.) Yes

15a. If yes, with whom will the information be shared? The specific parties are listed below:

	Yes/No	Who?	ISA OR MOU**?
Other federal agency (-ies)	Yes	BFS	Yes
State and local agency (-ies)	No		
Third party sources	No		
Other:	No		

** Inter-agency agreement (ISA) or Memorandum of Understanding (MOU)

16. Does this system host a website for purposes of interacting with the public? No

17. Does the website use any means to track visitors' activity on the Internet? N/A

F. INDIVIDUAL CONSENT

Authority: OMB M 03-22 & PVR #15- Consent and #18- Individual Rights

18. Do individuals have the opportunity to decline to provide information or to consent to particular uses of the information? Yes

18a. If **Yes**, how is their permission granted?

The system uses data entered from tax returns filed by taxpayers. They are notified of such collection by the Privacy Act Notice in the tax return instructions.

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

19a. If **Yes**, how does the system ensure "due process"?

The system uses data entered from tax returns filed by taxpayers. They are notified of such collection by the Privacy Act Notice in the tax return instructions.

20. Did any of the PII provided to this system originate from any IRS issued forms? Yes

20a. If **Yes**, please provide the corresponding form(s) number and name of the form.

1040 US Individual Income tax Return

8379 Injured Spouse Allocation

G. INFORMATION PROTECTIONS

Authority: OMB M 03-22 & PVR #9- Privacy as Part of the Development Life Cycle, #11- Privacy Assurance, #12- Privacy Education and Training, #17- PII Data Quality, #20- Safeguards and #22- Security Measures

21. Identify the owner and operator of the system: IRS Owned and Operated

21a. If Contractor operated, has the business unit provided appropriate notification to execute the annual security review of the contractors, when required?

22. The following people have use of the system with the level of access specified:

	Yes/No	Access Level
IRS Employees:	<u>No</u>	
Users		_____
Managers		_____
System Administrators		_____
Developers		_____
Contractors:	<u>No</u>	
Contractor Users		_____
Contractor System Administrators		_____
Contractor Developers		_____
Other:	<u>No</u>	_____

If you answered yes to contractors, please answer **22a.** (All contractor/contractor employees must hold at minimum, a "Moderate Risk" Background Investigation if they have access to IRS owned SBU/PII data.)

22a. If the contractors or contractor employees act as System Administrators or have "Root Access", does that person hold a properly adjudicated "High Level" background investigation?

23. How is access to the PII determined and by whom?

The PII information is accessed thru the Integrated Data Retrieval System (IDRS). Customer Service Representatives (CSR) with IDRS access will be able to obtain some of the information concerning an internal tax offset and delinquent Federal non-tax debt, State income tax obligation or unemployment compensation conducted by BFS. Audit trails for the CSRs will be captured through IDRS. IDRS audit trail captures employee sign-on/sign-off and every command code accessed by employee number, taxpayer TIN and MFT/tax perio9d if applicable. Other variable data will be captured depending on the command code accessed. This information is found on Command Codes (CC) TXMOD, IMFOL, BMFOL, ENMOD, INOLE. The audit trail captures are standard operating procedures through-out the Service for all IDRS users.

24. How will each data element of SBU/PII be verified for accuracy, timeliness, and completeness?

Programming ensures that all required data fields are present and correct. Validity and consistency checks are conducted against the data elements provided by BFS. Data elements not meeting established procedures with the DMF runs are sent to the research files and do not post to the taxpayer account. If the taxpayer questions the information provided by BFS, the taxpayer is instructed to contact BFS or the Creditor agency for correction and the taxpayer account updates upon receipt of correct information from BFS. On a daily/weekly basis: A. BFS provides IRS with data elements to update: o The debt indicator on CC INOLE, o Offset and offset reversal transactions, and o Credit Elect processing data. B. IRS provides BFS with offset reversal requests which are based on current information received from the taxpayer as well as information obtained from IMF or BMF.

25. 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

25a. 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.

Document 12990, Records Control Schedule for Tax Administration, RCS 29 (Items #55 and #56): Both paper and electronic documents (Form 8379) filed by the taxpayer, documents destroyed on or after January 16, six years after the end of the processing year. o Document 12990, Records Control Schedule for Enterprise Computing Center - Martinsburg, RCS 19 (Item # 29 and #30): For data received from BFS (via electronic transmissions - NDM), the transmitted data will be scratched after successful completion of third update cycle. This system is part of the IMF and BMF (feeds through CADE). Not a stand alone, and does not need to be scheduled separate from the Master Files.

26. Describe how the PII data in this system is secured, including appropriate administrative and technical controls utilized.

The Treasury Offset Program is a set of business procedures and not a system or application of any kind. All applications used (IDRS, CFOL, and NAP) have their own PII and PIAMS.

26a. Next, explain how the data is protected in the system at rest, in flight, or in transition.

Please view the data protection located at the following link: <http://pipds.web.irs.gov/PIAMS/PIAMSHome.aspx>

27. Has a risk assessment (e.g., SA&A) been conducted on the system to ensure that appropriate security controls have been identified and implemented to protect against known risks to the confidentiality, integrity and availability of the PII? Yes

28. Describe the monitoring/evaluating activities undertaken on a regular basis to ensure that controls continue to work properly in safeguarding the PII.

Please view the controls located at the following link: <http://pipds.web.irs.gov/PIAMS/PIAMSHome.aspx>

29. Is testing performed, in accordance with Internal Revenue Manual (IRM) 10.8.8 - *IT Security, Live Data Protection Policy*? Not Applicable

H. PRIVACY ACT & SYSTEM OF RECORDS

Under the statute, any employee who knowingly and willfully maintains a system of records without meeting the Privacy Act notice requirements is guilty of a misdemeanor and may be fined up to \$5000.

Authority: OMB M 03-22 & Privacy Act, 5 U.S.C. 552a (e) (4) & PVR #13-Transparency

30. Are 10 or more records containing PII maintained/stored/transmitted through this system? No

31. Are records on the system retrieved by any identifier for an individual? (Examples of identifiers include but are not limited to Name, SSN, Photograph, IP Address) Yes

31a. If **YES**, the System of Records Notice(s) (SORN) published in the Federal Register adequately describes the records as required by the Privacy Act? Enter the SORN number and the complete name of the SORN.

Treas/IRS 34.037 IRS audit trail and security Records system

Treas/IRS 24.030 IMF

Treas/IRS 24.046 BMF

I. ANALYSIS

Authority: OMB M 03-22 & PVR #21- Privacy Risk Management

32. What choices were made or actions taken regarding this IT system or collection of information as a result of preparing the PIA?

Resulted in the removal of PII from the system (e.g., SSN use reduced/eliminated)

No

Provided viable alternatives to the use of PII within the system

No

New privacy measures have been considered/implemented

No

Other:

No