
A. SYSTEM DESCRIPTION

1. Enter the full name and acronym for the system, project, application and/or database. ACA Verification Service, AVS

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.

ACA Verification Service, AVS, PCLIA #: 1251

Next, enter the **date** of the most recent PIA. 3/25/2015

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. AVS needs to renew PIA #1251 since it will expire on 3/31/2018.

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 Affordable Care Act (ACA) increased access to care, established state health exchanges, modified the financing of healthcare, and created several tax credits and penalties. Beginning with the filing season in 2015, taxpayers will attach forms and schedules to individual and various business returns in order to claim the tax credits and/or self-assess penalties related to ACA. ACA Verification Service (AVS) has been chartered to work within the IRS Current Processing Environment (CPE) to validate and process the new ACA-related forms (Form 8962) and form 1040 at the time of filing with the following capabilities: - The system accepts standard Modernized eFile (MeF) and Generalized Mainline Framework (GMF) input and work records containing ACA data as part of the processing of the electronic submission of individual tax returns received from MeF and paper filed tax returns received from GMF. AVS performs the document acceptance and perfection process by conducting validity, consistency, and math checks on ACA-related data. AVS performs calculations to confirm taxpayer math computations on the ACA schedules and ensures that the tax and credit computations are correctly brought forward to the appropriate lines on the Form 1040. - The system cross checks taxpayer submitted ACA-related data against third party data, where appropriate. This Exchange Periodic Data (EPD) originates from various States Healthcare Insurance Exchange (HIX) and the federal health exchange established under the ACA. Each exchange transmits monthly EPD data to the IRS via the Department of Health and Human Services (HHS) hub. The EPD data contains information on each health care policy sold to an individual through the exchange. These monthly data feeds include: data identifying family members in the coverage household; amounts of APTC paid on their behalf to insurers; policy numbers; and premium amounts. In addition, the exchanges send the IRS a yearly data feed containing the annual policy information which is sent to the health plan enrollees after the coverage year on the new ACA Form 1095A information return. This annual policy information includes Monthly APTC, Premium Amount, and the Monthly Premium of the Second Lowest Cost Silver Plan. The composition and timing of these data feeds are detailed in the Business Service Definition for Exchange Generation of Monthly Information and 1095 End of Year Information Return documents. IRS and the Center for Medicare and Medicaid Services (CMS) jointly signed these documents. There are also signed Service Level Agreements (SLAs) in place among the IRS, CMS, and HHS. - AVS works within the IRS information technology infrastructure and with other ACA systems, including the Coverage Data Repository (CDR), to validate information and provide responses to CPE requests. - AVS Interactions with MeF, GMF, ERS, and the Account Management System (AMS) occurs on a synchronous or an asynchronous basis - AVS responds in accordance with current SLAs governing tax administration processing between AVS and, Enterprise Operations, MeF, GMF, AMS, and ERS. Due Process is provided pursuant to 26 USC.

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 Yes On Dependent

If **yes**, check all types SSN s (or tax identification numbers) that apply to this system:

- No Social Security Number (SSN)
- No 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).

The AVS system follows IRM 10.5.1.2 (see IRM for IRS strategy compliance with the OMB – Safeguarding IRM 10.5.1.2), Privacy, Information Protection & Data Security (PIPDS) Policy and Guidance in handling the use of SSN from taxpayers.

6b. Does this system contain other (non-SSN) PII that it uses, collects, receives, displays, stores, maintains, or disseminates? (i.e. Names, addresses, etc.) 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)

- No 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 associated tax modules are passed to AVS from GMF; the individual SSNs provided on the Form 1040 are used to access additional PII data stored on the ACA CDR database only. There is no PII information stored, collected, maintained or disseminated in the AVS system. AVS only processes the ACA related filed returns 'inflight'. Any AVS related data requiring persistence will be maintained in the ACA CDR. AVS, itself, maintains no persistent tax return data in any AVS specific database or disk resident flat file. AVS has no direct end user interface.

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

Accuracy: AVS validates the accuracy of the ACA related data elements from the filed Form 1040 and Form 8962 as articulated in the ACA legislation and associated requirements as derived by the

ACA Business Unit owner(s). The PTC claimed on the Form 1040 must be consistent with the monthly data reported by the filer on their Form 8962 and consistent with the data received from the ACA-established State and Federal insurance exchanges. AVS uses taxpayer information stored in the ACA CDR database from the previous year's return for reasonableness. Timeliness: AVS processes individual taxpayer Form 1040 and Form 8962 at the time of submission to the IRS. AVS is an extension of the IRS tax return 'pipeline' processing chain of systems. For electronically filed returns, AVS will typically process the return within 24 hours. For paper-filed returns, AVS will typically process the return within 24 hours of the paper-filed return having been 'keystroked' into an IRS system and sent to GMF. Completeness: AVS validates the completeness of the ACA related data elements from the filed Form 1040 and Form 8962 as articulated in the ACA legislation and derived associated requirements as derived by the ACA Business Unit owner(s). For example, if the filer has claimed a PTC on the Form 1040, a Form 8962 must have been submitted along with the Form 1040.

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>
Treas/IRS 24.030	IMF
Treas/IRS 24.046	BMF

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. ## For 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.

<u>System Name</u>	<u>Current PIA?</u>	<u>PIA Approval Date</u>	<u>SA & A?</u>	<u>Authorization Date</u>
CDR PIA# 1392	Yes	08/08/2015	Yes	09/09/2015

If **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).

11c. Does the system receive SBU/PII from State or local agency (-ies)? No

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).

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

If **yes**, identify the forms

<u>Form Number</u>	<u>Form Name</u>
8962	Health Care Tax Form
1040	Tax Payer
1095A	Exchange Data

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? 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? 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.

As in current practice for other third party end-of-year documents, the taxpayer is expected to contact the Exchange directly to secure a Form 1095-A when one is not provided or to correct discrepancies between taxpayer information and Form 1095-A. AVS error identification will not result in IRS interceding with the Exchange on behalf of individual taxpayers.

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):
The individuals enrolling at a Marketplace are informed of the uses of the submitted data at the time of enrollment. Once consent is given to the Marketplace at the time of enrollment, the data can be shared with the IRS.

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

Due process is ensured under existing practices for IRS adjustments to tax return information. Errors identified by AVS with the potential to result in an adjustment to the tax return fall under one of two existing processes: 1) General Math Error Authority – Return is adjusted under general math authority and notice is sent to the taxpayer. Taxpayer has the opportunity to respond to the notice. 2) Statutory Notice of Deficiency – IRS will correspond with the taxpayer regarding the error identified by AVS and request supporting documentation for the return entry or missing information. There are two possible outcomes to the correspondence: a. Taxpayer provides support for entries or supplies the missing information: Once AVS receives the return; it will re-evaluate the return based on updated inputs resulting from correspondence with the taxpayer and error code closure. AVS will not pass error codes when there is an associated ACA Resolution Code present in the inputs received from ERS. ACA resolution code is a new ERS closing code entered when the IRS accepts the taxpayer entries associated with the error code. All other error conditions identified generate error codes as normal based on AVS programming. b. Taxpayer does not respond or does not provide an acceptable response: AVS continues to identify the error code when requested to re-evaluate the return. Continued presence of the error code after ERS handling prompts the Compliance statutory notice of deficiency procedures, which includes due process. Notes: As in current practice for other third-party end-of-year documents, the taxpayer is expected to contact the Exchange directly to secure a Form 1095-A when one is not provided or to correct discrepancies between taxpayer information and Form 1095-A. AVS error identification will not result in IRS interceding with the Exchange on behalf of individual taxpayers.

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? No

Contractor Employees? No

21a. How is access to SBU/PII determined and by whom? PII will only be accessed by, or disclosed to, authorized individuals who require the information for the performance of official duties. Browsing of taxpayer information by any IRS employee or contractor will not be tolerated. AVS access privileges will be established in the development and test environments via an approved Live Data Waiver authorized by ACA management.

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? No

22b. If **no**, how long are you proposing to retain the records? Please note, if you answered no, you must contact the IRS Records and Information Management Program to initiate records retention scheduling before you dispose of any records in this system.

AVS is a non-recordkeeping system. It is a system that validates Form 1040 and Form 8962 filed by an individual taxpayer to validate the accuracy, correctness, and completeness of these filled returns. AVS, itself, maintains no persistent tax return data in an AVS specific database or disk resident flat file. Official copies of tax return records are appropriately scheduled and disposition authorities are published in IRS Document 12990, Records Control Schedule (RCS) 29 for Tax Administration - Wage and Investment Records.

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? 4/17/2017

23.1 Describe in detail the system's audit trail. AVS does not have any direct human end users and all PII data related transaction are Application to Application (A2A) that use Web services security; therefore, the IRS Cyber/Enterprise Security Audit Trails (ESAT) team recommended that auditing of these AVS transactions is not required. AVS inherits auditing at the infrastructure (Platform) component level (Linux, JBoss, etc.). The details of data elements and fields captured are listed in the respective Platform audit plans. For CPE systems (AMS and ERS) interfacing with AVS, auditing of the end user's activity is inherited from other ACA and CPE components. For the error resolution specialists using the ERS system, end user auditing is provided by the Security and Communications System (SACS) front end to the Integrated Data Retrieval System (IDRS) and ERS. For the AMS system, end user auditing will be provided by the Enterprise Service Bus (ESB) component of the ACA Information Sharing and Reporting (IS&R) Project. See respective IS&R and SACS audit plans.

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?

The testing and validation activities are aligned with the AVS iterative development path. During each sprint, the AVS code was scanned using the AppScan utility to identify potential vulnerabilities that included handling PII data. Additionally, the following testing and validation activities were conducted for each of the AVS application components: AVS Cache Loading: AVS receives Exchange Periodic Data (EPD) in bulk files from CDR that contains PII data such as TIN. The cache loading component loads the data into memory using JBoss Data Grid (JDG). Once the cache loading is complete, the bulk data files are removed from the AVS servers. - Test cases were developed and executed to validate that the bulk data files are deleted from the server after cache loading is complete - The AVS application log files were verified to ensure no PII data is logged to the log files that are stored locally on AVS servers AVS Application: AVS processes transactions from each supplier interface (e.g., MeF, GMF, ERS, and AMS) that contain PII data. - Since AVS does not have transaction data storage requirements, test cases were developed and executed to verify if transactions are stored on the AVS servers - The AVS application log files were verified to ensure no PII data is logged to the log files that are stored locally on AVS servers AVS Operational Reports: Validated the IT Operational Reporting ICD (AVS-CDR) to ensure no PII data is stored in the report files - Validated the IT Operational Report files generated by the AVS application

24b.1. If **completed**, where are the test results stored (or documentation that validation has occurred confirming that requirements have been met)? Test results were captured in MS Excel spreadsheets and stored in the AVS SharePoint. Once testing had been completed, test results will be sent to Cybersecurity for review and verification.

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? Yes

25a. If **yes**, was permission granted per the requirements of Form 14664, SBU Data Use Questionnaire or Form 14665, SBU Data Use Request? Yes

If **yes**, provide the date the permission was granted. 1/9/2018

25b. If **yes**, was testing performed in conformance with IRM 10.5.8, Sensitive But Unclassified (SBU) Data Policy: Protecting SBU in Non-Production Environments? Yes

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: Not Applicable
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? No

End of Report
