



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

NOV 18 2022

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

FROM: Maya A. Bernstein *Maya Bernstein*
Privacy Advocate

SUBJECT: Issue Management System
Privacy Impact Assessment (PIA)

The Office of the Privacy Advocate has reviewed the Privacy Impact Assessment for the Issue Management System (IMS). 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, Modernization and System Security, to be included in the Certification and Accreditation package for formal acceptance for operation. 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, Modernization and System Security OS:MA:M

Date 11/18/2003

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

FROM: Dave Bass, Director, Business Systems Planning, LM:BSP

SUBJECT: Request for Privacy Impact Assessment (PIA) –
Issue Management System (IMS)

Purpose of the System: The vision of the Internal Revenue Service (IRS) Large and Mid-Size Business (LMSB) Division's Issue Management System (IMS) is to provide LMSB personnel with an issue management system that:

- supports the performance of examinations and provides for the capture and reporting of issue information;
- includes the ability for LMSB staff to share knowledge about issues under development, pre-filing agreements and abusive tax shelters; and
- includes audit support tools and case management capabilities.

LMSB envisions an issue management system that provides and supports:

- a. issue identification, tracking, and management, including a means for sharing information about issues through a centralized data repository
- b. a suite of automated tools to assist in complex audits and to assist in the development of issues
- c. data capture in support of LMSB performance measures.

The IMS will realize the LMSB vision by providing a system that will support its remotely located revenue agents. The agents will be able to execute the examination plan working in stand-alone mode. They will periodically update the central Issue Management Repository with the status of the cases they are working and issues that they have developed.

The IMS supports data that can be used for several purposes including, but not limited to Research and Classification, Congressional Inquiries, Work Planning, and Management Information Reporting. The system supports the tax administration modernization in several key areas.

The IMS is deploying in a modernized manner the same functionality currently provided by the Coordinated Exam Management Information Systems, Examination Operations Audit Databases, and the related Specialty Systems. The LMSB Issue-Based MIS will deploy approximately one month after the IMS, thus enabling the timely retirement of the CPE (Current Production Environment).

Name of Request Contact:
Name:

Anna M. Xenakis

Privacy Impact Assessment ISSUE MANAGEMENT SYSTEM (IMS)

Organization Name & Symbols: M:R:DIO-LM, M4-153
Mailing Address: 801 9th Street, NW, Washington, DC 20220
Phone Number (with area code): 202-283-8636

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: February 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 covers the audit log records used to track who accesses the LMSB
IMS
Treasury/IRS 36.003 General Payroll and Personnel Records (covers CADS)
Treasury/IRS 42.001 Examination Administrative Files (covers EOADS)
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)

Attachment PIA

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)

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 source for the IMS repository. Tables are created which represent each of the following tax forms: 851, 941, 1042, 1042S, 1065, 1065B, 1120, 1120A, 1120F, 1120FSC, 1120H, 1120L, 1120ND, 1120PC, 1120POL, 1120REIT, 1120RIC, 1120S, 1120SF, 5471, 5472.

Types of data collected: Taxpayer ID, TIN, Taxpayer Business ID, Business Name, taxpayer contact name, professional title; tax return exam ID and filing period; address; relationship; telephone number; percent of stock ownership by corporate officer.

B. Employee. IMS collects information on the employee working the taxpayer account. Types of information collected: 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), userid, login, password.

Other data collected: SEID, grade, BOD/Industry, employee group code, badge number; 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. The badge number of the employee is required to be placed on all correspondence going to the taxpayer. One of the documents within the Issue Management System is an Information Document Request (F4564). This document

when completed by the Revenue Agent is given to the taxpayer. Some of the information on this form is automatically populated by the Issue Management System. One of these items is the badge number of the employee preparing the form. The ERCS system will be the source of inventory control for the Issue Management System. ERCS uses a number to identify employees which is unique to the ERCS system and this ERCS employee number is present in each inventory control record. Issue Management System needs the ERCS employee number to match employees with ERCS inventory control records. In October 2005, the ERCS system will be updated to use the SEID number to identify employees and the use of the ERCS employee number will be discontinued. In addition Issue Management System will also use the SEID number to obtain employee information from the CADS system (Discover Directory). This information will be used to assure the employee's name always appears in the same format and spelling. Employment type refers to whether the employee is full time or part time. The employment type is needed because part of the IMS system functionality will include recording time. In order to automatically populate the Form 3081 (Employee Time Report), the system must be able to calculate annual and sick leave balances. The calculations are different for full time and part time employees.

C. Audit Trail Information. The audit function will collect the following data: Time worked on issue; update timestamp, entry timestamp, userid/entry userid, and password. The Issue Management System will provide a single entry timekeeping function for each examiner. Using time tracked by issue, IMS will be able to provide the following reports for each examiner. These reports will be automatically populated from the one time entry:

update the examination plan using Microsoft Project;

prepare the Form 3081 for payroll;
 prepare the ERCS time input report for updating SETTS;
 prepare the Form 9984 (Examining Officer's Activity Record);
 and reports for management accounting for non direct examination time.

D. Other. Conceptual entity categories: 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.

Major SAINs:

SAIN Number Title

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| <u>100's</u> | Asset Accounts |
| <u>200's</u> | Liability Accounts |
| <u>300's</u> | Capital Accounts |
| <u>400's</u> | Income Accounts |
| <u>500's</u> | Expense Accounts |
| <u>600's</u> | Special Deductions and Credits |
| <u>700's</u> | General Information |
| <u>Misc.</u> | Miscellaneous |

2. Describe/identify which data elements are obtained from files, databases, individuals, or any other sources.

- 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)

A. IRS.

- ERCS - The Examination Returns Control System is an inventory system for controlling tax returns and technical time charges at the group level. ERCS provides group managers with a complete system of inventory management of all open cases in the group. ERCS also collects time applied information on a case-by-case basis. This enables ERCS to generate area-wide time applied reports. In addition to revenue agent groups, ERCS provides complete purging information for tax compliance officers, eliminating the need for purge files. ERCS also allows Technical Services, Planning and

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| | <p>Special Programs Branch (PSP), and Case Processing to control their large and rapidly changing inventories.</p> <ul style="list-style-type: none">• ERCS Data Elements: Data elements will be the same as listed in Question 1.• BRTF – The Business Return Transaction File is a database containing transcribed information taken from the tax return filed by the taxpayer. The data elements contained in this database are considered Master File information that is generated by the Service Center campuses.• BRTF Data Elements: Data elements will be the same as listed in Question 1.• CRIS - Compliance Research Information System Business Filers Model (CRIS BFM) or (CRIS BUS MOD) supports the Compliance Research function in the identification and measurement of noncompliance and in the development of treatment strategies to deal with identified areas of noncompliance among business filers. This application extracts data from the BMF and reformats it into the necessary relational structure.• CRIS Data elements: Data elements will be the same as listed in Question 1.• SETR – Single Entry Time Reporting is a system that captures employee time for purposes of personnel benefits and payroll. The SETR system tracks all time worked, leave taken, and hours in non-pay status. IMS captures data for input into the SETR system.• SETR data elements: employee SSN, employee first initial, middle initial and last name, time worked by category |
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| | <p>each day of the pay period, clock time for all hours paid but not worked.</p> <ul style="list-style-type: none"> Integrates with and becomes part of the current production environment (ERCS, SETTR and BRTF). <p>B. Taxpayer. ERCS, BRTF and CRIS all represent IRS data sources from which information about a taxpayer is gathered in support of the examination process as documented by IMS. Data elements will be the same as listed in Question 1.</p> <p>C. Employee.</p> <ul style="list-style-type: none"> CADS – The Corporate Authoritative Directory Service system is an IRS Intranet web based tool used to locate people by their name, organization or location. Data to populate CADS is drawn from: Totally Automated Personnel System (TAPS); Treasury Integrated Management Information System (TIMIS), and Foundation Information for Real Property Management system (FIRM). The Standard Employee Identifier (SEID) is a unique computer generated employee identifier consisting of five alphanumeric characters. Data elements will be the same as listed in Question 1. <p>D. Other Federal Agencies. None.</p> <p>E. State and Local Agencies. None.</p> <p>F. Other third party sources. None.</p> |
| <p>3. Is each data item required for the business purpose of the system? Explain.</p> | <p>Yes. The main activity is to ensure compliance with tax laws. It also addresses other strategic goals, such as the identification of abusive tax shelters. The vision includes the ability for the LMSB staff to share knowledge regarding issues under development, pre-filing agreements, abusive tax shelters, etc., and</p> |

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| | <p>provides a system for issue identification, tracking and reporting to greatly improve the examination process.</p> <p>IMS supports two categories:</p> <p>The tax examination process includes all processes performed to provide tax return and tax case information to revenue agents and processes in support of the actual tax examination.</p> <p>For tactical and strategic management and planning, IMS gathers key data to enable managers to monitor and control the execution of the examination plan. Issue data gathered across cases and industries provides managers and strategic planners with information regarding trends in tax compliance.</p> <p>The data items captured in this system will provide the above. A soft copy (450 pages) of the data elements is provided for your review.</p> |
| <p>4. How will each data item be verified for accuracy, timeliness, and completeness?</p> | <p>The verification will be performed by the Team Manager, Team Coordinator, and Team Members. Data imported from the other systems should already have been verified by those systems. After importation, it would be up to the team to verify the accuracy.</p> |
| <p>5. Is there another source for the data? Explain how that source is or is not used.</p> | <p>The Examination Return Control System (ERCS) will be required to initially populate the IMS Issue and Case Repositories.</p> <p>The IMS Central Repository is actually a store of issues, entities, cases, and examinations. The database will also have tax returns and other relevant information obtained from BMF (Business Master File) and BRTF (Business Return Tax File) during the case evaluation and examination process. The information contained in the Tax Returns is data related to the business tax account.</p> |

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| <p>6. Generally, how will data be retrieved by the user?</p> | <p>Information retrieved by taxpayer TIN is based on the return of the taxpayer being assigned through a Team Manager to an examiner within his/her team, in the geographic local of the taxpayer. The Team Manager will control the taxpayer's data and all examination processes related to the taxpayer. The control and access to the particular taxpayer is done through ERCS. Remote connectivity from laptops will be provided to the revenue agents by way of Secure Dial In (SDI) and Virtual Private Network (VPN). For Coordinated Industry Case audits, agents can gain connectivity to the coordinator's database through an existing (taxpayer) Local Area Network (LAN) or through a network hub. Network communications security will provide cryptographic connections wherever taxpayer or other IRS data would otherwise be at risk of exposure. Security audit data will be collected to be available for analysis in case of system wide or individual component attacks.</p> |
| <p>7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?</p> | <p>Yes. 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 IMS application. The userid assigned to a user will determine the components that the user is permitted to access along with the type of access (read, update, delete). All information related to userid assignment is stored in the userid entity.</p> |

Access to the Data

Privacy Impact Assessment – ISSUE MANAGEMENT SYSTEM (IMS)

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| <p>8. Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others)?</p> | <p>Managers – to assign case work. Users – to perform case work. System Administrators – to modify user interface needs. Developers – to modify databases.</p> |
| <p>9. How is access to the data by a user determined and by whom?</p> | <p>Case Management will associate the tax return with developing issues, working papers and other data relevant to an audit. The team coordinator or manager will assign individuals/teams needed to complete specific tasks for the examination.</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>The IMS supports case closing by electronically interfacing to current production environments.</p> <p>BMF/EDW – Business Master File/Enterprise Data Warehouse – tax return data (file); IMS does not change tax return data. The CRIS (Compliance Research Information System) is a potential source for BMF/BRTF data.</p> <p>ERCS – Examination Returns Control System – initial domestic case data (file).</p> <p>SRS – Specialist Referral System – manual entry.</p> <p>SETR – TIMIS – time reporting data (file).</p> <p>CADS – Corporate Authoritative Directory Service – personnel data (light weight directory access protocol – LDAP).</p> <p>CADE – Customer Accounting Data Engine – IMS does not change data.</p> <p>Reference Data Sets – i.e., zip codes, organizational codes, etc., (file)</p> |

Privacy Impact Assessment – ISSUE MANAGEMENT SYSTEM (IMS)

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| <p>11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?</p> | <p>No. BMF/Enterprise Data Warehouse - yes ERCS - yes SRS - no SETR – Yes; this is a sub-application under TAPS. CADS - yes CADE - no</p> |
| <p>12. Will other agencies provide, receive, or share data in any form with this system?</p> | <p>No. GAO, Census Bureau and TIGTA do not provide, receive or share data with the Issue Management System. It is understood that any information would be made available to TIGTA, should an investigation be initiated for those matters under TIGTA's charge.</p> |

Administrative Controls of Data

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| <p>13. What are the procedures for eliminating the data at the end of the retention period?</p> | <p>All information related to the examination will be removed from the examiner's laptop upon closing the case. All information on the examiner's laptop will be stored in a central repository and will be retained following the records retention guidelines as set forth in IRM 1.15 Records Management. This calls for retirement to Records Center after 5 years and disposal after 25 years.</p> |
| <p>14. Will this system use technology in a new way? If "YES" describe. If "NO" go to Question 15.</p> | <p>No.</p> |
| <p>15. Will this system be used to identify or locate individuals or groups? If so, describe the business purpose for this capability.</p> | <p>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.</p> |
| <p>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.</p> | <p>No.</p> |
| <p>17. Can use of the system allow IRS to treat taxpayers, employees, or others, differently? Explain.</p> | <p>No.</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. The IMS system electronically records the examination processes. All taxpayer rights are the same using the IMS system as an examination conducted without the use of the IMS system.</p> |

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

IMS is not web-based. IMS will use a thick client that will use message handling standards to transmit and receive information from the backend system. The Issue Management System application will reside on the laptop and will be used in a disconnected mode. The laptop will access a central data repository periodically to synchronize data. Issue Management System is not a web-based application because it will not use Microsoft Internet Explorer to access data either on the laptop or the Tier 2 server. Synchronization will be transparent to the user.