

Distribution Channel Management (DCM) – Privacy Impact Assessment

PIA Approval Date – March 19, 2007

Requested Operational Date – Currently Operational

System Overview

Distribution Channel Management (DCM) gathers data about Electronic Returns Originators and transmitters for the purpose of monitoring their electronic filing activity.

System of Records Numbers

- Treasury/IRS 22.062 Electronic Filing Records (for Third Party Data Store (TPDS), SPEC Taxpayer Assistance Reporting System (STARS), IMF 701, Preparer Taxpayer Identification Number (PTIN), and Electronic Tax Administration Research and Analysis System (ETARAS) data and related records)
- Treasury/IRS 34.037 IRS Audit Trail and Security Records System (for the audit log that tracks who accesses DCM) Distribution Channel Management falls under the 22.062 Statement of System of Record for Electronic Tax Administration.

Data in the System

1. Describe the information (data elements and fields) available in the system in the following categories:

- A. Taxpayer - None
- B. Employee - None
- C. Audit Trail – This type of information is collected on authorized IRS analysts who access the system (DCM user ids, passwords, date and time entry, objects viewed and objects downloaded.).
- D. Other – The Distribution Channel Management does not collect data on a taxpayer. It provides return characteristics of an Electronic Return Originator (ERO) including number of returns (paper vs. e-file), penetration rates, reject rates, refund returns by direct deposit, electronic payments and other relevant information. The data also includes contact information for an ERO, i.e., EIN, SSN, and address information. The contact information is used by W&I field employees to monitor ERO activities and to develop marketing strategies for conducting targeted outreach with EROs within specific geographic locations. A full description of the DCM data fields available can be found within the DCM (Functional Specification Package) FSP.

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

- A. IRS – The data in the Distribution Channel Management is derived from a number of internal sources/files only. They include:
 - 701_Extract.txt
 - Masters.txt
 - PTINLink
 - SDIN
 - FDST
 - Zipcodes (for ERO locations)
 - SBSE_Zipcode_Stakeholder Liaison_10_05.xls

The Distribution Channel Management uses Microsoft's SQL Server 2000.

- B. Taxpayer – Only audit trail information is collected on authorized employees within the system.
- C. Employee – User ID
- D. Other Federal Agencies - None
- E. State & Local Agencies - None
- F. Other - None

3. Is each data item required for the business purpose of the system? Explain.

The data available on DCM is not only relevant but also serves as the only source of information for W&I and SB/SE to monitor Electronic Return Originator (ERO) activities.

4. How will each data item be verified for accuracy, timeliness, and completeness?

- Accuracy: All data comes from internal sources within IRS. All IRS tax systems have checks and balances procedures in place. All data is assumed accurate.
- Timeliness: The system does not collect login data from sources other than IRS records. Log data is complete because it is collected in real time from the source and protected against modification. Three extracts are received per year according to the 52 week (ECC-MTB) posting cycle schedule. The first extract takes place in cycle 17, the second in cycle 30, and the third in cycle 43 of every current year. The IMF 701 Extract data is extracted from IMF master file and the 1544 data is received directly from the service center.
- Completeness: The data is checked for completeness by comparing the record counts to actual results via SQL query analyzer. The PTIN/SSN cross-reference file is used to ensure the information collected on a particular tax preparer is correct information.

5. Is there another source for the data? Explain how that source is or is not used.

No

6. Generally, how will data be retrieved by the user?

Data can be retrieved by the user by searching the following fields:

- Zip code
- State
- EIN
- SSN
- Area
- Territory

7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?

- EIN
- SSN

Access to the Data

8. Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others)?

The Users, Manager, and, System/Database Administrator will have access to the data in the system. Access is granted on a need to know requirement.

Additionally, all developers of the system have access to allow for quick problem research or resolution.

9. How is access to the data by a user determined and by whom?

There are four types of users to DCM: Developers, System Administrators (SAs), Database Administrators (DAs), and application users.

Developer access to the system is granted via online 5081 (OL5081). The level of access is determined by the need to know and duties performed which is based on managerial approval at Modernization & Information Technology, Applications Development, Submission Processing, E-File Systems, Electronic Tax Forms.

SA access to the system is granted via online 5081 (OL5081). The level of access is determined by the need to know and duties performed which is based on managerial approval at Enterprise Computing Center ECC-Memphis.

DA access to the system is granted via online 5081 (OL5081). The level of access is determined by the need to know and duties performed which is based on managerial approval at Modernization & Information Technology (MITS), Applications Development, Submission Processing, E-File Systems, Electronic Tax Forms.

Application user access to the system is granted via online 5081 (OL5081). The level of access is determined by the need to know and duties performed which is based on managerial approval at Headquarters Stakeholder Partnerships Education and Communication (SPEC), Wage & Investment.

10. Do other IRS systems provide, receive, or share data in the system?

Yes, information is received from TPDS, STARS, IMF 701, PTIN, and ETARAS

11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?

- TPDS – E Services Yes PIA date 01/09/04
- STARS – Yes PIA date 12/18/03
- IMF 701 – Yes PIA date 08/23/03
- PTIN –E Services Yes PIA date 01/09/04
- ETARAS – Yes PIA date 05/23/06

12. Will other agencies provide, receive, or share data in any form with this system?

There is no access to the system or its databases outside the IRS.

Administrative Controls of Data

13. What are the procedures for eliminating the data at the end of the retention period?

Data is eliminated in accordance with IRM 1.15.31-1 16. (1), Records Control Schedules for Customer Service. The records will be destroyed when obsolete or superseded; or when no longer needed in current operations, whichever is earlier.

14. Will this system use technology in a new way?

No.

15. Will this system be used to identify or locate individuals or groups?

- **Individuals:** Yes, W&I personnel uses DCM data to analyze (return volumes, reject rates, etc.) and for preparation for outreach activities to EROs.
- **Groups:** Yes. W&I personnel uses DCM data to analyze (return volumes, reject rates, etc.) and for preparation for outreach activities to EROs.

16. Will this system provide the capability to monitor individuals or groups?

- **Individuals:** Yes, the system monitors the volumes, types and rejection rates of tax practitioners. W&I personnel uses DCM data to analyze (return volumes, reject rates, etc.) and for preparation for outreach activities. Users are restricted to IRS employees only whose access is authorized by the OL 5081 process.
- **Groups:** Distribution Channel Management was created to fulfill the requirement of Section 2001(b) of the IRS Restructuring and Reform Act of 1998 (RRA '98). In December of 1998, the Assistant Commissioner for Electronic Tax Administration published a strategy for growth to meet RRA '98. The strategy identified the Distribution Channel Management system as one of seven initiatives to be developed. DCM data is analyzed (return volumes, reject rates, etc.) and used in preparation for outreach activities to EROs. Users are restricted to IRS employees only whose access is authorized by the OL 5081 process.

17. Can use of the system allow IRS to treat taxpayers, employees, or others, differently?

The system does not support compliance activities, hence has no effect on taxpayer treatments.

18. Does the system ensure "due process" by allowing affected parties to respond to any negative determination, prior to final action?

N/A: Only statistical data can be obtained using DCM.

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

Web site users only can see what the Web site displays for them and not change it. The system incorporates the use of session cookies to track designated usage through the IRS Intranet system. These session cookies are not stored at the end of the Web session. The system uses standard IRS Intranet banners on appropriate use and access to this site.

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