

Date of Approval: **June 28, 2023**

PIA ID Number: **7930**

SYSTEM DESCRIPTION

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

Digitalization Solution R2, DEP

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?

Digitalization Solution R1 7129

What is the approval date of the most recent PCLIA?

8/9/2022

Changes that occurred to require this update:

Addition of Commercial Data or Sources

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.

Web Applications (WebApps) Governance Board, Strategic Development Executive Steering Committee (SD ESC)

Current ELC (Enterprise Life Cycle) Milestones:

Domain Architecture/Milestone 2

System Development/Milestone 4B

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.

The primary focus of the Digitalization Solution Release 1 (R1) is to move the Internal Revenue Service (IRS) incrementally towards the common, modernized digital architecture in alignment with the IRS Digitalization Strategic Plan and to drive the IRS towards its goal to be a digital enterprise by 2025. The IRS will leverage research, findings, and in-progress activities where possible to avoid silos (e.g., levels of expertise and systems), duplicative development efforts and reduce technical debt as it implements new digitalization solutions. Throughout the COVID-19 pandemic, Automated Underreporter (AUR) and Correspondence Exam (Corr Exam) Tax Examiners were unable to work at multiple campus sites. This created sizeable mail backlogs that still require sorting, batching, and manual entry in the system for processing. On average, return Integrity and Compliance Services (RICS) & Small Business/Self-Employed (SB/SE) Correspondence Exam Inventory Management receive approximately (~) 14M pieces of paper correspondence annually. SB/SE Exam Automated Underreporter (AUR) receives ~24M pieces of paper correspondence annually. Additionally, Correspondence Exam currently holds a backlog of ~4M documents, including an unknown amount in tractor trailer storage at various processing centers, and AUR holds a backlog of ~2M documents. The inefficiency of managing millions of physical documents, paired with Tax Examiners working remotely, has prompted the IRS to take a digital approach for handling physical correspondence. An example of these correspondence would be form F14817 and several other tax and intake documents. The IRS is facing key challenges with the inefficiencies of the current solution in areas such as storage, monitoring and tracking, manual data entry/paper processing, decentralized systems, limited digital data access and resource constraints. Focusing on AUR and Correspondence Exam to address Development, Modernization and Enhancements (DME) 238785 and 238814, Release 1 (R1) lays the foundation for the Digitalization Solution by establishing the first intake channel of high-speed scanners, the core system for data extraction, Application Programming Interface (APIs) that service-enable the system and the cloud storage needed while driving progress towards that target state. This will provide a common intake pathway for correspondence documents to be processed or managed downstream by other IRS applications (i.e., Enterprise Case Management (ECM), Report Generation Software (RGS) and Correspondence Examination Automation Support (CEAS). R1 aims to establish the core Digitalization System (User Interface, Extraction and Validation/Correction Workflow, etc.) by implementing Ephesoft in the cloud environment. Ephesoft is an Intelligent Document Processing service that uses advanced intelligence to extract and manage data from documentation. Contractors will be utilized for Release 1 (R1) of the Digitalization Solution. Accenture will be responsible for the implementation of the solution in Integrated Enterprise Portals (IEP), the Accenture managed AWS GovCloud for IRS, as well as design, infrastructure, development, ELC documentation, testing, and O&M of the Digitalization System. Updates will be provided as Release 2 of the Digitalization System continues to

develop past this Process Planning Review Milestone. The primary focus of the Digitalization Solution Release 2 (DIG R2) is to integrate the Electronic Enterprise Fax (EEFax) and Document Upload Tool (DUT) intake channels, so that they may all be routed to the As-Received Database to increase the digitalization of taxpayer submission for searching and reporting by the IRS. Integration of Account Management Services (AMS) as a downstream system is also a goal within DIG R2. Updates will be provided as Release 2 of the Digitalization System continues to develop past this Process Planning Review Milestone.

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

Legal/statutory basis (e.g., where collection is expressly required by statute)

When there is no reasonable alternative means for meeting business requirements

Another compelling reason for collecting the SSN

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

The taxpayer's SSN will be utilized during the Case Analysis (Screening) Phase, where a technical determination is made to establish whether: A notice needs to be generated A case needs to be referred and/or researched A case can be closed without further action A case should be transferred to another function A case needs special handling/routing for identity theft The AUR bar code printed on the Form 4251 generated for paper returns contains the social security number (SSN) and tax year of the associated case. AUR uses a series of batches to control and monitor inventory. Cases move from batch to batch as significant actions take place. Batches are built in the order the SSNs are scanned or key entered. Each SSN is assigned a Case

Sequence Number (CSN). Batches are built using the Batch Building menu. The taxpayer's SSN will be contained in the following batch listings: PC-Sequence Number-SSN Batch Listing Sequence Number-SSN-PC Batch Listing Sequence Number-SSN Batch Listing.

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

The Office of Management and Budget Circular A-130 requires that federal agencies develop a mitigation or elimination strategy for systems that use SSNs, which the Service continues to develop strategies to meet. An exception to that requirement is when the SSN is uniquely needed to identify a user's record. This system requires the use of SSNs because no other identifier can be used to uniquely identify a taxpayer at this time. SSNs are permissible from Internal Revenue Code (IRC) 6109, which requires individual taxpayers to include their SSNs on their income tax returns.

Employer Identification Number

Other Taxpayer 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
Place of Birth
Mother's Maiden Name
Vehicle Identifiers
Passport Number
Financial Account Numbers
Photographic Identifiers
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.

Protected Information - Information which if modified, destroyed, or disclosed in an unauthorized manner could cause loss of life, loss of property or funds by unlawful means, violation of personal privacy or civil rights, gaining of an unfair procurement advantage by contractors bidding on government contracts, or disclosure of proprietary information entrusted to the Government.

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.

The taxpayer can include anything in a response such as pictures or responses to other issues.

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.

The taxpayer's SSN will be utilized during the Case Analysis (Screening) Phase, where a technical determination is made to establish whether: A notice needs to be generated A case needs to be referred and/or researched A case can be closed without further action A case should be transferred to another function A case needs special handling/routing for identity theft The AUR bar code printed on the Form 4251 generated for paper returns contains the social security number (SSN) and tax year of the associated case. To protect Personally Identifiable Information (PII) for the taxpayer, Form 13549 is sent in an email with secure messaging. SB/SE and W&I Campus Examination Operations have a program which

includes assertion of the Civil Fraud Penalty (CFP) and imposition of the Ten-year ban(s) for the Earned Income Tax Credit (EITC), the Child Tax Credit (CTC), the Additional Child Tax Credit (ACTC), the Credit for Other Dependents (ODC) and American Opportunity Tax Credit (AOTC). The objective of the Campus Fraud Program is to: Identify cases with potential fraud. Develop fraud with guidance from the Fraud Enforcement Advisor (FEA). Transfer potential fraud cases to the field for initial or further development, only if it is beyond the scope and ability of the campus examination operation. The transfer of any case in the campus fraud program to the field MUST be approved by the assigned FEA. Refer potential criminal fraud cases to Criminal Investigation (CI) for criminal investigation consideration. Pursue assertion of the civil fraud penalty and/or impose the Ten-year ban(s) for EITC, CTC/ACTC/ODC, and AOTC. During the Correspondence Examination, information may be obtained which indicates the taxpayer has or is attempting to understate their tax liability through fraudulent means. Although only a small percentage of cases are fraudulent, it is necessary to detect and report any potentially fraudulent activities.

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

The PII maintained in Digitalization Solution Release database is provided directly from existing IRS systems and approved programs. Accuracy and completeness of data is inherited from the existing IRS systems.

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 34.037 Audit Trail and Security Records

IRS 42.021 Compliance Programs and Projects Files

IRS 00.001 Correspondence Files and Correspondence Control Files

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?

No

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

No

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

No

Does the system receive SBU/PII from other sources?

Yes

Identify the source that sends the SBU/PII, how the SBU/PII is transmitted and if there is an Inter-Agency Agreement (ISA) /Memorandum of Understanding (MOU).

Organization Name: Taxpayer

Transmission Method: Taxpayer Mail Submission

ISA/MOU: No

Does the system receive SBU/PII from Taxpayer forms?

Yes

Please identify the form number and name:

Form Number: CP 06

Form Name: Exam Initial Contact Letter - Premium Tax Credit

Form Number: CP75

Form Name: Exam Initial Contact Letter - EIC Entire refund frozen

Form Number: CP 75A
Form Name: Exam Initial Contact Letter - EIC No frozen refund

Form Number: CP2000
Form Name: Initial Notice - Request Verification for Unreported Income, Deductions, Payments and/or Credits on

Form Number: CP2501
Form Name: Initial Contact - Potential Discrepancy of Income, Deductions and/or Credits Claimed on BMF Income T

Form Number: F14817
Form Name: Correspondence Reply Coversheet

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: IRS Integrated Enterprise
Current PCLIA: Yes
Approval Date: 9/16/2022
SA&A: Yes
ATO/IATO Date: 3/10/2023

System Name: Enterprise Case Management
Current PCLIA: Yes
Approval Date: 6/9/2021
SA&A: Yes
ATO/IATO Date: 11/1/2021

System Name: ITIN Real-time System (ITIN-RTS)
Current PCLIA: No
SA&A: No

System Name: RGS/CEAS
Current PCLIA: No
SA&A: No

System Name: Automated Underreporter
Current PCLIA: Yes
Approval Date: 6/7/2022
SA&A: No

System Name: Enterprise As-Received Database
Current PCLIA: No
SA&A: No

Identify the authority.

5 U.S.C 301, 1302, 2951, 4118, 4308 and 4506 18 U.S.C. 1030 (a)(2)(B) 26 U.S.C. 7801
Executive Orders 9397 and 10561.

For what purpose?

Tax administration responds to IRS notice and provide a fraud reference form.

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

No

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?

Yes

Is the cloud service provider (CSP) Federal Risk and Authorization Management Program (FedRAMP) certified?

Yes

Date Certified.

6/21/2016

Please identify the ownership of the CSP data.

IRS

Does the CSP allow auditing?

Yes

Who audits the CSP Data?

IRS

What is the background check level required for CSP?

Moderate

Is there a breach/incident plan on file?

Yes

Privacy laws (including access and ownership) can differ in other countries. This cloud will be Continental US (CONUS) only for:

Storage
Transmission
Maintenance

Does this system/application interact with the public?

No

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?

Notice and consent are provided in the tax forms and instructions pursuant to 5 USC. The Taxpayer could choose to not respond and not provide the information requested. If they do, then their information (e.g., forms and other such information provided by mail or other intake channels) will be processed using the Digitalization System. In Release 1, the Digitalization Solution will primarily focus on addressing Wage & Investment (W&I) and Small Business/Self-Employed (SB/SE) Correspondence Exam (Corr Exam) and Automated Underreporter (AUR) needs. This will be accomplished by digitizing and digitalizing scanned physical documents for the business processes in scope and distribute these documents to Enterprise Case Management (ECM) to be sent to case systems (e.g., Report Generation Software (RGS), AUR). The primary focus of the Digitalization Solution Release 1 (R1) is to move the Internal Revenue Service (IRS) incrementally towards the common, modernized digital architecture in alignment with the IRS Digitalization Strategic Plan and to drive the IRS towards its goal to be a digital enterprise by 2025. The IRS will leverage research, findings, and in-progress activities where possible to avoid silos (e.g., levels of expertise and systems), duplicative development efforts and reduce technical debt as it implements new digitalization solutions.

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

No

Why not?

Notice, consent, and due process are provided in the tax forms and instructions pursuant to 5 USC. The IRS has the legal right to ask for information per Internal Revenue Code sections 6001, 6011, and 6012(a), and their regulations. The regulations state that "taxpayers must file a return or statement with IRS for any tax they are liable for".

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

The system will allow affected parties the opportunity to clarify or dispute negative information that could be used against them. Due process is provided pursuant to 5 USC.

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 Operated

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

IRS Employees

Users: Read Write

Managers: Read Only

System Administrators: Administrator

IRS Contractor Employees

Contractor Users: Read Write

Contractor Managers: Read Write

Contractor System Administrators: Administrator

Contractor Developers: Read Write

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

All access request to the system will have to go through the formal Integrated Enterprise Portal (IEP) Systems Access Process. This request has to be approved by the potential user's manager based upon a user's position and need-to-know. If approved, the request is then forwarded to the administrators of the system for the creation of a new user identification and password.

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?

Yes

How long are the records required to be held under the corresponding GRS or RCS, and how are they disposed of? In your response, please provide the GRS or RCS chapter number, the specific item number, and records series title.

The Digital Solution and Ephesoft will not retain information. The information will be passed on to As Received and will be retained for 7 years. RGS (RCS 23 item 83. 15 years after cutoff), and AUR (RCS 32, item 31. Delete 10 Years after assessment) ECM will retain the information for 10 years or until configured for case file records disposition. Records schedules are determined downstream.

SA&A OR ASCA

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

In-process

When is the anticipated date of the SA&A or ACS completion?

10/23/2023

Describe the system's audit trail.

Expected to be completed by development team between September - October 2023.

PRIVACY TESTING

Does the system require a System Test Plan?

Yes

Is the test plan completed?

No

When is the test plan scheduled for completion?

10/23/2023

Describe what testing and validation activities have been conducted or are in progress to verify and validate that the applicable Privacy Requirements (listed in header) have been met?

The Security Assessment was conducted by the Cyber Cloud Assessment Team prior to Go-live. During this assessment, the applicable National Institute of Standards and Technology (NIST) controls were examined.

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: Under 50,000

Contractors: Under 5,000

Members of the Public: Not Applicable

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?

No