Date of Approval: **June 25, 2019**

PIA ID Number: **3927**

# SYSTEM DESCRIPTION

*Enter the full name and acronym for the system, project, application and/or database.*

Affordable Care Act Compliance Validation 1.0 and 2.0, ACV 1.0 / ACV 2.0

*Is this a new system?*

No

*Is there a PCLIA for this system?*

Yes

*What is the full name, acronym and milestone of the most recent PCLIA?*

ACA Compliance Validation 1.0_2.0 PIA 8.8.2016_133046921, PIA #1605

*What is the approval date of the most recent PCLIA?*

1/11/2016

*Changes that occurred to require this update:*

Expiring PCLIA

*Were there other system changes not listed above?*

No

*What governance board or Executive Steering Committee (ESC) does this system report to? Full name and acronym.*

Applications Development (AD) Compliance Governance Board

*Current ELC (Enterprise Life Cycle) Milestones:*

Operations & Maintenance (i.e. system is currently operational)

*Is this a Federal Information Security Management Act (FISMA) reportable system?*

No

# General Business Purpose

*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 processes and correlates data between Affordable Care Act (ACA) third-party information and tax returns. The ACV project operates an ACA post-filing compliance system that: (1) Performs an analysis and provides information on those individuals who previously received an Advanced Premium Tax Credit (APTC) and failed to file a return, (2) Provides services to the Accounts Management Service (AMS) so that tax examiners can calculate the Individual Shared Responsibility Payment (ISRP) using taxpayer reported data. To support post-filing compliance for ACA Section 4980H(a) and 4980H(b), the ACV 2.0 system also processes and correlates data between ACA third-party information and tax returns. The ACV 2.0 project operates an ACA post-filing compliance system that: (1) Performs an analysis to identify and evaluate potential 4980H(a) or 4980H(b) non-compliant Applicable Large Employers (ALEs), (2) Runs an analysis to determine the initial Employer Shared Responsibility Payment (ESRP) amount.

# PII DETAILS

*Does the system use, collect, receive, display, store, maintain, or disseminate IR Code 6103 taxpayer information; or any other type of Sensitive but Unclassified (SBU) information or PII such as information about IRS employees or outside stakeholders?*

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

*What types of tax identification numbers (TIN) apply to this system?*

Social Security Number (SSN)

*List the approved Treasury uses of the SSN:*

Legal/statutory basis (e.g. where collection is expressly required by statute)

*Explain why the authorized use(s) above support the new or continued use of SSNs (or tax identification numbers)*

> SSNs are used to match tax returns to APTC payments to determine reconciliation status and to identify taxpayer households for ACA individual shared responsibility payments.

*Describe the planned mitigation strategy and forecasted implementation date to mitigate or eliminate the use of SSN's (or tax identification numbers).*

> The system requires the use of SSN's because no other identifier can be used to uniquely identify a taxpayer. SSNs are permissible from Internal Revenue Code (IRC) 6109, which requires individual taxpayers to include their SSNs on their income tax returns.

Employer Identification Number

Other Taxpayer Identification Number

*Does this system use, collect, receive, display, store, maintain or disseminate other (non-SSN) PII (i.e. names, addresses, etc.)?*

Yes

*Specify the PII Elements:*

Name

Employment Information

*Does this system use, collect, receive, display, store, maintain, or disseminate SBU information that is not PII?*

Yes

*Specify the types of SBU from the SBU Types List (SBUList)*

Agency Sensitive Information - Information which if improperly used or disclosed could adversely affect the ability of the agency to accomplish its mission

Protected Information - Information which if modified, destroyed or disclosed in an unauthorized manner could cause: loss of life, loss of property or funds by unlawful means, violation of personal privacy or civil rights, gaining of an unfair procurement advantage by contractors bidding on government contracts, or disclosure of proprietary information entrusted to the Government

*Are there other types of SBU/PII used in the system?*

No

*Cite the authority for collecting SBU/PII (including SSN if relevant*

PII for federal tax administration is generally Internal Revenue Code Sections 6001, 6011, & 6012e(a)

SSN for tax returns and return information is Internal Revenue Code Section 6109

*Has the authority been verified with the system owner?*

Yes

# BUSINESS NEEDS AND ACCURACY

*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) and 4980H(b) compliance evaluation analysis and stores results on ACV Correlation database. During the analysis, ACV 2.0 uses Employers' EINs, and their employees' SSNs.

*How is the SBU/PII verified for accuracy, timeliness and completion?*

ACV 1.0 does not have any end users and auditing is performed at the infrastructure level. ACV 2.0 does not have any end users and auditing is performed at the infrastructure level.

# PRIVACY ACT AND SYSTEM OF RECORDS

The Privacy Act requires Federal agencies that maintain a system of records to publish systems of records notices (SORNs) in the Federal Register for records from which information is retrieved by any personal identifier for an individual who is a US citizen, or an alien lawfully admitted for permanent residence. The Privacy Act also provides for criminal penalties for intentional noncompliance.

*Does your application or this PCLIA system pertain to a group of any record from which information is retrieved by any personal identifier for an individual who is a US citizen, or an alien lawfully admitted for permanent residence? An identifier may be a symbol, voiceprint, SEID, or other personal identifier that is used to retrieve information.*

Yes

*Identify the Privacy Act SORN(s) that cover these records.*

IRS 24.030    Customer Account Data Engine Individual Master File

IRS 24.046    Customer Account Data Engine Business Master File

IRS 34.037    Audit Trail and Security Records System

# RESPONSIBLE PARTIES

*Identify the individuals for the following system roles:*

## For Official Use Only

# INCOMING PII INTERFACES

*Does the system receive SBU/PII from other systems or agencies?*

Yes

*Does the system receive SBU/PII from IRS files and databases?*

Yes

*Enter the files and databases:*

System Name: IPM

Current PCLIA: Yes

Approval Date: 1/11/2016

SA&A: Yes

ATO/IATO Date: 9/9/2015

*Does the system receive SBU/PII from other federal agency or agencies?*

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).*

Name: HHS/CMS

Transmission Method: XML

ISA/MOU:   Yes

*Does the system receive SBU/PII from State or local agency (-ies)?*

No

*Does the system receive SBU/PII from other sources?*

No

*Does the system receive SBU/PII from Taxpayer forms?*

Yes

*Please identify the form number and name:*

Form Number: 1040    Form Name: Individual Tax Return

*Does the system receive SBU/PII from Employee forms (e.g. the I-9)?*

No

# DISSEMINATION OF PII

*Does this system disseminate SBU/PII?*

No

# PRIVACY SENSITIVE TECHNOLOGY

*Does this system use social media channels?*

No

*Does this system use privacy-sensitive technologies such as mobile, global position system (GPS), biometrics, RFID, etc.?*

No

*Does the system use cloud computing?*

No

*Does this system/application interact with the public?*

No

# INDIVIDUAL NOTICE AND CONSENT

*Was/is notice provided to the individual prior to collection of information?*

Yes

*How is notice provided? Was the individual notified about the authority to collect the information, whether disclosure is mandatory or voluntary, the purpose for which the information will be used, with whom the information may be shared, and the effects on the individual, if any, if they decide not to provide all or 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.

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

No

*Why not?*

All processing by ACV 1.0 and ACV 2.0 of PII/SBU data is collected from tax returns and tax 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.

*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) and 4980H(b) compliance. This analysis is saved in ACV Correlation database.

# INFORMATION PROTECTION

*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

*The following people have access to the system with the specified rights:*

*IRS Employees*

System Administrators: Administrator

*How is access to SBU/PII determined and by whom?*

ACV 1.0 and ACV 2.0 are back-end systems invoked by batch processes or, in the case of ISRP, a web service called by an IRS application.

# RECORDS SCHEDULE

*Are these records covered under a General Records Schedule (GRS, IRS Document 12829), or has the National Archives and Records Administration (NARA) archivist approved a Records Control Schedule (RCS, IRS Document 12990) for the retention and destruction of official agency records stored in this system?*

Yes

*How long are the records required to be held under the corresponding GRS or RCS, and how are they disposed of? In your response, please provide the GRS or RCS chapter number, the specific item number, and records series title.*

Records must be retained for 5 years after cut-off at the end of the processing year. The source of this requirement is "RECORDS AND INFORMATION MANAGEMENT RECORDS CONTROL SCHEDULES", Schedule 17 (Information Technology), Item 65, Electronic Tax Administration Marketing Database.

# SA&A OR ASCA

*Has the system been through SA&A (Security Assessment and Authorization) or ASCA (Annual Security Control Assessment)?*

Yes

*What date was it completed?*

9/9/2015

*Describe 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 SBU Questionnaire and determined by ACA management. IRS utilizes Continuous Monitoring program to evaluate the presence and effectiveness of the security controls on an ongoing basis.

# PRIVACY TESTING

*Does the system require a System Test Plan?*

No

*Please explain why:*

ACV uses Enterprise System Test (EST) for all Operations and Maintenance testing before each production deployment. The method they use to validate our code is System Acceptability Testing (SAT).

# SBU DATA USE

*Does this system use, or plan to use SBU Data in Testing?*

Yes

*Was permission granted per the requirements of Form 14664, SBU Data Use Questionnaire or Form 14665, SBU Data Use Request?*

Yes

*Provide the date the permission was granted.*

4/17/2018 12:00:00 AM

*Was testing performed in conformance with IRM 10.8.8 Information Technology (IT) Security, Sensitive But Unclassified (SBU) Data Policy?*

Yes

# NUMBER AND CATEGORY OF PII RECORDS

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

IRS Employees: Not Applicable

Contractors: Not Applicable

Members of the Public: More than 1,000,000

Other: No

# CIVIL LIBERTIES

*Does the system maintain any information describing how any individual exercises their rights guaranteed by the First Amendment?*

No

*Is the system information used to conduct 'data-mining' as defined in the Implementing Recommendations of the 9/11 Commission Act of 2007, Public Law 110-53, Section 804?*

No

*Will this system have the capability to identify, locate, and monitor individuals or groups of people?*

No

*Does computer matching occur?*

No

# ACCOUNTING OF DISCLOSURES

*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