



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

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MEMORANDUM FOR BETSY KINTER  
DIRECTOR, CUSTOMER ACCOUNT MANAGEMENT  
WAGE & INVESTMENT DIVISION W: CAS

FROM: *Mary J. Ronen, Jr.*  
Charlene Wright Thomas  
Acting Privacy Advocate CL: PA

SUBJECT: Internet Refund Fact of Filing/Advance Child Tax Credit  
(IRFOF/ACTC) Privacy Impact Assessment (PIA)

The Office of the Privacy Advocate has reviewed the Privacy Impact Assessment for the Individual Refund Fact of Filing/Advance Child Tax Credit Internet application. 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 before the project progresses to the next milestone.

We will forward a copy of the PIA to the Director, 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, which has security oversight responsibility, may request information concerning the statements contained in the PIA to ascertain compliance with applicable requirements.

If you have any questions please contact me at 202-927-5170, or your staff may contact Susan Dennis at 202-927-4287.

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 W&I

## IRFOF/ACTC Description

IRFOF/ACTC will provide information about the 2003 child tax Advance Payment of the increase to Child Tax Credit status information via the Internet to 1040-series filers who are may be eligible to receive the Advance Payment credit. Taxpayers may access the IRFOF/ACTC site by clicking on a link on the IRS home page, <http://www.irs.gov>. The IRFOF/ACTC application will authenticate user input "shared secrets," (i.e., Taxpayer Identification Number (TIN), filing status, number of exemptions reported on their 2002 tax return) and display read-only refund status Advance Payment information. If the taxpayer's refund amount has been adjusted or if there is a problem with the tax return, the IRFOF/ACTC application will display the amount of the credit check to be disbursed to the taxpayer and a detailed message that describes the problem and provides information needed to solve the problem, including a referral to the appropriate IRS telephone number. Taxpayers who qualify for the Advance Payment will see the Date the check was mailed, the amount of the check, the total amount of the credit allowed, the number of eligible children on which the computation of the credit was based, and, if applicable, any reductions to the check made because of outstanding tax liabilities. Applicable taxpayers also receive warnings concerning possible Financial Management Service offset because of non-IRS federal debts. Taxpayers are given internet links to IRS information (FAQs, Publications, Tax Forms, etc.) pertinent to their account situation. Taxpayers who according to business rules, may have a need to call the IRS are given a special call back telephone number and extension in order to facilitate faster customer service. The message may include links to additional forms to be filed or to relevant IRS publications. Online help will be provided to users in the form of frequently asked questions (FAQs) pertaining to the IRFOF/ACTC site's functionality. The site will provide links to other tax-related sites. The application will offer a brief customer satisfaction survey. Taxpayers who don't qualify for the credit are given possible reasons for ineligibility. Specific reasons for ineligibility are given if the taxpayer had claimed the child tax credit on his/her 2002 tax return, but do not qualify according to business rules. Security and taxpayer privacy will be maintained as required by IRS policy. As required in the E-Gov Act of 2002, an application specific privacy notice will be available at the point where the taxpayer is required to enter personally identifiable or tax return information ("shared secrets").

### I. Data in the System

1. *Generally describe the information to be used in the system in each of the following categories:*

- *Taxpayer:*

Taxpayer will provide TIN, filing status, and number of exemptions on the subject year's tax return.

- *Employee:*

IRFOF/ACTC will not contain employee information. The system is fully automated and requires no intervention from IRS employees.

- *Other:*

Messages and information of a general nature including IRS Publications and Forms Links, Call Back Telephone Number for IRS Refund Customer Service, Resolution and a list of items needed by the taxpayer in order to facilitate speedy telephone problem resolution Check List, and FAQs. Management information systems (MIS) information, including hit data, pages viewed summaries, success rates, wait times and throughput.

2. *What are the sources of the information in the system?*

IRFOF/ACTC receives information from the taxpayer's entry on an IRS Internet web page. IRFOF/ACTC receives translated information from systems that derive information from IRS files. MIS repositories collect hit data, pages viewed summaries, success rates, wait times and throughput information authentication data, success rates, account status information, session duration, and taxpayer navigation data.

a. *What IRS files and databases are used?*

Refund Information File (RFIF) Advance Child Tax Credit file extracts from the current processing environment.

b. *What Federal Agencies are providing data for use in the system?*

No Federal agencies other than the IRS are providing data for use in IRFOF/ACTC.

c. *What State and Local Agencies are providing data for use in the system?*

No State or Local Agencies are providing data for use in IRFOF/ACTC.

d. *From what other third party sources will data be collected?*

No other third party sources are providing data for use in IRFOF/ACTC.

e. *What information will be collected from the taxpayer/employee?*

All information collected from the taxpayer will come from the taxpayer's entries on the IRS web page. No employee information will be collected. There is no opportunity for employees to intervene in this process; no employee tracking or audit trail processes are possible.

The data collected from the taxpayer will be:

- TIN –Social Security Number (SSN) or IRS TIN (ITIN)
- Filing Status – Numerical value representing:
  - Single
  - Married filing joint return
  - Married filing separate return
  - Head of household

- Qualifying widow(er)

- Number of Exemptions - Entered by taxpayer from taxpayer's subject year tax form submitted.
- Session data, ISP, and other related information.

3.a. *How will data collected from sources other than IRS records and the taxpayer be verified for accuracy?*

IRFOF/ACTC will not contain data from sources other than IRS records or the taxpayer. See Paragraphs I.2.b, c, & d.

b. *How will data be checked for completeness?*

The application provides a validation/format check for each data field entered. The taxpayer must provide the requested information in a format specified by the application in the instructions. Since the application will not function without the required data, there is no possibility that the data received and processed will be incomplete or inaccurate. If there is no "match" with the data entered by the taxpayer, he/she is immediately informed.

c. *Is the data current? How do you know?*

~~Not applicable.~~ IRFOF/ACTC will not contain data from sources other than IRS records or the taxpayer. The IRS data used is deemed reliable and accurate. That data is matched to the taxpayer's input, which must be accurate in order for the application to perform.

d. *Are the data elements described in detail and documented? If yes, what is the name of the document?*

Yes. The data elements entered by the taxpayer are the TIN, filing status, and number of exemptions claimed on the subject year return. These are used to search for the correct taxpayer record. Data provided back to the taxpayer provide the status of the refund or credit or other information to inform him/her of the status.

The IRFOF/ACTC Reports will describe the data elements. As the IRFOF/ACTC is built and tested, the documentation on the development will reflect the latest details. At the acceptance of the IRFOF/ACTC application by the IRS, the documentation package will contain complete details on the data elements.

## II. Access to the Data

1. *Who will have access to the data in the system (users, managers, system administrators, developers, other)?*

The taxpayer-entered information will be protected from access from the time it leaves the taxpayer's personal computer browser until it is received at the Web host environment by a Secure Socket Layer-3 (SSL-3) Internet security protocol.

At that point, the data will be accessible by the Web host administrators. The Security and Technology Infrastructure Release (STIR) project providing the Web

hosting has awarded a contract to provide the Web hosting services. The contracted services are required to comply with all Privacy Act requirements for protecting taxpayer information.

The privacy of the taxpayer data being transmitted between the Web host and the Martinsburg Computing Center (MCC) will be protected by the STIR infrastructure.

The IRFOF/ACTC application within the MCC will allow access to the data by System Administrators (SAs), Database Administrators (DBAs), and computer operators with backup privileges and other privileges that allow data access in compliance with MCC privacy standards.

Designated IRS employees will have access to MIS reporting, survey analysis and reporting functions to allow them to produce MIS reports about the IRFOF/ACTC application for IRS use. Designated IRS employees will log in to an interface on the IRFOF/ACTC server to access the report generator. This IRFOF/ACTC-related functionality is only for use by designated IRS employees, and is not for taxpayers' use.

**Any access to IRFOF/ACTC and related systems will be controlled via Access Control lists, Radius, Authentication Authorization and Accounting applications, and Public Key Infrastructure in accordance with IRM policy and LEM guidelines. All IRS employee and contractor access is in accordance with TDP 71-10, Department of the Treasury Security Manual and IRM 1(15)12 Managers Security Handbook.**

2. *How is access to the data by a user determined? Are criteria, procedures, controls, and responsibilities regarding access documented?*

A user's position and need-to-know determine the type of access to the data. The manager, functional security coordinator, and the system administrator/security officer grant approval for system access. A user's access to the data terminates when it is no longer required.

The following mandatory rules are defined for users of IRS computer and information systems:

- Users are forbidden to access, research, or change any account, file, record, or application that is not required to perform official duties
- Users are restricted to accessing, researching, or changing only those accounts, files, records or applications that are required to perform their official duties
- Users are forbidden to access their individual/spouse account, accounts of relatives, friends, neighbors, or any account in which the user has a personal or financial interest. Users are restricted from accessing the accounts of a famous or public person unless given authorization
- If asked to access an account or other sensitive or private information, users are required to verify that the request is authorized and valid. Users will be held accountable if they access an unauthorized account

- Users are required to protect passwords from disclosure and to refuse acceptance of passwords that are not delivered in a sealed envelope. Users are required to log/sign off anytime they leave the computer or terminal
- Users are instructed to protect the following from disclosure:
  - Telephone numbers of Remote Access Systems
  - Procedures that permit system access from a remote site
- All vendors are to be escorted and monitored at all times
- All systems supporting IRFOF/ACTC require users to identify themselves and provide proof of their identity by unique user identification (USERID) and password

Criteria, procedures, controls, and responsibilities regarding access are in the process of being documented in the IRFOF/ACTC Security Features User's Guide and Trusted Facility Manual and will be delivered as part of the IRFOF/ACTC Milestone 4 documentation.

3. *Will users have access to all data on the system or will the user's access be restricted? Explain.*

All users will be restricted to access based upon their position and need-to-know.

4. *What controls are in place to prevent the misuse (e.g. browsing) of data by those having access?*

The IRFOF/ACTC application does not store taxpayer information in any component longer than needed to complete the taxpayer's session.

To ensure that no misuse of any taxpayer information occurs, the following mandatory rules are defined for users of IRS computer and information systems:

- Users are forbidden to access, research, or change any account, file, record, or application that is not required to perform official duties
- Users are restricted to accessing, researching, or changing only those accounts, files, records or applications that are required to perform their official duties
- Users are forbidden to access their individual/spouse account, accounts of relatives, friends, neighbors, or any account in which the user has a personal or financial interest. Users are restricted from accessing the accounts of a famous or public person unless given authorization
- If asked to access an account or other sensitive or private information, users are required to verify that the request is authorized and valid. Users will be held accountable if they access an unauthorized account

- 5.a. *Do other systems share data or have access to data in this system? If yes, explain.*

The IRFOF/ACTC application passes the taxpayer-entered TIN to the Telephone Routing Interactive System-Interactive Processor (TRIS-IP). The TIN provided to the TRIS-IP is used by the TRIS-IP system to retrieve the taxpayer's refund or child tax credit information.

- b. *Who will be responsible for protecting the privacy rights of the taxpayers and employees affected by the interface?*

**The TRIS-IP interface is the source of privacy data for the IRFOF/ACTC. Other systems do not share or have access to the privacy data in IRFOF/ACTC.**

- 6.a. *Will other agencies share data or have access to data in this system (International, Federal, State, Local, Other)?*

**No. The IRFOF/ACTC application does not share or allow access to taxpayer or employee information with any other agency. No other information is shared with other agencies.**

- b. *How will the data be used by the (other) agency?*

**See II.6.a above. The IRFOF/ACTC application does not share or allow access to taxpayer or employee information.**

- c. *Who is responsible for assuring proper use of the data?*

**See II.6.a above. The IRFOF/ACTC application does not share or allow access to taxpayer or employee information.**

- d. *How will the system ensure that agencies only get the information they are entitled to under IRC 6103?*

**See II.6.a above. The IRFOF/ACTC application does not share or allow access to taxpayer or employee information.**

### III. Attributes of the Data

1. *Is the use of the data both relevant and necessary to the purpose for which the system is being designed?*

**Yes. All use of the data is relevant and necessary. IRFOF/ACTC does not collect information from the taxpayer or receive information from IRS files that is not essential to the designed purpose of the system.**

**2.a Will the system derive new data or create previously unavailable data about an individual through aggregation from the information collected? No.**

- b. *Will the new data be placed in the individual's record (taxpayer or employee)?*

**No new data will be placed in the individual's record. There are no provisions in IRFOF/ACTC for sharing any information with systems that place information into an individual's record.**

- c. *Can the system make determinations about taxpayers or employees that would not be possible without the new data?*

**No. See III.2.a above. There is no mechanism in the IRFOF/ACTC design that would allow determinations about taxpayers or employees.**

d. *How will the new data be verified for relevance and accuracy?*

**See III.2.a above. Because IRFOF/ACTC does not create new data, no new data is verified.**

3.a. *If data is being consolidated, what controls are in place to protect the data from unauthorized access or use?*

**Data is not being consolidated in the IRFOF/ACTC design. Security controls ensure that there is no unauthorized access or use of any data in the system.**

b. *If processes are being consolidated, are the proper controls remaining in place to protect the data and prevent unauthorized access? Explain.*

**Processes from other IRS systems are not being consolidated in the IRFOF/ACTC design. All IRFOF/ACTC processes are new processes that provide the new functionality of IRFOF/ACTC.**

4. *How will the data be retrieved? Can it be retrieved by personal identifier? If yes, explain.*

**The data will be retrievable by the TIN only within the logic of the application and will not be exported to a user interface or a system interface.**

5. *What are the potential effects on the due process rights of taxpayers and employees of:*

a. *consolidation and linkage of files and systems;*

**There is no impact on taxpayer or employee due process rights because IRFOF/ACTC does not consolidate files or systems. Linkages of systems are unidirectional controlled to preclude uncontrolled access to IRFOF/ACTC data.**

b. *derivation of data;*

**No new data is derived by IRFOF/ACTC in the current design.**

c. *accelerated information processing and decision making;*

**The purpose of the IRFOF/ACTC application is to provide the taxpayer the benefit of knowing their tax refund or tax credit status and expected date of receipt of their refund through via Internet query. There is no privacy information processing and decision making within IRFOF/ACTC.**

d. *use of new technologies;*

**Technologies used in IRFOF/ACTC are not new technologies to the IRS.**

e. *How are the effects to be mitigated?*

**There are no negative effects on the taxpayer's or employees' rights of due process to be mitigated.**



#### **IV. Maintenance of Administrative Controls**

- 1.a. *Explain how the system and its use will ensure equitable treatment of taxpayers and employees.*

**IRFOF/ACTC only deals with taxpayers and provides the same level of treatment for all taxpayers. The IRFOF/ACTC does not use the TIN, filing status or number of exemptions provided by the taxpayer to alter any processing based on identification.**

- b. *If the system is operated in more than one site, how will consistent use of the system and data be maintained in all sites?*

**The IRFOF/ACTC application is automated with no users except those assigned to provide the maintenance and protection features to the application. Taxpayers access the web pages to input their shared secrets but they never directly access IRFOF/ACTC. Identical systems and consistent level of maintenance at two Internet Web hosting sites ensures consistency. The data processing part of IRFOF/ACTC resides at MCC.**

- c. *Explain any possibility of disparate treatment of individuals or groups.*

**IRFOF/ACTC does not have the capability or capacity to provide disparate treatment of individuals or groups. See IV.1.a above.**

- 2.a. *What are the retention periods of data in this system?*

**No data is retained in IRFOF/ACTC beyond the taxpayer's inquiry session on the Internet other than the unsuccessful re-entry database information and that data is only retained for 24 hours. Management Information System (MIS) data is held as long as the IRS requires. That data is used to maintain and protect the integrity of our systems from unauthorized access or other abuse.**

- b. *What are the procedures for eliminating the data at the end of the retention period? Where are the procedures documented?*

**Taxpayer privacy data is removed from IRFOF/ACTC when no longer needed to support the taxpayer Internet session.**

- c. *While the data is retained in the system, what are the requirements for determining if the data is still sufficiently accurate, relevant, timely, and complete to ensure fairness in making determinations?*

**All taxpayer information from the TRIS-IP used by the IRFOF/ACTC is not modified at any time and is retained only for the duration of the taxpayer's Internet session. No determinations are made by IRFOF/ACTC about a taxpayer or a taxpayer's data. The data is unchanged during this time and therefore must be considered still relevant and accurate.**

- 3.a. *Is the system using technologies in ways that the IRS has not previously employed (e.g., Caller-ID)?*

**The use of proven Internet technologies for providing the taxpayer refund status information is new to IRS, the system technology is not new.**

- b. *How does the use of this technology affect taxpayer/employee privacy?*

Taxpayer privacy is protected through security and procedural controls and is therefore not affected. SSL-3 encryption, an Internet technology, is applied to all data traversing the Internet and provides privacy of the taxpayer's information outside of IRS-controlled environments. The privacy of an employee is not affected by IRFOF/ACTC.

- 4.a. *Will this system provide the capability to identify, locate, and monitor individuals? If yes, explain.*

No. Identification of the individual taxpayer is provided by the taxpayer in the form of a TIN. No other data is in IRFOF/ACTC that would allow locating or monitoring of the individual. IRFOF/ACTC will be able to track the failed authentication attempts by the taxpayer and the number of taxpayer authentications per session for a 24-hour period; however, an individual taxpayer will not be located and/or monitored by IRFOF/ACTC.

- b. *Will this system provide the capability to identify, locate, and monitor groups of people? If yes, explain.*

No. Identification of the individual taxpayer is provided by the taxpayer in the form of a TIN. No other data is in IRFOF/ACTC that would allow locating or monitoring of groups of people. IRFOF/ACTC will be able to track the failed authentication attempts by the taxpayer and the number of taxpayer authentications per session for a 24-hour period; however, an individual taxpayer will not be located and/or monitored by IRFOF/ACTC.

- c. *What controls will be used to prevent unauthorized monitoring?*

There is insufficient data in IRFOF/ACTC at any time to provide any form of monitoring of an individual or groups of people.

- 5.a. *Under what SORN does the system operate? Provide number and name.*

Treasury/IRS 00.001, Correspondence Files and Correspondence Control Files

Treasury/IRS 34.037, Audit Trail and Security Records System

Treasury/IRS 24.030 Individual Master File

Treasury/IRS 34.018 IDRS Security Files

- b. *If the system is being modified, will the SORN require amendment or revision? Explain.*

IRFOF/ACTC is not a new system, but an extension of the IRFOF functionality.