Date of Approval: February 28, 2018 PIA ID Number: **3306**

A. SYSTEM DESCRIPTION

1. Enter the full name and acronym for the system, project, application and/or database. Automated Offers In Compromise, AOIC

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.

Automated Offers In Compromise, (AOIC) #1209

Next, enter the **date** of the most recent PIA. 3/13/2015

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

No	Addition of PII
No	Conversions
No	Anonymous to Non-Anonymous
No	Significant System Management Changes
No	Significant Merging with Another System
No	New Access by IRS employees or Members of the Public
No	Addition of Commercial Data / Sources
No	New Interagency Use
No	Internal Flow or Collection

Were there other system changes not listed above? Yes

If yes, explain what changes were made. The last PIA for AOIC is dated 03/13/2015. PIAs (now known as PCLIAs) are to be recertified every 3 years. This is the recertification

3. Check the current ELC (Enterprise Life Cycle) Milestones (select all that apply)

No	Vision & Strategy/Milestone 0
No	Project Initiation/Milestone 1
No	Domain Architecture/Milestone 2
No	Preliminary Design/Milestone 3
No	Detailed Design/Milestone 4A
No	System Development/Milestone 4B
No	System Deployment/Milestone 5
Yes	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 Automated Offers in Compromise (AOIC) application is an Internal Revenue Service (IRS) application that has been categorized as a Minor application. AOIC allows monitoring, tracking, and controlling of offers in compromise submitted to the IRS. An offer in compromise (referred to as an offer) is a way for the IRS to recoup a portion of the monies owed by taxpayers unable to pay their taxes in full. An “offer” is a proposal, initiated by such a taxpayer, that the taxpayer will pay a specified portion of the owed monies (back taxes, penalties and interest) to the IRS over a specified period of time, in return for which the IRS will (at the end of such time period) dismiss the remainder of the debt. This offer is submitted to one of the IRS locations for consideration and is evaluated on the basis of its completeness, the taxpayer's ability to pay, and the taxpayer's foreseeable future earnings. After considering the individual circumstances, the IRS will make a determination for disposition to either Return, Reject, Withdraw, Terminate, or Accept the offer. If the offer is accepted, it is considered a contractual agreement between the taxpayer and the IRS. The taxpayer is then required to meet certain obligations over a period of several years, which are tracked to ensure compliance. Should the proposed offer be rejected, the taxpayer may exercise the right to appeal. Taxpayers may also exercise their right to withdraw the offer any time prior to acceptance.

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 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)
Yes	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).

Redaction of the SSN and EIN to only display the last four digits on taxpayer correspondence is currently in place.

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	No
Yes	Mailing address	No	No	No
Yes	Phone Numbers	No	No	No
No	E-mail Address	No	No	No
Yes	Date of Birth	Yes	Yes	No
No	Place of Birth	No	No	No
Yes	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
Yes	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
Yes	Tax Account Information	Yes	Yes	No

6c. Does this system contain SBU information that is not PII, it uses, collects, receives, displays, stores, maintains, or disseminates? Yes

If **yes**, select the types of SBU

Selected	**SBU Name**	**SBU Description**
Yes	Agency Sensitive Information	Information which if improperly used or disclosed could adversely affect the ability of the agency to accomplish its mission
No	Procurement sensitive data	Contract proposals, bids, etc.
Yes	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.
Yes	Proprietary data	Business information that does not belong to the IRS
Yes	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

Yes	Physical Security Information	Security information containing details of serious weaknesses and vulnerabilities associated with specific systems and facilities
No	Criminal Investigation Information	Information concerning IRS criminal investigations or the agents conducting the investigations.

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.

Taxpayer information maintained and processed within AOIC is required in order to process taxpayer's offers. The AOIC application was designed specifically to aid in the processing of offers; therefore, requesting taxpayer information is mandatory. In addition, all employee data maintained in the application is necessary to ensure only authorized users have access in and out of the application.

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

Prior to the release of data into the production environment, extensive testing is performed to verify the accuracy, timeliness, and completeness of the data elements (SBU/PII). Format masks have been installed for most form fields to indicate that, for example, letters cannot be entered into a numeric data field, such as a phone number or date. Additionally, the application checks to ensure all required data fields are completed before a user can move to the next screen. Drop down menus are utilized throughout the application to minimize the amount of incorrect or invalid data entries.

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.

SORNS Number	SORNS Name
Treasury/IRS 26.012	Offer in Compromise Files

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? Yes

11a. If **yes**, does the system receive SBU/PII from IRS files and databases? Yes

If **yes**, enter the files and databases.

System Name	Current PIA?	PIA Approval Date	SA & A?	Authorization Date
Individual Master File	Yes	04/24/2015	Yes	03/13/2013
Business Master File	Yes	03/06/2017	Yes	11/14/2016

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

11c. Does the system receive SBU/PII from State or local agencies? No

11d. Does the system receive SBU/PII from other sources? Yes

If **yes**, identify the source that sends the SBU/PII, how the SBU/PII is transmitted and if there is an Inter-Agency Agreement (ISA) /Memorandum of Understanding (MOU).

Organization Name	Transmission method	ISA/MOU
Tax Information Authorization	Taxpayer can file Form 8821.	No
Power of Attorney and Declaration of Representative	Taxpayer Authorize Representative	No

11e. Does the system receive SBU/PII from **Taxpayer** forms? Yes

If **yes**, identify the forms

Form Number	Form Name
433A (OIC)	Collection Information Statement for Wage Earners and Self-Employed Individuals
433B (OIC)	Collection Information Statement for Businesses
656	Offer in Compromise
656-L	Offer in Compromise (Doubt as to Liability)

11f. Does the system receive SBU/PII from **Employee** forms (such as the I-9)? 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? Yes

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

System Name	Current PIA?	PIA Approval Date	SA & A?	Authorization Date
Appeals Centralized Database System (ACDS)	Yes	12/18/2017	Yes	05/17/2011
Appeals Centralized Database System (ACDS)	Yes	12/18/2017	Yes	11/12/2013
Appeals Centralized Database System (ACDS)	Yes	12/18/2017	Yes	03/02/2015
Collection Information System (COINS)	No		No	03/02/2015
Standard IDRS Access Tier II (SIA TIER2) (SIA TIER II)	No		No	03/02/2015

Identify the authority and for what purpose? Background/Source(s) of Authority: IRC § 6103(k)(1) permits the disclosure of specific return information to the public in regard to Offers in Compromise accepted under IRC § 7122. IRM 5.8.8.6(6) details the information that must be redacted prior to submission of the records to the Public Inspection File. AOIC allows for the generation of transcripts, both redacted and unredacted, that meet the requirements of IRC § 6103(k)(1) and IRM 5.8.8.6(6).

12b. Does this system disseminate SBU/PII to other Federal agencies? No

12c. Does this system disseminate SBU/PII to State and local agencies? No

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, 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?
Permission is granted based on the original agreement noted on the offer's Form 656: Offer in Compromise. Notice, consent and due process are provided via the IRS systems and their related tax forms instructions, and pursuant to 5 USC.

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):
Notice, consent and due process are provided via the IRS systems and their related tax forms instructions, and pursuant to 5 USC.

19. How does the system or business process ensure due process regarding information access, correction and redress?
Due process is ensured through a formal appeals process if the taxpayer's offer was rejected by the IRS. Taxpayers can also exercise their right to withdraw their offer any time prior to acceptance. Notice, consent and due process are provided via the IRS systems and their related tax forms instructions, and pursuant to 5 USC.

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

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

Contractor Employees? No

21a. How is access to SBU/PII determined and by whom? User access to the Sensitive But Unclassified (SBU) and Personally Identifiable Information (PII) contained within the AOIC application is determined via the On-Line (OL)5081 process. If a user requires access to the application, the user submits a request using the OL5081 system. Manager approval is required before the access can be granted. Once a manager approves the request, administrators within the access application module can perform an additional verification on the user and can then grant the appropriate access level.

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.

AOIC master data files are approved for destruction when 1 year old or when no longer needed for administrative, legal, audit or other operational purposes (Job No. N1-58-97-13), as published under Record Control Schedule (RCS) 32, item 33 Records Control Schedule for Tax Administration Systems (Electronic). Recordkeeping copies of Offers in Compromise Accepted Case Files are maintained for 11 years after acceptance (Job No. N1-58-09-2). Other than accepted offers are maintained for 6 years after the case is closed (Job No. DAA-0058-2014-0001) per IRS Records Control Schedule (RCS) Document 12990, RCS 28, Item 50.

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? 9/10/2007

23.1 Describe in detail the system s audit trail. Audit Trail contains the employee's Standard Employee Identification (SEID) and tracks associated logins/logouts, user actions and activities, and failed login attempts. A date and time stamp is tracked with all captured events. In addition, the Automated Offer in Compromise (AOIC) Audit Trail accomplishes Access Module Auditing, which tracks the SEID of an administrator who adds or deletes a new AOIC user or the SEID of an added employee to include the employee role and the level of access granted. AOIC is following the appropriate audit trail elements pursuant to current Audit Logging Security Standards.

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?
All AOIC user actions are captured in the OIC audit logs. 2. Purpose Limitation Confirmed: All PII collected and stored for AOIC is necessary for the investigation, processing, and monitoring of an Offer. All access to AOIC information is limited to AOIC users. 3. Minimization of Collection, Use, Retention, and Disclosure Confirmed: AOIC PII data is restricted to the Production system. Only sanitized data is used in Development and Training. The SSNs and EINs are redacted on all correspondence. 4. Openness and Consent Confirmed: (Form 656 Offer in Compromise –Section 11 Privacy Act Statement) 5. Strict Confidentiality Confirmed: AOIC data is restricted to approved AOIC users. All approved users must be authenticated and profiled with an AOIC role and office assignment before accessing AOIC. All user activity is recorded in the OIC audit log. 6. Security Confirmed: The PII data collected for the administration of Offer in Compromise comprises of taxpayer, employee data, audit trail and POA. 7. Data Quality Confirmed: Prior to the release of application software into the production environment, extensive testing is performed to verify the accuracy, timeliness, and completeness of the data elements. Format masks have been installed for most form fields to indicate that, for example, letters cannot be entered into a numeric data field, such as a phone number or date. Additionally, the application checks to ensure all required data fields are completed before a user can exit a page. 8. Verification and Notification Confirmed: The source PII data collected and input to the AOIC are Taxpayer Information (• Form 656 and 433 A (OIC) and 433 B (OIC), IMF and BMF. 9. Access, Correction, and Redress Confirmed: The PII data collected on AOIC can be modified for updates and corrections as necessary until the Case is Closed. 10. Privacy Awareness and Training Confirmed: All IRS employees undertake annual Privacy Awareness and Unauthorized Disclosure (UNAX) training.

24b.1. If **completed**, where are the test results stored (or documentation that validation has occurred confirming that requirements have been met)? These documents will be in the web site repository for AOIC: http://oic.sd.is.irs.gov/wiki/index.php/ELC_Documentation-2009. A review of the Privacy Requirements against AOIC produced the following: 1. Accountability Confirmed: All AOIC user actions are captured in the OIC audit logs. 2. Purpose Limitation Confirmed: All PII collected and stored for AOIC is necessary for the investigation, processing,

and monitoring of an Offer. All access to AOIC information is limited to AOIC users. 3. Minimization of Collection, Use, Retention, and Disclosure Confirmed: AOIC PII data is restricted to the Production system.

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? Yes

If **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

End of Report