

Date of Approval: **October 01, 2020**

PIA ID Number: **5386**

## **SYSTEM DESCRIPTION**

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

Financial Management Information System, FMIS

*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?*

Financial Management Information System, FMIS, 2879

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

9/18/2017

*Changes that occurred to require this update:*

Addition of Personally Identifiable Information (PII)

Internal Flow or Collection

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.*

Financial Services Governance Board (FSGB) Program and Budget Advisory Committee

*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?*

Yes

## 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.*

Financial Management Information System (FMIS) is an Internal Revenue Service (IRS) application/system that has been categorized as a Major Application. FMIS resides on the Modernized Information Technology Services (MITS)-21, IBM Master File General Support System (GSS). The FMIS Project is the primary source of reports and data used to prepare the IRS' Annual Custodial Financial Statements for the Government Accountability Office's (GAO) annual financial statement audits. IRS' Custodial financial statements are a significant part of Treasury's financial statements, which are compiled for the government-wide financial statements each year. Additionally, FMIS provides continuous and accurate responses to mandatory periodic and ad hoc requests for custodial financial reporting information from Treasury, Office of Management and Budget, Congress, and other government agency requests. FMIS has been operational since 1996, and directly contributes to the clean audit opinion on custodial financial statements the IRS has obtained from the GAO for the past ten consecutive fiscal years. FMIS contributes to accurate, transparent financial accounting on governmental operations to its citizens. The following sub-systems comprise the FMIS: Unpaid Assessments (UA), Revenue and Refunds (R&R), and Custodial Detail Database (CDDDB). UA reports on the debit balance modules on the Individual Master File (IMF), Business Master File (BMF) and Non-Master File (NMF). Detail tax modules and entity records are created to summarize much of the data on the master files. This summarization includes defining the source of the assessment, the location of the module in the collection stream, the financial status of the module, and other profiling information. (The financial status is defined by determining if there is a two-party agreement on the amount due to the IRS.) This data is used in the financial statement audits by GAO, as a bases for the Federal Payment Levy Program project, and for reporting debit balance modules both within and outside the agency. R&R is used to identify all the detail transactions that posted to IMF, BMF, and NMF during the fiscal year. At a high level, these detail transactions are broken down into Revenue transactions, Refund transactions, Other Transactions that are part of the fiscal year and Other Transactions that are not part of the fiscal year. Once these breakouts are done, revenue and refund reversal transactions are matched to the transactions they reverse. Paper and electronic reports are generated and distributed to Chief Financial Office (CFO) Finance and GAO. The detail files provide support for the amounts reported from the Redesign Revenue Accounting Controls System (RRACS). The files are also made available to GAO for sampling and to validate the financial statements. The CDDDB takes the lessons learned from prior modernization efforts to solve long-standing financial reporting weaknesses cited by GAO. The CDDDB determines the amount of duplicate penalties assessed for financial reporting in the annual audit. It provides information on incorrect, missing, or invalid cross references to the business units for correction, improving the quality of the Trust Fund Recovery Penalty inventory. It provides transaction level support for the revenue and refund records in RRACS and improves the timeliness of financial information by providing data weekly instead of monthly. CDDDB is the custodial sub-ledger that supports the financial statement and reconciles to the General Ledger RRACS. FMIS does not directly interface or interconnect with any systems (internal or external). The application solely shares information with a number of different IRS internal systems via the IBM Mainframe (MITS-21 GSS).

## 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:*

When there is no reasonable alternative means for meeting business requirements

Statistical and other research purposes

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

The FMIS system requires the use of SSN's because no other identifier can be used to uniquely identify a taxpayer. There is no planned mitigation strategy and forecasted implementation date to mitigate or eliminate the use of SSNs in FMIS.

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

n/a

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

Mailing address

Date of Birth

Tax Account 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*

Official Use Only (OUO) or Limited Official Use (LOU) Information designated as OUO or LOU is information that: is exempt under one of the statutory Freedom of Information Act exemptions; is prohibited by other laws or regulations; would significantly impede the agency in carrying out a responsibility or function; or would constitute an unwarranted invasion of privacy.

*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.*

Each data item is necessary in support of the IRS custodial finance statement audit. FMIS supplies reports and data used to prepare the IRS custodial financial statements and supports the GAO Annual Fiscal Year Financial Statement Audit. IRS custodial financial statements are a significant part of the overall Treasury financial statements compiled for the government-wide financial statements each year and are audited by GAO.

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

There is no direct user input to the FMIS system. All data is received from other systems. The forms themselves are input into the feeder systems (Integrated Data Retrieval System/Masterfile). FMIS receives the data from the MITS-21 GSS. To ensure no data is lost, the Log Accounting Report System is used to ensure that the number of records sent matches the number of records received by FMIS. Validity and accuracy of that data is the responsibility of the systems that provide data to FMIS.

## **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 22.054    Subsidiary Accounting Files
- IRS 22.061    Information Return Master File
- IRS 24.030    Customer Account Data Engine Individual Master File
- IRS 24.046    Customer Account Data Engine Business Master File
- IRS 26.019    Taxpayer Delinquent Account Files
- IRS 34.037    Audit Trail and Security Records

## **RESPONSIBLE PARTIES**

*Identify the individuals for the following system roles:*

## 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: Individual Master File (IMF)

Current PCLIA: Yes

Approval Date: 3/4/2020

SA&A: Yes

ATO/IATO Date: 11/26/2019

System Name: Business Master File (BMF)

Current PCLIA: Yes

Approval Date: 8/27/2018

SA&A: Yes

ATO/IATO Date: 2/24/2020

System Name: Automated Non-Master File (ANMF)

Current PCLIA: Yes

Approval Date: 2/14/2018

SA&A: Yes

ATO/IATO Date: 3/23/2020

*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: General Accounting Office

Transmission Method: Lockbox

ISA/MOU: No

Name: Social Security Administration (SSA)

Transmission Method: File-Transfer

ISA/MOU: No

Name: Small Business Administration (SBA)

Transmission Method: File-Transfer

ISA/MOU: No

*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?*

No

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

No

## **DISSEMINATION OF PII**

*Does this system disseminate SBU/PII?*

Yes

*Does this system disseminate SBU/PII to other IRS Systems?*

Yes

*Identify the full name and acronym of the IRS system(s) that receive SBU/PII from this system.*

System Name: Transmitter Control Codes (TCCS) Database Extracts

Current PCLIA: No

SA&A: No

System Name: IMF File Extracts

Current PCLIA: No

SA&A: No

System Name: BMF File Extracts

Current PCLIA: No

SA&A: No

*Identify the authority.*

Internal Tax Systems Only - Tax administration.

*For what purpose?*

Data Analytics Only

*Does this system disseminate SBU/PII to other Federal agencies?*

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: GAO  
Transmission Method: CFO & Extracts  
ISA/MOU Yes

Organization Name: Department of State  
Transmission Method: File-Transfer  
ISA/MOU Yes

*Identify the authority.*

Every fiscal year, the GAO issues an audit opinion on whether or not IRS financial statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles. An unmodified (clean) audit opinion is critical to prove to both the Congress and the American people that the IRS is a good steward of public funds. However, the effect of the IRS financial statement audit extends far beyond the IRS. In accordance with (P.L.114-94 (H.R. 22) Fixing America's Transportation Act (FAST) Section 32101, Department of State is prohibited from issuing passports to individual taxpayers with "seriously delinquent tax debt". Under this legislation, the IRS must identify and certify individual taxpayer's with "seriously delinquent tax debt" to the Department of State.

*Identify the Routine Use in the applicable SORN (or Privacy Act exception).*

IRS 24.030 Customer Account Data Engine Individual Master File  
IRS 24.046 Customer Account Data Engine Business Master File

*For what purpose?*

Legislative Program Requirements

*Does this system disseminate SBU/PII to State and local agencies?*

No

*Does this system disseminate SBU/PII to IRS or Treasury contractors?*

Yes

*Identify the contractor source(s) that receive SBU/PII from this system, and if there is an Inter-Agency Agreement (ISA) /Memorandum of Understanding (MOU).*

Organization Name: Private Collection Agency  
Transmission Method: CFO & Extracts  
ISA/MOU Yes



*Identify the authority*

On December 4, 2015, the President signed into law the Fixing America's Surface Transportation (FAST) Act. The FAST Act included a provision requiring the IRS to use private debt collection (PDC) agencies to collect taxes on cases involving inactive tax receivables. Like the IRS, the private debt collectors are required to safeguard sensitive taxpayer information. Treasury Regulation section 301.6103(n) places certain requirements on the disclosures of tax returns and return information to contractors; no re-disclosures by the contractor are allowed without prior written approval from the IRS.

*For what purpose?*

Legislative Program Requirements

*Did the contract include the appropriate 6103(n) clauses for tax return and return information, and Federal Acquisition Regulations privacy clauses?*

Yes

*Does this system disseminate SBU/PII to other Sources?*

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?*

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.*

FMIS does not directly provide individuals the opportunity to decline from providing information and/or from consenting to particular uses of the information. Notice, consent and due process are provided in the tax forms instructions filed by the taxpayer and IRS notices sent to the taxpayer.

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

No

*Why not?*

FMIS does not directly provide individuals the opportunity to decline from providing information and/or from consenting to particular uses of the information. Notice, consent and due process are provided in the tax forms instructions filed by the taxpayer and IRS notices sent to the taxpayer.

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

The IRS notifies (Notice CP 40) a taxpayer when their delinquent tax account is assigned to a private collection agency in accordance with the law and provides Publication 4518. The Publication provides a detailed explanation what the taxpayer can expect when the IRS assigns their delinquent account to a private collection agency and references Publication 1, Your Rights as a Taxpayer.

## 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*

Users: Read Only

Managers: Read Only

System Administrators: Read Write

Developers: Read Only

*IRS Contractor Employees*

Contractor Users: Read Only

Contractor Managers: Read Only

Contractor System Administrators: Read Write

Contractor Developers: Read Only

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

Managers and Contracting Officer's Technical Representatives determine access. Access is granted to individuals on a "need to know" basis. On-Line 5081 must be completed in order for access to be granted. Because this is a steady stack legacy system, programmers require access for continued maintenance. FMIS requires programmers and report preparers to be authorized.

## **RECORDS RETENTION SCHEDULE**

*Are these records covered under a General Records Schedule (GRS, IRS Document 12829), or has the National Archives and Records Administration (NARA) 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.*

GRS 16 Ite Accountable Officers' Files. (NARA - GRS 6) vouchers, disbursement schedules, disbursement vouchers, and all other schedules and vouchers or documents used as schedules or vouchers, exclusive of commercial passenger transportation and freight records and payroll records, EXCLUDING accounts and supporting documents pertaining to American Indians. -(a)-Original or ribbon copy of accountable officers' accounts maintained in the agency for site audit by GAO auditors, consisting of statements of transactions, statements of accountability, collection schedules, collection-AUTHORIZED DISPOSITION Retire to the Records Center after GAO audit or 1 full fiscal year, whichever is earlier. Destroy 6 years, 3 months after fiscal year in which travel occurred. GRS 16 Item 9-Accounting Administrative Files. Correspondence, reports, and data relating to voucher preparation, administrative audit, and other accounting and disbursing operations. (NARA - GRS 6) a. Files used for workload and personnel management purposes. AUTHORIZED DISPOSITION Destroy when 2 years old. b. All other files. AUTHORIZED DISPOSITION Destroy when 3 years old. GRS 16

Item 17-Custodial Audit Support Tracking System (CASTS). CASTS is used to track information provided to the Government Accountability Office (GAO) for the financial audit of unpaid assessments. (Job No. N1-58-07-5) a. Inputs: Includes data electronically received from Unpaid Assessments (UA), a subsystem of the Financial Management Information System (FMIS). The data in UA is extracted from Individual and Business Master Files (IMF/BMF), and the Non-Master File. The UA record represents a snapshot of the debit module balances that exist on each of these master files. Also includes data manually input by system users including, case file documentation contents, collectability estimates, audit book value amounts, financial classification descriptions, and case analysis AUTHORIZED DISPOSITION Delete after verification into CASTS Master Files.

## **SA&A OR ASCA**

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

In-process

*When is the anticipated date of the SA&A or ACS completion?*

10/30/2020

*Describe the system's audit trail.*

The systems audit trail is managed by maintaining information logs to record Identification and Authentication, Access, Audit and Accountability, and Media protection controls. A complete security assessment of these and all system controls is conducted annually to insure and safeguard all SBU/PII data. Compatibility testing is conducted to demonstrate that unit tested programs accurately process data received from external programs/systems and accurately pass this data forward to subsequent programs/systems. Unit tests are tests of a program module, object class, or other unit of the solution performed by the developer prior to integration to verify that the unit works correctly and satisfies its requirements. The Final Integration Test (FIT) is a test conducted to determine if the performance requirements of a specification or solution are met. The test is designed to test whether IRS systems inter-operate correctly prior to production start-up. This test is performed from the perspective that all IRS Application Systems are sub-systems to an overall Tax Processing System. System Acceptance Testing (SAT) tests for software functionality that is done independent of the developer of the software. It is conducted to validate core and specific functions within a system satisfy requirements and confirm that changes work correctly when receiving data from and sending data to external systems.

## **PRIVACY TESTING**

*Does the system require a System Test Plan?*

Yes

*Is the test plan completed?*

Yes

*Where are the test results stored (or documentation that validation has occurred confirming that requirements have been met)?*

IT DocIT

*Were all the Privacy Requirements successfully tested?*

Yes

*Are there any residual system privacy, civil liberties, and/or security risks identified that need to be resolved?*

No

*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, SAT Testing, FIT Testing, User Acceptance Testing.

## **SBU DATA USE**

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

No

## **NUMBER AND CATEGORY OF PII RECORDS**

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

IRS Employees: Under 50,000

Contractors: Under 5,000

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?*

Yes

*Does the system have a process in place to account for such disclosures in compliance with IRC §6103(p) (3) (A) or Subsection (c) of the Privacy Act? Contact Disclosure to determine if an accounting is required.*

Yes