Date of Approval:  February 13, 2018          PIA ID Number: **3122**

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## A.  SYSTEM DESCRIPTION

1.   Enter the full name and acronym for the system, project, application and/or database.  Advanced Research Lab, ARL

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.

          Advanced Research Lab, ARL, 858

          Next, enter the **date** of the most recent PIA.     1/29/2015

          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 |
| Yes | Internal Flow or Collection |

          Were there other system changes not listed above?   No

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

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### A.1 General Business Purpose

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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 purpose of the Advanced Research Lab (ARL) is to provide a baseline sandbox environment to build and test analytic tools, prototypes, and proof-of-concept ideas that can be used to support various types of research, econometric modeling, forecasting, and compliance studies based on the analysis of Internal Revenue Service (IRS) data. The hardware and software will exist in a highly secure and controlled network environment that is being configured to support the test and exploration of these analytic tools.

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## 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:

| | |
|---|---|
| Yes | Social Security Number (SSN) |
| Yes | Employer Identification Number (EIN) |
| Yes | Individual Taxpayer Identification Number (ITIN) |
| Yes | Taxpayer Identification Number for Pending U.S. Adoptions (ATIN) |
| Yes | 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).

        Because IRS uses tax identification numbers as the primary means to identify tax payers, there is no alternative, SSNs are critical in identifying and investigating individuals' tax obligations and mitigating noncompliance. The Office of Management and Budget memorandum M-17-12 requires that federal agencies develop a mitigation or elimination strategy for systems that use SSNs, which the Service continues to develop strategies to meet. An exception to that requirement is when the SSN is uniquely needed to identify a user's record. The Advanced Research Lab requires the use of SSN's because no other identifier can be used to uniquely identify a taxpayer at this time. SSNs are permissible from Internal Revenue Code (IRC) 6109, which requires individual taxpayers to include their SSNs on their income tax returns.

    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 | No | No |
| Yes | Mailing address | No | No | No |
| No | Phone Numbers | No | No | No |
| No | E-mail Address | No | No | No |
| Yes | Date of Birth | Yes | No | 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 |
| No | Vehicle Identifiers | No | No | No |
| No | Passport Number | No | No | No |
| No | Alien (A-) Number | No | No | No |
| No | 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 | No | 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 |
|---|---|---|
| No | 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. |
| No | Proprietary data | Business information that does not belong to the IRS |
| No | 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 |
| No | 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. |

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6d. Are there other types of SBU/PII used in the system?   <u>No</u>

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?   <u>Yes</u>

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## 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.

   <u>Taxpayer information collected from Individual Returns Tax File (IRTF) and Business Returns Tax File (BRTF) is used for various analytics in identifying noncompliance or abusive tax avoidance schemes. Data sources from the Exchange of Information with the Organization for Economic Co-operation and Development (OECD) and State Department (Passport and Embassy) are matched with IRS data to determine tax compliance and avoidance. The purpose of the Advanced Research Lab (ARL) baseline environment is to provide a means to test analytic tools that can be used to support various types of research, econometric modeling, forecasting, and compliance studies based on the analysis of Internal Revenue Service (IRS) data. Tax Account information along with individual's Names, Mailing Address, and Date of Birth are used to investigate and identify areas of noncompliance or tax avoidance. Individuals' data is used to match up with other data sources to obtain a complete picture of taxpayer profile and whether tax obligations have been met. Current projects work with auditors from the Offshore Compliance Unit, Tax Exempt Government Entities (TEGE) and Large Business and International (LB&I). The Standard Employee Identifier (SEID) of the user is captured and retained to be used during the audit trail.</u>

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

   <u>Any data that is received for use in the Advanced Research Lab (AR)L is obtained from an upstream source like the Compliance Data Warehouse (CDW). ARL team works with the CDW data services team to validate and verify the information received and conducts quality assurance checks during the Extraction, Loading, and Transformation (ETL) process. All use of the information once loaded is based on specific case requirements of the user and cross-checked via other systems of record Integrated Data Retrieval System (IDRS).</u>

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## 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?   <u>Yes</u>

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
IRS 42.021           Compliance Programs and Projects 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 |
|---|---|---|---|---|
| CDW | Yes | 12/14/2012 | Yes | 01/31/2017 |

11b. Does the system receive SBU/PII from other federal agency or agencies?     Yes

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).

| Organization Name | Transmission method | ISA/MOU |
|---|---|---|
| Dept of State | Universal Serial Bus (USB) | Yes |

11c. Does the system receive SBU/PII from State or local agency (-ies)?     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 |
|---|---|---|
| Security & Exchange Commission (SEC) Edgar Database Exchange from OECD | download | No |
| Passport and Embassy data from State Department | file transfer | Yes |

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

If **yes**, identify the forms

| Form Number | Form Name |
|---|---|
| 1040 | U.S. Individual Income Tax Return |
| 1040-NR | U.S. Nonresident Alien Income Tax Return |
| 1120 | U.S. Corporation Income Tax Return |
| 1120-S | U.S. Income Tax Return for an S Corporation |

11f. Does the system receive SBU/PII from **Employee** forms (such as the I-9)?    No

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## 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 |
|---|---|---|---|---|
| CDW | Yes | 12/14/2012 | Yes | 01/24/2012 |

Identify the authority and for what purpose?    The IRS Restructuring and Reform Act provides ability to use such data for tax administration purposes. The information used by the ARL provides such means to allow for analytics useful for compliance work.

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

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## 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

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## 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?
The information is not collected directly from individuals. Information obtained from various IRS databases and files, which in turn are tax form filed by tax entities. Notice, consent and due process are provided in the tax forms instructions, and pursuant to 5 USC. 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.

18. Do individuals have the opportunity to decline from providing information and/or from consenting to particular uses of the information?   No

18b. If no, why not?   The information is provided voluntarily by entities (individuals and businesses) as part of their tax returns' reporting and filing requirement. Notice, consent and due process are provided in the 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?
The information is not collected directly from individuals. The information collected as part of the application is the information obtained from various IRS databases and files, which in turn are tax form filed by tax entities. Notice, consent and due process are provided in the tax forms instructions, and pursuant to 5 USC.

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## 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-Only |
| Managers | Yes | Read-Only |
| Sys. Administrators | Yes | Read and Write |
| Developers | Yes | Read And Write |

| Contractor Employees? | Yes | | |

Contractor Employees?   Yes

| Contractor Employees? | Yes/No | Access Level | Background Invest. Level |
|---|---|---|---|
| Contractor Users | Yes | Read and Write | Moderate |
| Contractor Managers | Yes | Read-Only | Moderate |
| Contractor Sys. Admin. | No | | |
| Contractor Developers | Yes | Read and Write | Moderate |

21a. How is access to SBU/PII determined and by whom? Access to the Advanced Research Lab is requested via an Online (OL) Form 5081. Access is granted on a need-to-know basis. The OL5081 enrollment process requires that an authorized manager approve access requests on a case by case basis. Access approval is based on the Users role(s) and responsibilities. Users are given the minimum set of privileges required to perform their regular and recurring work assignments, they are restricted from changing the boundaries of their access without management approval. The employee's access will be terminated once they no longer require access to the Database. Deletion from the active access role is also performed through the OL5081.

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.

All records housed in the ARL system will be erased or purged from the system in accordance with approved retention periods. It is the official repository for data and documents and has National Archives approval to affect data disposition. Any records generated and maintained by the system will be managed according to requirements under IRM 1.15.1 and 1.15.6, and will be destroyed using IRS General Records Schedule (GRS) 3.1, Item 011 and as coordinated with the IRS Records and Information Management (RIM) Program and IRS Records Officer.

## 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?   1/8/2010

23.1 Describe in detail the system s audit trail.   For each auditable event the audit trails capture, at minimum, the following information: Date and time that the event occurred; The unique identifier (e.g., user name, Standard employee identifier (SEID), application name, etc) of the user or application initiating the event; Type of event (including all identification and authentication

attempts (successful and unsuccessful) and commands directly initiated by the user); and Subject of the event (e.g., the user, file, or other resource affected); the action taken on that subject; and the outcome status (success or failure) of the event.

## J. PRIVACY TESTING

24. Does the system require a System Test Plan? No

    24c. If **no**, please explain why. The ARL is an environment, an infrastructure, used for ad-hoc type analytics and testing. This is not a single system/appliance/application. The environment adheres to necessary policy checkers, system access, patching, etc. as necessary. The ARL is strictly a test and evaluation environment, and will only be emulating production environments for a given need.

## 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.     8/10/2009

    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
    If **no**, explain why not.

## L. NUMBER AND CATEGORY OF PII RECORDS

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

    26a. IRS Employees:          Under 50,000
    26b. Contractors:            Under 5,000
    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? Yes

    If **yes**, describe the type of information derived from these efforts and the technical (e.g., audit trails) or other processes used to limit unauthorized monitoring. Analytics are sometimes performed to uncover potential or existing tax evasion schemes and shared with the business unit requesting the data modeling or tool testing.

## 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?  <u>No</u>

**End of Report**