



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

FEB 26 2004

MEMORANDUM FOR TERESA A. FRANKLIN
DIRECTOR, AREA COMPLIANCE

FROM: Maya A. Bernstein
Privacy Advocate

Charlene Wright Gromley

SUBJECT: Electronic Lien Filing
Privacy Impact Assessment

The Office of the Privacy Advocate has reviewed the Privacy Impact Assessment (PIA) for the Electronic Lien Filing System (E-Lien). Based on the information you provided, our office does not have any privacy concerns that would preclude E-Lien from operating. However, a revised PIA is required when considering any future upgrades or major modifications, or at the scheduled recertification of this system/application.

We will forward a copy of the PIA to the Director, Modernization and System Security, to be included in the Certification and Accreditation package for formal acceptance for operation. That office may request information concerning the statements contained in the PIA to ascertain compliance with applicable security requirements. If you have any questions, please contact me at 202-927-5170; or Priscilla Hopkins at 202-927-9758.

Attachment

cc: Director, Modernization and System Security OS:MA:M

Draft December 16, 2003

MEMORANDUM FOR MAYA A. BERNSTEIN
PRIVACY ADVOCATE

FROM: Terry Franklin, Area Director, SBSE Compliance Area 16

SUBJECT: Request for Privacy Impact Assessment (PIA) –
Electronic Lien Filing – E-Lien

Purpose of the System: The electronic lien process enables the Internal Revenue Service and the county recorder's office to electronically process the Federal Notice of Tax Lien and lien release data in a more cost effective and timely manner.

The Internal Revenue Service in conjunction with the County of Los Angeles and under the auspices of Compliance Policy has developed a method where the Federal Notice of Tax Lien will be sent in a flat file format via a File Transport Protocol (FTP) housed on a standalone Virtual Private Network (VPN). This system is to be initially tested for one year in the Los Angeles Area and rolled out to other lien filing offices in California upon completion of the test.

Name of Request Contact:

Allen Bryant
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Los Angeles, CA 90012
(213) 576-3008

Name of Business System Owner:

Terry Franklin
Area Director
SBSE Compliance Area 16: SBSE:CO:
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(213) 576-3008

Requested Operational Date: November 15, 2003

Category:

New System? NO
Recertification? (if no change, enter date of last certification) ___NA___
Modification of existing system?: ___YES___

Is this a National Standard Application (NSA)? No

Is this a Modernization Project or System? No

A yes, the current milestone: ___ (Enter 1-5; explain if combining milestones)

Privacy Impact Assessment - NAME OF PROJECT

System of Records Number(s) (SORN) #: *(coordination is required with Office of Disclosure--contact David Silverman, 202-622-3607)*

Treasury/IRS 26.009 Lien Files (Open and Closed)

Treasury/IRS 34.037 IRS Audit Trail and Security Records System

Attachment: PIA

Data in the System

<p>1. Describe the information (data elements and fields) available in the system in the following categories:</p> <ul style="list-style-type: none">A. TaxpayerB. EmployeeC. Audit Trail Information (including employee log-in info)D. Other (Describe)	<p>The taxpayer information contained in the E-Lien data base will originate from the Internal Revenue Service's Automated Lien System (ALS). The lien recording information is provided by the County Recorders Offices. The information contained on the Electronic Lien system is limited to Taxpayer, Employee, and County Recorders' court information.</p> <ul style="list-style-type: none">A. Taxpayer: Information about the taxpayer is limited to the Name, Address, Tax Identification Number, Date of Assessment, Amount of Assessment, Amount of Assessed Penalties and Interest, Place of Recordation, and date of release as appropriate.B. Employee: Information about any IRS employee is limited to the Name, Title, and badge number of the employee.C. The Automated Lien System maintains a log of all user access. Input of all electronic lien information is through the Automated lien system.D. Other: This data base will also contain related re-file of Notice of Federal Tax Lien (NFTL) information such as date of re-filing. There is also the real possibility of liens containing names, address, and TIN of nominees (Legal Term used to identify a person or organization in whose name a security is registered though true ownership is held by another party), and alter egos (second self) of taxpayers. While the nominee is an assertion that specific property(s) is held in a nominee name, the alter ego is an assertion that all property rights of a person and another distinct entity are indistinguishable. The usual situation is the use of a sham corporation or trust to shelter assets from creditors.
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<p>2. Describe/identify which data elements are obtained from files, databases, individuals, or any other sources.</p> <ul style="list-style-type: none"> A. IRS B. Taxpayer C. Employee D. Other Federal Agencies (List agency) E. State and Local Agencies (List agency) F. Other third party sources (Describe) 	<p>The sources of information used consist of Automated Lien System and county recorders' court data.</p> <ul style="list-style-type: none"> A. IRS files and databases used: Automated Lien System. B. The IRS is the only Federal Agency providing data for use in the Electronic Lien system. C. Only the State and Local Agencies providing data for use in the system is the State of California and its County Recorders' Offices. D. Other third party sources from which data will be collected: NONE.
<p>3. Is each data item required for the business purpose of the system? Explain.</p>	<p>This system will download a file from the Automated Lien System containing taxpayer assessment information: Type of Return, Year of Tax period, amount of assessment, penalties, and Interest, and total tax liability. This information is required by the Internal Revenue Code to be on file at the place and manner described by the state in which the lien is filed.</p> <p>The county recorder information consists of a recording number identifying the Notice of Federal Tax Lien and applying a date and time of recording with the county recorder. This information is required to determine the priority that the Internal Revenue has over other creditors of the taxpayer.</p>
<p>4. How will each data item be verified for accuracy, timeliness, and completeness?</p>	<p>Data collected from sources other than Internal Revenue Service records and the taxpayer will be verified electronically by comparing the recording information with the original filing request. All files from the county refer to specific lien requests initiated by the IRS. The two files are compared to insure that the filing data is limited to specific taxpayers.</p>

<p>5. Is there another source for the data? Explain how that source is or is not used.</p>	<p>The Automated Lien System is the single source for obtaining Notice of Federal Tax Lien information. This system is used to print paper liens. The same information will be transmitted electronically to the county recorder that is currently provided in print.</p>
<p>6. Generally, how will data be retrieved by the user?</p>	<p>The Lien section clerk will sign onto the Automated Lien System and download a file prepared by the Automated Lien System consisting of all liens that need to be filed in the office of the Los Angeles County Recorder.</p>
<p>7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?</p>	<p>The data is not retrieved by personal identifier in the E-Lien System. The information is processed in a batch, not by individual taxpayer account. LA county processes the data received from the E-Lien System by individual taxpayer identifier and applies specific recording information for that single taxpayer's account. The information is then batched in a delimited file and returned to the IRS for input into the Automated Lien System which then sorts and processes the data received from the county. The IRS Electronic Lien employees processing the files received from the Automated Lien System cannot access individual accounts within the data file. The employees are the same employees that have access to the Automated Lien System. If they require access to individual accounts it would be through the Automated Lien System. The Automated Lien System associates the batched data to individual accounts.</p>

Access to the Data

<p>8. Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others)?</p>	<p>The Automated Lien System users, including county employees and managers will have access to the Electronic Lien system. System Administrators will not have access. The National Office Automated Lien System programmers will have access. The data is not retrievable by personal identifier will in the E-Lien System.</p>
<p>9. How is access to the data by a user determined and by whom?</p>	<p>Only authorized users of the Automated Lien System will be permitted to have passwords and privileges for the Electronic Lien system. Users must request access and be approved by the system owner. Access to the ALS System is established through use of On-line 5081. Each employee must request access to the ALS. Specific permissions (Read, Write, Modify, Delete, Print) are defined on the Form 5081 approved by manager and set (activated) by the SA or Functional Security Coordinator prior to the employee being allowed network and ALS access.</p>
<p>10. Do other IRS systems provide, receive, or share data in the system? If YES, list the system(s) and describe which data is shared. If NO, continue to Question 12.</p>	<p>Electronic filing data fed to this system from the county will be received via File Transport Protocol on the Virtual Private Network. This information will consist of recording data for each lien submitted for filing by the IRS. This information will be transferred to a Compact Disk and loaded onto the Automated Lien System. No other IRS system will be involved in the transfer of data from the County.</p>
<p>11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?</p>	<p>Yes, the Automated Lien System PIA was certified 11/18/2003.</p>

<p>12. Will other agencies provide, receive, or share data in any form with this system?</p>	<p>Yes, the Automated Lien System information will be downloaded to a Compact Disk and transported to a Virtual Private Network computer for transfer to the County.</p>
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Administrative Controls of Data

<p>13. What are the procedures for eliminating the data at the end of the retention period?</p>	<p>The file containing the E-file download from Automated Lien System will be stored in a secure container meeting the seven point security requirements. All CDs containing County recorder's court information will be wiped clean after upload to ALS. Lien records are retained in the ALS database until one year after the lien has been released or satisfied per IRM 1.15.28 Records Control Schedule for Collection Item 43. ALS has an internal purge utility that removes all lien records one year after they have been satisfied, or have expired due to statute limitation. This is documented in the System Administrator's Guide.</p>
<p>14. Will this system use technology in a new way? If "YES" describe. If "NO" go to Question 15.</p>	<p>The Electronic Lien System will not be using any new technology.</p>
<p>15. Will this system be used to identify or locate individual Automated Lien System or groups? If so, describe the business purpose for this capability.</p>	<p>This system is not versatile, it cannot manipulate information. It can only send and receive files obtained from the Automated Lien System or the County. These files will not be sorted on the Electronic Lien system.</p>
<p>16. Will this system provide the capability to monitor individual Automated Lien System or groups? If yes, describe the business purpose for this capability and the controls established to prevent unauthorized monitoring.</p>	<p>No.</p>
<p>17. Can use of the system allow IRS to treat taxpayers, employees, or others, differently? Explain.</p>	<p>No. The system promotes equal treatment by restricting access and data manipulation. The system enables timely and efficient filing of the Notice of Federal Tax Lien.</p>

<p>18. Does the system ensure "due process" by allowing affected parties to respond to any negative determination, prior to final action?</p>	<p>Yes, this system enhances the process of notification. The timely recordation of NFTL (Notice of Federal Tax Lien) information on the Automated Lien System will provide superior customer service by providing the taxpayer with specific recording information related to them. At present the IRS only informs the taxpayer of a pending notice of federal tax lien. This is superior to the existing paper process which requires manual exchange of information and takes an indeterminable amount of time to receive from the County. Due process is greatly enhanced.</p>
<p>19. If the system is web-based, does it use persistent cookies or other tracking devices to identify web visitors?</p>	<p>N/a. This is not a web-based system.</p>