



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

COMMUNICATIONS AND LIAISON

AUG 29 2002

MEMORANDUM FOR CAROL GOLD
DIRECTOR, EMPLOYEE PLANS
TAX EXEMPT/GOVERNMENT ENTITIES

FROM: Maya A. Bernstein 
Privacy Advocate

SUBJECT: Employee Plans Master File
Privacy Impact Assessment (PIA)

The Office of the Privacy Advocate has reviewed the Privacy Impact Assessment for the Employee Plans Master File (EPMF) system. Based on the information you provided, we do not have any privacy concerns that would preclude this system from operating. However, a revised PIA is required when considering any future upgrades or major modifications to the system or at the scheduled recertification of this system.

We will forward a copy of the PIA to the Director of the Security Services Mission Assurance Certification Program Office to be included in the Security Accreditation Package for formal acceptance for operation. The Director, Security Policy Support and Oversight, who has security oversight responsibility, 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 your staff may contact Priscilla Hopkins at 202-927-9758.

Attachment

cc: Director, Security Services Mission Assurance, Certification Program
Office M:S:A
Director, Security Policy Support and Oversight M:S:S
Division Information Officer Barbara Bisson M:R:DIO-TEGE

Date July 30, 2003

MEMORANDUM FOR CHARLENE W. THOMAS
ACTING PRIVACY ADVOCATE CL:PA

FROM: Linda Riley, Technical Advisor, M:I:B:CP

SUBJECT: Request for Privacy Impact Assessment (PIA) –
Employee Plans Master File (EPMF)

Purpose of the System: Each year, pension, welfare and fringe benefit plans generally are required to file an annual return/report regarding their financial condition, investments, and operations. Filing the Form 5500 Annual Return/Report of Employee Benefit Plan and any required attachments generally satisfies the annual reporting requirement. The Form 5500 Series is part of Employee Retirement Income Security Act (ERISA's) overall reporting and disclosure framework. This is intended to assure that employee benefit plans are operated and managed in accordance with certain prescribed standards and that participants and beneficiaries, as well as regulators, are provided or have access to sufficient information to protect the rights and benefits of participants and beneficiaries under employee benefit plans. Individuals are not identified in these disclosures and reports. The Department of Labor, Internal Revenue Service, and the Pension Benefit Guaranty Corporation jointly developed the Form 5500 series so employee benefit plans could utilize the Form 5500 to satisfy annual reporting requirements under Title I and Title IV of ERISA and under the Internal Revenue Code.

Name of Request Contact:

Name: Linda Riley
Organization Name & Symbols: Corporate Data and Systems Management
(M:I:B:CP)
Mailing Address: 5000 Ellin Rd, Lanham, MD 20706
Phone Number (with area code): (202)283-0078

Name of Business System Owner:

Name: Carol Gold
Organization Name & Symbols: Tax Exempt / Government Entities, Director,
Employee Plans (T:EP)

Requested Operational Date: on-going

Category: Certification

Is this a National Standard Application (NSA)? N

Is this a Modernization Project or System? N

System of Records Number(s) (SORN):

24.046 CADE Business Master File (BMF)

The former BMF was replaced with CADE and EPMF was part of BMF
Treasury/ IRS 34.037--IRS Audit Trail and Security Records System

<p>Data in the System</p>	
<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. Taxpayer B. Employee C. Audit Trail Information (including employee log-in info) D. Other (Describe) 	<p>EPMF contains data identifying the sponsor/employer by Employer Identification Number (EIN), the plan by Plan Number, the plan administrator by EIN. The information reported on the return is summary information about 1) the number and categories of the individuals covered by the plan (individuals are not identified), 2) assets and liabilities of the plan, and 3) income, expenses and transfers of the plan.</p> <p>The filing reflects the characteristics and operations of the plan as it pertains to its tax exempt status.</p> <p>Master files by definition do not have an audit trail. They are defined as having interfaces to systems that maintain their own audit trails. EPMF does not contain any audit trail information. There is no direct access to EPMF data. All access is through batch files. The data viewed by authorized IRS employees is a copy of the EPMF data loaded into any of a number of other systems that have a user interface. These systems maintain the authentication and authorization required, including the use of audit trail information.</p>
<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 data is reported by the administrator on various returns and schedules. After the initial filing of the return, any changes or updates to the plan information, whether initiated by the administrator or the IRS, is submitted as a transaction to post to the master file so that the file reflects a continuously updated and current record of each plan's information. Nothing is posted other than what is on the form submitted by the plan administrator. This is input by the Department of Labor and transmitted to IRS for posting to the master file. It includes the EIN and address of the sponsor and administrator. There is no data from other sources.</p>
<p>3. Is each data item required for the business purpose of the system? Explain.</p>	<p>Yes. The name, EIN, and addresses of the sponsor and administrator are required to identify the plan's account. The characteristics and financial statement information are required to determine eligibility for tax-exempt status, and maintain a</p>

Data in the System	
	record of how these requirements are met.
<p>4. How will each data item be verified for accuracy, timeliness, and completeness?</p>	<p>The Employee Plans System is unique in that pre-processing of the IRS forms is performed by another Government entity, the Department of Labor. After pre-processing the IRS series 5500 forms, the Department of Labor sends the data to the IRS and other entities as required by Employee Retirement Income Security Act.</p> <p>Under the Department of Labor's ERISA Filing Acceptance System (EFAST) program, the initial data validation process is the responsibility of the Department of Labor.</p> <p>The IRS performs technical checks to verify the completeness of the magnetic media provided by the DOL in the following way: The IRS reviews the DOL-provided audit reports that relate to the completeness of the data. Additionally, the IRS compares the carrier record on the DOL-provided magnetic tape to the content of the tape and rejects tapes that are incomplete. A replacement copy of rejected tapes is obtained from the DOL. Once return data is in the system, it can only be changed when a filer (the plan administrator) submits an amended return. Adjustments, whether originated by IRS or the plan administrator are input through the Integrated Data Retrieval System (IDRS) and transmitted for posting to the master file. EPMF is a flat file, not data stored in a database, so no one can get into a database software application and access the data. It is accessible only by custom code written in assembly language. (And very tightly controlled by MCC mainframe administrators) If the data is accurate when it's originally added to the system, it will remain accurate. Technical methods ensure that the data remains unchanged throughout its life on the system.</p>
<p>5. Is there another source for the data? Explain how that source is or is not used.</p>	<p>No. This process has been optimized to reduce the burden on the filer while meeting the needs of the Department of Labor (DOL), the Pension Benefit Guarantee Corporation (PBGC) as well as the IRS.</p>
<p>6. Generally, how will data be</p>	<p>EPMF data is not directly accessible by users. Data is extracted</p>

Data in the System	
retrieved by the user?	<p>on a weekly basis for generating reports, loading into other IRS systems, and transmitting to DOL and PBGC.</p> <p>IRS employees with a "need to know" can access a copy of the data posted to the EPMF using the IDRS command code Employee Plan Master File Online (EMFOL).</p>
7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?	<p>Yes, data is retrieved by the name and EIN of the plan sponsor or administrator. The sponsor is a company, business, etc. The plan administrator is often a company that provides this service, but some plans are administered internally by a business. In these cases, the business that has responsibility for the plan must apply for a unique EIN for the plan sponsor or administrator. This is used for reporting purposes of the plan, and is not related to that plan sponsor or administrator's own tax return.</p>

Access to the Data	
8. Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others)?	<p>Authorized users, managers, and System Administrators will have access to the data. Actual access to the data by a System Administrator is rare but unavoidable, and would be mission related.</p> <p>Most EPMF data is available through the IRS to the public for a nominal fee. The Form 5500 Series is not only an important compliance and research tool for the Department of Labor, but is also a required to be disclosed (on request) to plan participants and beneficiaries. Also the Form 5500 series is an important source of information and data for use by other Federal agencies, Congress, and the private sector in assessing employee benefit, tax, and economic trends and policies. Individuals are not identified.</p> <p>The Form 5500 Series is part of ERISA's overall reporting and disclosure framework. This is intended to assure that employee benefit plans are operated and managed in accordance with</p>

<p>Access to the Data</p>	
	<p>certain prescribed standards and that participants and beneficiaries, as well as regulators, are provided or have access to sufficient information to protect the rights and benefits of participants and beneficiaries under employee benefit plans. Individuals are not identified in these disclosures and reports.</p>
<p>9. How is access to the data by a user determined and by whom?</p>	<p>Data access is granted on a need to know basis. A potential user must submit a request for access form (5081) to their local management for approval consideration. Users are not permitted access without a signed 5081 form from an authorized management official.</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>Yes. Most input is received from DOL, however IRS does have the ability to input F 5300 Series Pension Plan Application data through the Integrated Submission and Remittance Processing system (ISRP). Adjustments to accounts are input through the Integrated Data Retrieval System (IDRS). Both input sources are processed by the Generalized Mainline Framework (GMF) which provides the data to the EPMF processing system.</p> <p>Any input (initial or subsequent) which is unable to post to the master file for any reason, is returned to the originating system via the Generalized Unpostable Framework (GUF) for correction. Unpostables can vary in severity. If severe, the master file processing dumps the input and asks for it to be re-entered. If it is minor, the system keeps the data that was input, and asks for a correction to be entered via IDRS.</p> <p>Posted data is replicated for use in other IRS processing systems. The entire EPMF is replicated for Corporate Files On-line (CFOL), which provides on-line read-only access for authorized IRS employees. MFTRA processing accesses the EPMF directly. Other systems that receive EPMF data do not access the EPMF directly but receive a file generated either by EPMF OUTPUTS, 701 EXTRACTS, or MIS REPORTS. These include IDRS, Automated Collection System (ACS) if there are penalties which go to collection, Audit Information Management System (AIMS) and reports.</p>

Access to the Data	
<p>11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?</p>	<p>The mainframe platform that provides the processing and storage capabilities for the tax processing system, including EPMF, as well as the Information Returns Processing System (IRP; IRMF and PMF), Business Master File (BMF), Individual Master File (IMF), is undergoing certification and accreditation. The current certification is valid until 11/11/2003. No PIA exists for EMFOL, CFOL or AIMS. PIAs exist for IDRS, MFTRA and ACS</p>
<p>12. Will other agencies provide, receive, or share data in any form with this system?</p>	<p>Yes. The forms are submitted by the Plan Administrator to the Department of Labor (Pension Welfare and Benefits Administration) for initial electronic processing. Then, pertinent data is electronically distributed to the Internal Revenue Service, the Social Security Administration, and the Pension Benefit Guaranty Corporation. Each agency only receives the information they are entitled to.</p> <p>Most EPMF data is available through the IRS to the public for a nominal fee. The Form 5500 Series is not only an important compliance and research tool for the Department of Labor, but is also required to be disclosed on request to plan participants and beneficiaries. Also the Form 5500 series is an important source of information and data for use by other Federal agencies, Congress, and the private sector in assessing employee benefit, tax, and economic trends and policies. Individuals are not identified.</p> <p>The Form 5500 Series is part of ERISA's overall reporting and disclosure framework. This is intended to assure that employee benefit plans are operated and managed in accordance with certain prescribed standards and that participants and beneficiaries, as well as regulators, are provided or have access to sufficient information to protect the rights and benefits of participants and beneficiaries under employee benefit plans. Individuals are not identified in these disclosures and reports.</p>

Access to the Data

13. What are the procedures for eliminating the data at the end of the retention period?

Annual processing (Conversion) updates the EPMF and moves all entities, plans and tax modules that have had no posting activity for 10 or more years to a recirculating purge file. This is per published agency guidance, IRM 25.6.11 discusses the statute of limitations for any excise tax assessed on an Employee Plan as set forth in Law Enforcement Manual 11.3

IRC 6104 Publicity of information required from certain exempt organizations and certain trusts covers EPMF. This states that you must always follow the agency and the National Archives and Records Administration (NARA) approved record retention schedules. However, once IRS receives a FOIA request for the records, they may not be destroyed, even if the records ought to have been destroyed in accordance with applicable record retention schedules. Reg. 601.702(c) (12) As per "Exempt Organizations- Technical Instruction Program for FY 2003.

There is an electronic EPMF National Alpha Register generated annually, which is considered public information per section 6104.

There does not appear to be any IRC/IRM/LEM reference to the purging of EPMF data. It is possible it is in the Problem Resolution Program or Functional Specification Package documentation for the application. But that would not be binding. (procedure only)

14. Will this system use technology in a new way? If "YES" describe. If "NO" go to Question 15.

No

Access to the Data	
15. Will this system be used to identify or locate individuals or groups? If so, describe the business purpose for this capability.	No for individuals. Form 5500 does not include information about specific individuals covered under the plan; therefore it is not possible to identify individuals from this system. Groups of plans can be identified. Each year, pension, welfare and fringe benefit plans generally are required to file an annual return/report regarding their financial condition, investments, and operations. Filing the Form 5500 Annual Return/Report of Employee Benefit Plan and any required attachments generally satisfies the annual reporting requirement. The Department of Labor, Internal Revenue Service, and the Pension Benefit Guaranty Corporation jointly developed the Form 5500 series so employee benefit plans could utilize the Form 5500 to satisfy annual reporting requirements under Title I and Title IV of ERISA (Employee Retirement Income Security Act) and under the Internal Revenue Code.
16. Will this system provide the capability to monitor individuals or groups? If yes, describe the business purpose for this capability and the controls established to prevent unauthorized monitoring.	No for individuals Form 5500 does not include information about specific individuals covered under the plan; therefore it is not possible to identify individuals from this system. Groups of plans can be identified. This data is used to ensure compliance with the requirements of ERISA. The establishment and administration of an employee plan under this statute is a matter of public record. There are a number of publications concerned with the custodial maintenance of these plans.
17. Can use of the system allow IRS to treat taxpayers, employees, or others, differently? Explain.	No. The master file data identifies the plans only by the sponsor and administrator EINs. Individuals are not included in these records. While the plans may be differentiated, individuals are not.
18. Does the system ensure "due process" by allowing affected parties to respond to any negative determination, prior to final action?	Yes. The EPMF includes transactions recording correspondence with the plan administrator regarding compliance with the ERISA reporting requirements.

Access to the Data

19. If the system is web-based, does it use persistent cookies or other tracking devices to identify web visitors?

n/a