

Date of Approval: **February 09, 2021**

PIA ID Number: **5789**

SYSTEM DESCRIPTION

Enter the full name and acronym for the system, project, application and/or database.

Certified Professional Employer Organization and 501(c)(4) Registration, CPEO/501(c)(4), 1699,4A, CPEO

Is this a new system?

No

Is there a PCLIA for this system?

Yes

What is the full name, acronym and milestone of the most recent PCLIA?

Certified Professional Employer Organization and 501(c)(4) Registration, CPEO/501(c)(4),1699,4B

What is the approval date of the most recent PCLIA?

1/19/2018

Changes that occurred to require this update:

Expiring PCLIA

Were there other system changes not listed above?

No

What governance board or Executive Steering Committee (ESC) does this system report to? Full name and acronym.

Small Business/Self Employed (SB/SE) and Tax Exempt/Government Entity (TE/GE) Governance Board

Current ELC (Enterprise Life Cycle) Milestones:

Operations & Maintenance (i.e. system is currently operational)

Is this a Federal Information Security Management Act (FISMA) reportable system?

Yes

GENERAL BUSINESS PURPOSE

What is the general business purpose of this system? Provide a clear, concise description of the system, application or database, the reason for the system, and the benefits to the IRS to use the information, and how the information will be used.

Legislative mandates required the IRS to create systems to register, and certify, Certified Professional Employer Organizations (CPEOs) and a streamlined registration process for 501(c)(4) Social Welfare organizations (501(c)(4)). The CPEO program is under the oversight of SBSE and the 501(c)(4) program is under the oversight of TEGE. Since both programs utilize the same solution, they are being pursued as a single system. Separate levels of access to CPEO or 501(c)(4) applications/registrations and the information relative to each will be granted within the system. The system leverages the existing features of online services, primarily the Tax Professional Preparer Tax Identification Number System, to permit CPEOs and 501(c)(4) entities to submit applications online. Included in this will be the ability of CPEO applicants to upload supplemental documentation. The applications will collect from the applicant and through manual research data necessary to evaluate the application and, when appropriate, register/certify the applicant.

PII DETAILS

Does the system use, collect, receive, display, store, maintain, or disseminate IR Code 6103 taxpayer information; or any other type of Sensitive but Unclassified (SBU) information or PII such as information about IRS employees or outside stakeholders?

Yes

Does the system use, collect, receive, display, store, maintain, or disseminate Social Security Numbers (SSN's) or tax identification numbers (i.e. last 4 digits, etc.)?

Yes

What types of tax identification numbers (TIN) apply to this system?

Social Security Number (SSN)

List the approved Treasury uses of the SSN:

Interfaces with external entities that require the SSN

Explain why the authorized use(s) above support the new or continued use of SSNs (or tax identification numbers).

The applicants will be providing this information so that the Service may check their background, tax compliance status, tax compliance history, criminal history, and professional certifications (if any). For CPEO, Internal Revenue Code Section 7705(b)(1) provides that the Secretary shall establish requirements with respect to tax status, background, experience, business location and annual financial audits. The IRS will use TINs to manually research internal systems (Individual Master File, Business Master File, Automated Insolvency System, Automated Trust Fund Recovery, etc.) and external systems (e.g.: Federal Bureau of Investigation National Crime Information Center (NCIC), state licensing agencies, etc.)

Describe the planned mitigation strategy and forecasted implementation date to mitigate or eliminate the use of SSN's (or tax identification numbers).

None.

Employer Identification Number

Does this system use, collect, receive, display, store, maintain or disseminate other (non-SSN) PII (i.e. names, addresses, etc.)?

Yes

Specify the PII Elements:

Name
Mailing address
Phone Numbers
E-mail Address
Date of Birth
Certificate or License Numbers
Employment Information
Tax Account Information

Does this system use, collect, receive, display, store, maintain, or disseminate SBU information that is not PII?

Yes

Specify the types of SBU from the SBU Types List:

Official Use Only (OUO) or Limited Official Use (LOU) Information designated as OUO or LOU is information that: is exempt under one of the statutory Freedom of Information Act exemptions; is prohibited by other laws or regulations; would significantly impede the agency in carrying out a responsibility or function; or would constitute an unwarranted invasion of privacy.

Proprietary data Business information that does not belong to the IRS.

Are there other types of SBU/PII used in the system?

Yes

Describe the other types of SBU/PII that are applicable to this system.

Financial statements, quarterly attestations from Certified Public Accountants (CPAs), annual audit opinions by CPAs, information concerning closely held/related entities, surety bonds, and background information concerning the business and officers.

Cite the authority for collecting SBU/PII (including SSN if relevant).

PII for federal tax administration is generally Internal Revenue Code Sections 6001, 6011, & 6012e(a)

SSN for tax returns and return information is Internal Revenue Code Section 6109

Has the authority been verified with the system owner?

Yes

BUSINESS NEEDS AND ACCURACY

Explain the detailed business needs and uses for the SBU/ PII, and how the SBU / PII is limited only to that which is relevant and necessary to meet the mission requirements of the system. If SSNs (or tax identification numbers) are used, explicitly explain why use of SSNs meets this criteria. Be specific.

Congress passed legislation mandating the Service establish a program for the voluntary certification of Professional Employer Organizations (PEOs). The legislation contains a fair degree of specificity with respect to the material to be used in certifying an organization, monitoring and organization, and the maintenance of certification for the organization. For CPEO, Internal Revenue Code Section 7705(b)(1) provides that the Secretary shall establish requirements with respect to tax status, background, experience, business location and annual financial audits. The requirements have been tailored, in conjunction with Counsel, to ensure that we are obtaining only the information necessary to ensure adherence to the Congressional mandate and be capable of communicating with the applicant, its owners, or agents. Information regarding the identity of the business, the principal owners/operators, their tax compliance history, their criminal history, professional associations to which they are members, and other information is necessary to insure that they meet the conditions of a bondable firm that demonstrates the experience and qualification to be relied upon to handle large sums of trust fund monies to be paid over to the Service. The collection of SSN/TINs is critical to this as we have an affirmative requirement to check the compliance history of the applicant, its owner, or principal agents. Criminal history information is used to make a risk assessment of the responsible parties of the CPEO. This information is maintained on a SharePoint site within the IRS and not within the contractor program. The only means for

accomplishing this is through the collection of SSN/TINs. In the case of the 501(c)(4) registration process, the SBU/PII data elements requested are either a requirement for a user profile (individual Name, Email, Password), specifically named within the Path Act legislation that mandates the notice (Organization Name, Address, EIN, Date Organized, State Organized, Statement of Purpose), or required as a component of implementing the update (Filing Year Month). SSNs are not expected to be collected for the 501(c)(4) notice.

How is the SBU/PII verified for accuracy, timeliness and completion?

In the case of both CPEO and 501(c)(4) registration accuracy, completeness and fairness is assured, in part, by having a computer-based system handle the initial acceptance of applications/registrations. Submissions that fail to meet the minimum standards for processing are not passed along to the next step of the process with the applicant receiving immediate notification of the status of their application. That ensures that applications are complete before they are sent for processing and that all similarly conditioned taxpayers are treated the same.

PRIVACY ACT AND SYSTEM OF RECORDS

The Privacy Act requires Federal agencies that maintain a system of records to publish systems of records notices (SORNs) in the Federal Register for records from which information is retrieved by any personal identifier for an individual who is a US citizen or an alien lawfully admitted for permanent residence. The Privacy Act also provides for criminal penalties for intentional noncompliance.

Does your application or this PCLIA system pertain to a group of any record from which information is retrieved by any personal identifier for an individual who is a US citizen, or an alien lawfully admitted for permanent residence? An identifier may be a symbol, voiceprint, SEID, or other personal identifier that is used to retrieve information.

Yes

Identify the Privacy Act SORN(s) that cover these records.

IRS 10.008 Certified Professional Employer Organizations

RESPONSIBLE PARTIES

Identify the individuals for the following system roles:

Official Use Only

INCOMING PII INTERFACES

Does the system receive SBU/PII from other systems or agencies?

Yes

Does the system receive SBU/PII from IRS files and databases?

Yes

Enter the files and databases:

System Name: Identify Verification System
Current PCLIA: No
SA&A: No

System Name: Custodial Detail Database
Current PCLIA: Yes
Approval Date: 4/28/2019
SA&A: No

Does the system receive SBU/PII from other federal agency or agencies?

Yes

For each federal interface, identify the organization that sends the SBU/PII, how the SBU/PII is transmitted and if there is an Inter-Agency Agreement (ISA) /Memorandum of Understanding (MOU).

Name: PAY.GOV
Transmission Method: HTTPS
ISA/MOU: No

Does the system receive SBU/PII from State or local agency (-ies)?

No

Does the system receive SBU/PII from other sources?

No

Does the system receive SBU/PII from Taxpayer forms?

No

Does the system receive SBU/PII from Employee forms (e.g. the I-9)?

No

DISSEMINATION OF PII

Does this system disseminate SBU/PII?

Yes

Does this system disseminate SBU/PII to other IRS Systems?

Yes

Identify the full name and acronym of the IRS system(s) that receive SBU/PII from this system.

System Name: Identity Verification System
Current PCLIA: No
SA&A: No

System Name: Custodial Detail Database
Current PCLIA: Yes
Approval Date: 4/28/2019
SA&A: No

Identify the authority.

The CPEO system will be using the existing Income Verification Services (IVS) application to verify the identity of those involved in the application to become a CPEO prior to acceptance, and processing, of the application. CPEO will also use the Custodial Detail Database (CDDDB) to conduct batch tax compliance checks since suitability is a key component of being certified.

For what purpose?

CPEO is a registration system.

Does this system disseminate SBU/PII to other Federal agencies?

Yes

Identify the full names of the federal agency(s) that receive SBU/PII from this system, and if there is an Inter-Agency Agreement (ISA) / Memorandum of Understanding (MOU).

Organization Name: pay.gov
Transmission Method: https
ISA/MOU: No

Identify the authority.

Users are required to independently navigate to Pay.gov and complete payment to a new payment process where the Pay.gov collection pages are integrated with the application process. This solution is being implemented for the PEO Certification, CPEO Annual Verification, and Form 8976, Notice of Intent to Operate Under Section 501(c)(4). Legislation requires the payment of the fee for both CPEO and 501(c)(4).

Identify the Routine Use in the applicable SORN (or Privacy Act exception).

IRS 10.008 Certified Professional Employer Organizations

For what purpose?

To collect payment of registration fee.

Does this system disseminate SBU/PII to State and local agencies?

No

Does this system disseminate SBU/PII to IRS or Treasury contractors?

No

Does this system disseminate SBU/PII to other Sources?

No

PRIVACY SENSITIVE TECHNOLOGY

Does this system use social media channels?

No

Does this system use privacy-sensitive technologies such as mobile, global position system (GPS), biometrics, RFID, etc.?

No

Does the system use cloud computing?

No

Does this system/application interact with the public?

Yes

Was an electronic risk assessment (e-RA) conducted on the system/application?

Yes

When was the e-RA completed?

5/21/2019

What was the approved level of authentication?

Level 2: Some confidence in the asserted identity's validity
Confidence based on Single Factor Identity Validation

INDIVIDUAL NOTICE AND CONSENT

Was/is notice provided to the individual prior to collection of information?

Yes

How is notice provided? Was the individual notified about the authority to collect the information, whether disclosure is mandatory or voluntary, the purpose for which the information will be used, with whom the information may be shared, and the effects on the individual, if any, if they decide not to provide all or any of the requested information?

The system will be a series of input screens for which the public will input the required information. Screens will provide information required Privacy Act Notifications. Additionally, the submission of information requires an affirmative act on the part of the public to provide the information in both the case of CPEOs and 501(c)(4) organizations. They are not required to be registered in order to function unless they wish to be recognized. From a Privacy Act perspective this is distinguishable from a compulsory demand to the taxpayer for the provisioning of information by the taxpayer.

Do individuals have the opportunity to decline from providing information and/or from consenting to particular uses of the information?

Yes

Describe the mechanism by which individuals indicate their consent choice(s):

Yes, with respect to providing the information. They would simply not provide the information or fail to complete the application process. They are under no obligation to provide the information unless they make the affirmative choice to become a CPEO or wish to be recognized as a 501(c)(4) Social Welfare Organization. Registration in both cases is voluntary and only required to obtain legal recognition as one or the other. But the law doesn't require recognition for the organization to exist. No, with respect to consenting to a particular use of the data. The instructions and screens will notify them of the purposes for the collection of the data and its usage.

How does the system or business process ensure 'due process' regarding information access, correction and redress?

There will be an administrative review process for those who are denied certification as a CPEO. Additionally, there is an affirmative requirement that CPEOs updated their information when there is a significant change in the information as well as an annual renewal process to maintain their registration. The 501(c)(4) notice is not a process associated with a formal approval or denial. The IRS will conduct a validity check against Masterfile of the organization's entity information before processing an Acceptance. Where there is a mismatch in the information, the Service will send correspondence identifying the issue and requesting clarification. If no response is received, the request will not be accepted, and the user fee is returned. The organization remains eligible to come back at any time to resubmit the notice.

INFORMATION PROTECTION

Identify the owner and operator of the system (could be IRS owned and Operated; IRS owned, contractor operated; contractor owned and operated).

IRS Owned and Contractor Operated

The following people have access to the system with the specified rights:

IRS Employees

Users: Read Write

Managers: Read Write

IRS Contractor Employees

Contractor Users: Read Write

Contractor Managers: Read Write

Contractor System Administrators: Administrator

How is access to SBU/PII determined and by whom?

Access to CPEO and 501(c)(4) information is kept separate. The basic platform is that the CPEO or 501(c)(4) applicant will have to provide certain information to determine their eligibility for recognition/certification. IRS employees, and managers, will require access to the system based on their role to review the documentation; review, and document, the results of any additional research; approve the applicant's registration/certification; and provide notification to the applicant along with any appeal rights in the event of an adverse determination. Access is granted through the On-Line 5081 (OL5081) system and enforced

by roles based access within the system. The O5081 system requires a first level manager to approve access to the system. Employees will only have access to either CPEO or 501(c)(4) information, not both. The product is being developed by a contractor, Accenture, who has developed and managed similar applications (i.e., Return Preparer) for the Service in the past. The distinction being that post development the application will be transferred to IRS Ownership. Accordingly, post transition the contractor access would be terminated.

RECORDS RETENTION SCHEDULE

Are these records covered under a General Records Schedule (GRS, IRS Document 12829), or has the National Archives and Records Administration (NARA) approved a Records Control Schedule (RCS, IRS Document 12990) for the retention and destruction of official agency records stored in this system?

No

You must work with the IRS Records and Information Management (RIM) Program Office to address records retention requirements before you dispose of any records in this system.

SA&A OR ASCA

Has the system been through SA&A (Security Assessment and Authorization) or ASCA (Annual Security Control Assessment)?

Yes

What date was it completed?

11/3/2020

Describe the system's audit trail.

CPEO/501(c)(4) audit plan and its requirements are documented in IRM 10.8.3 Audit Logging Security Standards and the NIST 800-53 Audit (AU) control family. Some information from the audit plan is provided below. Application audit plan deficiencies are provided to the Cybersecurity, Security Risk Management (SRM), Enterprise FISMA Compliance office. The deficiencies will be scheduled for assessment by the SRM team in the next FISMA cycle at which time the deficiency will either be discarded or a Security Assessment Report (SAR) will be provided. If a SAR is provided the deficiency has been updated to a finding and a POA&M may be required. The CPEO application has application files, data file, and application-specific logs that reside on Linux servers. The audit plan focuses on the CPEO application specific requirements not fulfilled by the operating system. CPEO/501(c)(4) uses a Commercial off the Shelf (COTS) application (Versa). Versa has 2 components, Versa:Online and Versa:Regulation. Versa:Online provides the web-based interface for organization representatives applying for a CPEO Registration. Versa:Regulation is the back office module of the application where all data is collected and stored in an Oracle Database. Versa Online provides for limited auditing. It can capture the successful and failed login attempts, logout events, password creation/update events.

PRIVACY TESTING

Does the system require a System Test Plan?

No

Please explain why:

CPEO is in production and the operation/maintenance phase.

SBU DATA USE

Does this system use, or plan to use SBU Data in Testing?

No

NUMBER AND CATEGORY OF PII RECORDS

Identify the number of individual records in the system for each category:

IRS Employees: Not Applicable

Contractors: Not Applicable

Members of the Public: Under 100,000

Other: No

CIVIL LIBERTIES

Does the system maintain any information describing how any individual exercises their rights guaranteed by the First Amendment?

No

Is the system information used to conduct 'data-mining' as defined in the Implementing Recommendations of the 9/11 Commission Act of 2007, Public Law 110-53, Section 804?

No

Will this system have the capability to identify, locate, and monitor individuals or groups of people?

No

Does computer matching occur?

No

ACCOUNTING OF DISCLOSURES

Does the system include or require disclosure of tax or employee information to anyone other than IRS employees in the performance of their duties, or to the person to whom the information pertains or to a 3rd party pursuant to a Power of Attorney, tax or Privacy Act consent?

Yes

Does the system have a process in place to account for such disclosures in compliance with IRC §6103(p) (3) (A) or Subsection (c) of the Privacy Act? Contact Disclosure to determine if an accounting is required.

Yes