MAY 0 6 2004

MEMORANDUM FOR   DEBORAH NOLAN
COMMISSIONER, LARGE AND MID-SIZE BUSINESS

FROM: Maya A. Bernstein
Privacy Advocate

SUBJECT: Issue Based Management Information System
Privacy Impact Assessment

The Office of the Privacy Advocate has reviewed the Privacy Impact Assessment (PIA) for the Issue Based Management Information System (IBMIS).   Based on the information you provided, our office does not have any privacy concerns that would preclude IBMIS from operating. A revised PIA is required when considering any major modifications to the IBMIS, 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. That office may request information concerning the statements contained in the PIA to ascertain compliance with applicable security requirements.

Note that the Electronic Government Act of 2002 requires that the IRS make this PIA available to the public. If there is any portion of this PIA that you believe would cause harm to the IRS or any party if disclosed to the public, please mark those portions and return to our office within 10 days.

If you have any questions or would like to discuss this PIA, please contact me at 202-927-5170. Our staff analyst is Priscilla Hopkins at 202-927-9875.

Attachment

cc: Director of Regulatory Compliance

January 20, 2004

MEMORANDUM FOR MAYA A. BERNSTEIN
                PRIVACY ADVOCATE

FROM: David H. Bass   /s/ David H. Bass
                   Director, Business Systems Planning

SUBJECT: Request for Privacy Impact Assessment (PIA) –
                   Issue Based Management Information System (IBMIS) (MIS
                   Reporting)

Purpose of the System: The Issue Based Management Information System (IBMIS) (MIS Reporting) project, using data from the Issue Management System (IMS), will provide information in the form of standard reports and ad hoc reporting capability to assist in managing, planning, research and administration of Large and Mid Size Business (LMSB) examinations. IBMIS consists of two components:

> Management information reporting from IMS and other systems for workload and issue management (MIS Reporting). This PIA concerns this component.

  - Allows query as to time on case, inventories, etc.
  - This new system will be developed over several releases as IBMIS become a broad-purpose utility
  - The new system will serve management reporting needs and provide a comprehensive research tool

> A database of taxpayer interrelationship information linked to economic data from external sources plus internal master file return, assessment and adjustment information (Shared Data Set (SDS)).

The IBMIS project was initiated to satisfy two sets of business needs:

> A multi-purpose utility, providing management reporting functionality from LMSB information systems and tools. The tools and systems included in the MIS reporting scope include:

  - Standard reports from IMS to replace reporting from Coordinated Exam Management Information System (CEMIS) and International Case Management System (ICMS).

  - New reports requested by future users of IBMIS during the requirements gathering phase of the project that combine data from IMS, the Specialist Referral System (SRS) and the Audit Information Management (AIMS) Open, Closed and Non-Examined databases, and

- A robust, ad hoc, web-based reporting capability based on point-and-click, drag-and-drop COTS technology.

  ➢ A repository of selected internal and external data (Shared Data Set (SDS)) that will contain:

  - A taxpayer registry of current and historical corporate interrelationships.
  - External corporate and industry econimic data, and
  - Internal data on returns, assessments and adjustments from the
    - Business Master File via the Compliance Research Information System Business Filers Model (CRIS BFM)
    - LMSB Datamart
    - Business Master File Statistics of Income Extracts (BMF SOI), and the
    - Audit Information Management System

Name of Request Contact:
Name: Jim F. Weaver
Organization Name & Symbols: OS:CIO:R:DIO-LMSB, M4-181
Mailing Address: 801 9th Street, NW, Washington, DC 20220
Phone Number (with area code): 202-283-8617

Name of Business System Owner:
Name: Deborah Nolan, Commissioner
Organization Name & Symbols: Large and Mid-Size Business, LM
Mailing Address: 801 9th Street, NW, Washington, DC 20220
Phone Number (with area code): 202-283-8710

Requested Operational Date: August 2004

Category: *(Reason PIA is required--enter "y" or "n" and applicable dates)*
New System?: ____Y____
Recertification? (if no change, enter date of last certification) _____
Modification of existing system?: _____

Is this a National Standard Application (NSA)?: _____
Is this a Modernization Project or System? __N_____
If yes, the current milestone?: _____   *(Enter 1-5; explain if combining milestones)*

System of Record Number(s) (SORN) #:

Treasury/IRS 22.026 Form 1042-S Index by Name of Treasury/Recipient
Treasury/IRS 22.027 Foreign Information System
Treasury/IRS 24.013 Combined Account Number File
Treasury/IRS 24.046 CADE Individual Master File
Treasury/IRS 24.046 CADE Business Master File
Treasury/IRS 34.037 IRS Audit Trail and Security Records System Treasury/IRS 36.003
General Payroll and Personnel Records (covers CADS)
Treasury/IRS 42.001 Examination Administrative Files (covers EOADS)

Treasury/IRS 42.008 Audit Information Management System (AIMS)
Treasury/IRS 42.017 International Enforcement Program Files
Treasury/IRS 42.021 Compliance Programs and Project files
Treasury/IRS 42.027 Data on Taxpayers Filing on Foreign Holdings
Treasury/IRS 42.030 Discriminant Function File (DIF)

Data in the System

1. Describe the information (data elements and fields) available in the system in the following categories:
 	
   A. Taxpayer
   B. Employee
   C. Audit Trail Information (including employee log-in info)
   D. Other (Describe)
	The objective of IBMIS Reporting is to provide access to data captured and managed by Issue Management System (IMS), the Specialist Referral System (SRS), and the Audit Information Management System (AIMS) data bases for workload and issue management (MIS Reporting).
	
	A. Taxpayer. IMS contains corporate taxpayer data, which automatically creates IMS cases that consist of one or more tax returns for the same taxpaying entity. Corporate data from ERCS (Examination Returns Control System) is the initial source for the IMS account information.
	
	Taxpayer SBU Information
	
	IMS will also import tax return and tax account data from the Business Filer Model (BFM).
	
	The tax forms data being considered for use in IMS are: 851, 941, 1042, 1042S, 1065, 1065B, 1120, 1120A, 1120F, 1120FSC, 1120H, 1120L, 1120ND, 1120PC, 1120POL, 1120REIT, 1120RIC, 1120S, 1120SF, 5471, and 5472.
	
	Types of data available for use by IBMIS will include any or all tax return fields transcribed or electronically transferred from a posted tax return. Also, tax account data may consist of entity information and certain parts of the business master file account record.
	
	Types of data available for use by IBMIS from AIMS: AIMS-Key-TIN-Type, AIMS-POD-

CD/AIMS-POD/POD-Code, Claim-AMT, Current-State/State, ENT-Combat-Zone-IND, Name-CTRL, PIA-NAICS-CD, Related-Name-CTRL, Related-Return-Alpha-CD/Related-RTN-Alpha-CD, #Related-TIN, #TIN, #TP-Name/Taxpayer-Name, ZIP-CD-Basic.

Taxpayer SBU Information

Types of data collected from SRS: AuditSiteAddress, AuditSiteCity, AuditSiteState,

B. Employee. IMS collects information on the employee working the taxpayer account.

Types of information available for use by IBMIS: IRS employee, time worked (provides managers information needed to track and report statistics, i.e., time spent working an issue, who is working an issue, who is available for issue assignment), position (user class for security level). All SBU data stored on examiners workstations is encrypted

Types of data available for use by IBMIS: Standard Employee Identifier (SEID), grade, BOD (Business Operating Division)/Industry, employee group code, #badge number; (since some field employees have never been issued SEIDs) first, middle and last name; address; telephone number; flexiplace; first, middle and last name of manager; post of duty, ERCS employee number, employment type, time worked, work schedule, login, userid, position code/description, GS level, update/entry timestamp and update/entry userid. These data elements are used to control access to assigned SBU data.

Types of data available for use by IBMIS from AIMS: DUP-EMP, EMP-Status, Employee-Type-CD/Employ-Type-CD, Examiners-Grade/Grade, POS-Code.

	Types of data available for use by IBMIS from SRS: PrimaryMgr, ActingMgr, AuditSite Location, SpecialistID, SpecRecID, LastExamName, EmailCopyTo, ManagerID, Email, FirstName, GroupManager, LastName, MailingAddress, MailingCSA, NTLogon, Phone, SEID, ReqMgrEmail, ReqEmail, ReqGroupTeam, ReqMgrPhone, Req Name, ReqPhone, ReqTitle, Receiver. **C. Audit Trail Information.** The audit function will collect the following data from IMS: Time worked on issue; update timestamp, entry timestamp Types of data available for use by IBMIS from AIMS: Claims-Hours, Examiners-Time, ORG-CD/ORG-CODE, ORG-Change-IND, Primary-Business-Code, Prior-AIMS-BOD-CD, Prior-Director-Territory-CD, Prior-Employee-Type-CD. Taxpayer SBU Information Types of data available for use by IBMIS from SRS: AdminLevel. SpecialistType, Base OD, OpDiv, Deleted, UniqueID, CaseID, ReturnType. **D. Other.** Tax returns, cases, case information, case resolution, work items, work item comments, work item communications, work item information, work item issue, work item notice, work item status, issue, SAIN (Standard Accounting Index Number), uniform issue listing.

2. Describe/identify which data elements are obtained from files, databases, individuals, or any other sources.
 	
   A. IRS
   B. Taxpayer
   C. Employee
	A. IRS.
	
	Databases/elements from:
	
	• Specialist Referral System (SRS).
	
	• Audit Information Management System

D. Other Federal Agencies (List agency) E. State and Local Agencies (List agency) F. Other third party sources (Describe)	(AIMS, AMS). • Issue Management System (IMS). Various case related reports are developed using data elements from the aforementioned data bases. B. Taxpayer. None. C. Employee. None. D. Other Federal Agencies. None. E. State and Local Agencies. None. F. Other third party sources. None.
3. Is each data item required for the business purpose of the system? Explain.	Yes. The IBMIS (MIS) reporting strategy will provide LMSB personnel with issue-oriented information systems that capture and provide issue information to examination personnel, managers, and research analysts. The issue-based management strategy will also support IRS strategic goals of reducing taxpayer burden, increasing the productivity of examination personnel and aid in the recruitment and retention of a skilled and more satisfied workforce. IBMIS consists of two parts: • Management information reporting from IMS and other systems for workload and issue management (MIS Reporting). • A database (SDS) of taxpayer interrelationship information linked to economic data from external sources plus internal master file return, assessment and adjustment information. Both parts of IBMIS will support workload and issue management. SDS will also support research on emerging global and tax shelter issues and predictive models for unreported income, compliance risks, and the effectiveness of prefiling products.

4. How will each data item be verified for accuracy, timeliness, and completeness?	IBMIS uses data elements with a reasonable assurance from IMS, SRS, and AIMS that those systems' integrity are verified for accuracy, timeliness and completeness.
5. Is there another source for the data? Explain how that source is or is not used.	There are no other sources for the data.
6. Generally, how will data be retrieved by the user?	Generally reports developed in IBMIS will be Industry based (i.e., natural resources, heavy manufacturing, pharmaceutical, etc.) and will allow users to further expand the information by territory and team. Standard reports will be developed and available for use by the LMSB Management team.
7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?	SEID is used for retrieval of data. The team coordinator or manager will assign agents to specific tasks. The presentation software will interface with Security Services to authenticate the user and the system privileges allowed to the user. After initial system login/password access, users will be required to perform a secondary userid/password to gain access to the IBMIS reporting application. The userid assigned to a user will determine the components that the user is permitted to access. All information related to userid assignment is stored in the userid entity. Business Objects has single sign-on capability. With Business Objects Supervisor, you can leverage your existing database security, Windows NT authentication, or LDAP system to authenticate the users.

Access to the Data

8. Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others)?	Only employees (i.e. the LMSB Management team) having the need to know and the right to know will have access to the data in the system based on their ERCS permissions.
9. How is access to the data by a user determined and by whom?	Access will be controlled by form 5081.
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.	No.
11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?	Not applicable.
12. Will other agencies provide, receive, or share data in any form with this system?	No

Administrative Controls of Data

13. What are the procedures for eliminating the data at the end of the retention period?	IBMIS (MIS) Reporting users will follow the guidelines set forth in in IRM 1.15.22, Records Control Schedule for Tax Administration - Compliance. (Specifically, Exhibit 1.15.22-1, Items No 47 - Miscellaneous Reports and Forms and 21, 22 and 23 which deal with Taxpayer Case Files and Reports on the retention of data that may have been retained or downloaded for reporting purposes.
14. Will this system use technology in a new way? If "YES" describe. If "NO" go to Question 15.	No.
15. Will this system be used to identify or locate individuals or groups? If so, describe the business purpose for this capability.	Yes. Examination issues represent areas of non-compliance with the Tax Code. By tracking these issues, the IRS will be in a better position to offer taxpayer assistance to correct or eliminate areas of non-compliance.

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.	The software has the ability to use the software by individual or by report usage (amount of times a report was run or requested). No decision has been made on whether or not this feature will be used. The employee will be tracked, not the taxpayer. Managers may request info to ensure employees are querying data that is specific to their job. Yes. The IBMIS (MIS) Reporting COTS software will have the ability to track the usage of the software on an individual basis. Auditor provides the capability to monitor user actions within the Business Objects system and the Business Objects security can control group or individual data access to the column, row, and/or record/cell level. This capability can be used to monitor unauthorized access along with the ability to track the frequency of use on certain reports.
17. Can use of the system allow IRS to treat taxpayers, employees, or others, differently? Explain.	No.
18. Does the system ensure "due process" by allowing affected parties to respond to any negative determination, prior to final action?	N/A

19. If the system is web-based, does it use persistent cookies or other tracking devices to identify web visitors?	IBMIS (MIS) Reporting will utilize COTS software that is web-based.
	Businesss Objects utilizes session cookies which provide a much greater degree of security vs. persistent cookies. Moreover, Auditor enables IT to understand exactly what is happening once someone logs onto (either directly or through single-sign on) the web intelligence server. Every user action can be written to a database or flat file out of the box if needed. Auditor supplies universes (a universe is a business representation of the database based on the needs of the users. Business Objects often refers to this as the semantic or metadata layer) and reports matching the user action and system data that is written out so that Security Services can schedule system and user trend reports, do ad-hoc reporting in the event of security breach or suspicious insider user activity on specific groups or individuals, and set up alert/exception reports to monitor specific groups or individuals actions over time.