Reward™ System
Privacy Impact Assessment

February 11, 2005

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Background

In April 2003, the Secretary of the Department of Homeland Security (DHS) and the Director of the Office of Personnel Management (OPM) assembled a design team composed of DHS managers and employees, Human Resources (HR) experts from DHS and OPM, and representatives from the agency's three largest unions. The design team's mission was to develop a broad range of alternatives to the current General Schedule pay tables used by the Federal Government that improve the efficiency and effectiveness of hiring and retaining DHS employees and prepare the alternatives for consideration by the Secretary and OPM Director. The team collected a large body of research about successful HR policies and practices from private sector companies, non-profit organizations, state and local governments, and other federal agencies.

Based on this research and discussions with the design team, the Office of Chief Human Capitol Officer (OCHCO) developed Human Resources Management System (HRMS). HRMS improves the capability of DHS to respond rapidly to external workforce changes and homeland security demands. The HR decisions made by the Secretary and the OPM Director were reflected in proposed regulations that were issued for public comment on February 20, 2004. The program has continued to move forward by proposing final regulations that are currently in final review by the Office of Management and Budget (OMB). The new regulations are aimed at:

- Enabling DHS to act swiftly and decisively in response to mission needs;
- Rewarding performance;
- Adapting easily to the changing nature of work;
- Attracting and maintaining a highly skilled and motivated workforce; and
- Ensuring due process and protection of basic employee rights.

The Office of the Chief Human Capital Officer (OCHCO) within DHS awarded a contract to implement pay reform within DHS. The contractor, Watson Wyatt Worldwide (WWW), uses a Software solution named Reward^{TM}. Reward^{TM} is a comprehensive compensation analysis and administration system that was developed in-house at WWW over ten years ago for compensation professionals to use on consulting engagements with their clients, both Federal and civilian. It has been enhanced and upgraded over time to its current state as a web-based application.

In order to conduct the analysis required for DHS and determine what modifications and/or additions will be required for the current payroll system, Reward^{TM} must use job-level data. Job-level data is non-personally identifiable information such as job code, title, and occupation series. This data is used to model various alternatives for clustering (or grouping) jobs around occupations and job levels and to assess the impact of the proposed clustering scenarios. Only data that is critical to the analysis and Design of HRMS will be used in the system. The data will assist in final design and development of pay bands and clusters; once this is completed, the data will be

expunged from the system. No personally identifiable information is included in the system.

The various alternatives for Clustering Jobs and Pay Bands resulting from the data will be presented to DHS Senior Management for approval. If not approved, then scenarios will be re-applied until a design is approved by DHS management. Upon approval, extensive communications with all DHS managers and employees will begin.   Change requests will be prepared and submitted to the appropriate personnel/payroll systems applications. Once the changes are applied, tested, and validated by DHS Personnel, individual personnel actions will be processed affecting the change for employees. Data will not be extracted from Reward^{TM} and re-applied to any personnel/payroll system; the data will be expunged upon approval of job clusters and pay bands by DHS management.

References

a. The Privacy Act of 1974, as amended, 5 U.S.C. 552a, Public Law (Pub.L.) 93-579.

b. The Homeland Security Act of 2002, codified in Title 6, US Code.

c. DHS Privacy Act Regulations, 68 FR 4056 (January 27, 2003).

d. Department of Homeland Security Management Directive System MD Number, 0470.1.

Points-of-Contact

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SECTION 1 – QUESTIONS ABOUT THE DATA AND ITS PURPOSES:

1. **What information is to be collected (e.g., nature and source)?**

   Information to be collected includes data elements specific to DHS positions, such as job code, title, and occupation series, as well as base salary information associated with those positions. Federal Air Marshal's data will not be included in this system. See Appendix A for specific data elements.

   The Reward^{TM} system <u>does not</u> collect or group information about individual DHS employees, nor can information be retrieved by employee name, or an identifying number (Social Security Account Number) and/or symbol of an employee. See Appendix A (Reward^{TM} Data Mapping).

2. **Why is the information being collected? Is it relevant and necessary to the purpose for which the system is being designed?**

   The data being collected will be used to analyze and develop integrated pay bands, job clusters, pay for performance, and classification and design for HRMS. This data will be used to identify and document required changes for the payroll system, as well as design and document requirements for the new performance management system and the Human Resources Information System (HRIS) solution for DHS. This will enable DHS to deploy new performance management systems Department-wide, including linkage of organizational and individual performance expectations throughout the enterprise.

3. **What is the intended use of the information?**

   The Office of the Chief Human Capital Officer (OCHCO), Chief, Human Capital Innovation Office, Pay, Performance, and Classification (PPC) Design Team will use the data to analyze and design the integrated Pay, Performance and Classification system for DHS. Please refer to the preceding question (#2) for more information.

4. **What are the sources of the information in the system? Where and how are you acquiring the information?**

   Through August 2005, DHS payroll will be handled by two service providers, National Finance Center (NFC) and Transportation Payroll System; thus, information will be downloaded from these two service providers. Starting in September 2005, DHS will be serviced by one e-Payroll provider (NFC), and then the data will be downloaded from only one source. In addition to DHS data, WWW will house market data related to compensation programs that will be extracted from published surveys and loaded separately into the system. Market data is public survey data obtain from professional survey

companies (i.e. Watson Wyatt Survey data, Western Management Group, Mercer, etc.) All market data will either be imported electronically or entered into the system and then undergo a quality check before it is used.

5.   How will the information be checked for accuracy?

All market data (i.e. Watson Wyatt Survey data, Western Management Group Survey, Mercer Survey, etc.) will either be imported electronically or entered into the system and then undergo a quality check before it is used. DHS OCHCO employees will verify the data extracted from the payroll providers before it is uploaded into the system. Verification of job-related data will consist of verifying that only active Position Descriptions (PDs) are extracted, geographic location data is current, and that all job series are reflected in the extract.

6.   Will the system derive new data or create previously unavailable data about an individual through aggregation from the information collected?

The system will not create previously unavailable data about an individual through aggregation from the information collected. The system will be used to assess, sort, and group job-level information in order to perform the analysis necessary to develop the Pay, Performance Management, and Classification (PPC) design. Once the design for pay bands and clusters are approved, these changes will be incorporated into the appropriate personnel/payroll systems. Employees will be assigned to the new pay bands and clusters by individual personnel actions that will be processed in the appropriate personnel/payroll systems.

7.   Will the newly derived data be placed on the individual's record?

No.

8.   Can the system make new determinations about an individual that would not be possible without the new data?

No.

9.   How will the newly derived data be verified for relevance and accuracy?

Federal employees on the PPC Design Team will verify all linkages between market data and DHS jobs. In addition, position data extracted from NFC will be verified prior to being uploaded into the Reward^{TM} system. Verification of job-related data will consist of verifying that only active PDs are extracted,

geographic location data is current, and that all job series are reflected in the extract.

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

Yes, the data scheme is documented in a Microsoft Excel spreadsheet (see Appendix A), and the data elements are described in detail in the NFC Front End System Interface (FESI) Data Element Information document.

SECTION 2 – QUESTIONS ABOUT REDRESS:

1. **What opportunities do individuals have to decline to provide information?**

Reward™ does not collect or group information about an individual's education, financial transactions, Race and National Origin (RNO), medical history, and criminal or employment history that contains personal identifying information. Therefore, individuals will have no opportunity to decline to provide information. Job-level data used to populate the DHS system will be extracted from the NFC Payroll System and Transportation Payroll System. Additional data will not be requested from individuals.

2. **What opportunities do individuals have to consent to particular uses of the information?**

None. Job-level data that does not include personally identifiable information about employees will be extracted from the payroll systems and populated into the Reward™ system. That data will be used solely to model alternatives for clustering jobs around occupations and job levels, and to assess the impact of alternative clustering scenarios. Additional data will not be requested from individuals.

3. **How do individuals grant consent concerning how their information will be used or shared?**

Individuals do not grant consent for their job-level data to be entered into Reward™. Data will be extracted from the payroll system. Additional data will not be requested from or on individuals. The OCHCO, PPC team will use the data to design the integrated pay, performance, and classification systems.

4. **What are the procedures for individuals to gain access to their own information?**

Reward^{TM} does not collect or group information about an individual's personally identifiable information. Therefore, there is no right to access for individuals whose job-level data are in the system.

5. **What are the procedures for correcting erroneous information?**

The payroll information is assumed to be accurate since individuals are able to review the information at each pay period. Since the information used for this initial research project will not be personally identifiable, corrections will not be possible.

SECTION 3 – QUESTIONS ABOUT ACCESS TO THE DATA:

1. **Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others) and is it documented?**

Federal employees and Contractors assigned to OCHCO, PPC Design Team, and System Administrators and Developers Contract employees from Watson Wyatt Worldwide will have access to the Reward^{TM}. The PPC Design Team Federal Lead will initiate requests for userids and passwords from WWW Security Officer if hosted by WWW. Once the hosting decision is made, procedures will be developed and documented. Only the OCHCO PPC Design Team will have access to data in the system based upon their position.

2. **How will access to the data by a user be determined?**

Only DHS federal employees and contractors who are members of the PPC Design Team will have access to the data, based upon the position in which they hold. Contactors must be cleared by DHS Personnel Security before they may have access to this data, in accordance with DHS MD 4300.Pub. Access will be granted by the OCHCO, Chief Human Capital Innovation Office in writing.

3. **Are criteria, procedures, controls, and responsibilities regarding access documented?**

Yes, users will be assigned userids and passwords, based on role levels and their assignment to the DHS PPC Team. We are unable to document the process until DHS approves the use of Rewards^{TM} for the short term.

4. Will users have role-based access to data on the system limiting them to some but not all of the data?

> Yes, the Reward™ system has role-based security. Only PPC Design Team members and contractors will have access to all the data in the system based upon their position.

5. What controls are in place to prevent the misuse (e.g. browsing, expired privileges, etc.) of data by those having access?

> If hosted by WWW, the company's Security Officer will monitor access and maintain userids in accordance with DHS policies.

6. Do other systems share data or have access to data in this system? If yes, explain. Include a discussion of who will be responsible for protecting the privacy rights of individuals affected by the interface?

> No other systems will share or have access to data in the system.

7. Will other agencies share data of have access to data in this system (International, Federal, State, Local, Other)?

> No other agencies will share data or have access to data in this system.

8. How will the data be used by these other agencies?

> Not applicable; see answer to question #7.

9. Who is responsible for assuring proper use of the data by other agencies?

> Not applicable; see answer to question #7.

10. How will the system ensure that other agencies only get the information they are entitled to?

> Not applicable; see answer to question #7.

SECTION 4 – QUESTIONS ABOUT MAINTENANCE OF ADMINISTRATIVE CONTROLS:

1. **Are the data secured consistent with agency requirements under the Federal Information Security Management Act? Specifically:**

   a. **Affirm that the agency is following IT security requirements and procedures required by federal law and policy to ensure that information is appropriately secured.**

   HRMS is following IT security requirements and procedures required by federal law and policy to ensure that information is appropriately secured. The Reward™ system will not contain any Privacy Act records or any personally identifiable information, during the design phase of HRMS.

   b. **Acknowledge that the agency has conducted a risk assessment, identified appropriate security controls to protect against that risk, and implemented those controls.**

   A Risk Management plan and Risk Assessment have been performed at the program level for use of this application. Additionally, the Reward™ system will not contain any Privacy Act records or any personally identifiable information, during the design phase of HRMS.

   c. **Describe the monitoring/testing/evaluating on a regular basis to ensure that controls continue to work properly, safeguarding the information.**

   Monitoring, testing, and evaluating are taking place to ensure that controls continue to work properly to safeguard the information.

   d. **Provide a point of contact for any additional questions from users.**

   Michelle Gilder, 202-357-8250

2. **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 system will not be operated in more than one site.

3.   What are the retention periods of data in the system?

> The data will be maintained for seven (7) years on-line, and then archived.

4.   What are the procedures for expunging the data at the end of the retention period and are these procedures documented?

> Data is expunged by deletion of records from the hard drives, then using PGP Encryption software disk tools to write random patterns over the deleted drive space 26 times to make the data impossible to recover. All backup media dedicated to the particular customer are degaussed. Procedures are developed based upon DHS requirements.

5.   Will the system provide the capability to monitor individuals or groups of individuals? If yes, explain.

> Yes. Reward^{TM} provides the capability to monitor the number of users logged into the application, using standard database and web-based monitoring tools. Userids and passwords are assigned based upon roles and responsibilities of individuals. If the system is accessed at the database layer, the row-level access security built into the Oracle Relational Database Management System (RDBMS) will create a layered approach to security to ensure effective information security around the data housed within the application.

6.   What controls are in place to prevent unauthorized monitoring of individuals or groups of individuals?

> There are procedures to monitor access of the administrators of the system. Account access can be monitored as well. Any database-level statements that are executed by an account which is administrative or a user can be retraced back to a specific user profile. There will be up to 12 DHS employees that will have access to the application. The data contained in the application does not include any personal identifying information. Only job related data will be stored in the database and will be expunged once the job clusters are agreed upon by management.

7.   Under which Systems of Record Notice (SORN) does the system operate? Provide Number and Name.

> Privacy Act Records are not maintained in Reward^{TM} nor can information is retrieved by the name of an individual or by other personal identifying information.

SECTION 5 – DECISION ANALYSIS:

1. **Did you evaluate competing technologies on their privacy handling capabilities? If yes, explain.**

   No.

2. **Were any choice changes made to system architectures, hardware, software, or implementation plans as a result of doing a PIA? If yes, explain.**

   No.

Appendix A

REWARD^{TM} – Data Mapping

Department of Homeland Security HRMS – Design Phase

Description	Length	Maps to:
Agency	2	Org Level 1
Bureau	2	Org Level 2
Org Level 2	2	Org Level 3
Org Level 3	2	Org Level 4
Org Level 4	4	Org Level 5
Org String Description	30	Org Level Description (Org Level 3+4+5)
Occupational Series	4	Job Family
Grade	2	Grade
Master Record Number	6	Job Code
Official Position Title	38	Job Title
Organizational Position Title	38	Alternate Job Title
Supervisor Code	1	Job Type (e.g., supervisory or non-supervisory)
City	2	Location
State	2	Location
Work Schedule	1	Pay Period Code? Weekly, biweekly, semi?
Pay Plan	2	Structure Identifier
Scheduled Salary	8	W-2 Pay Rate
Base Salary	8	Annualized Base Rate
Tour of Duty	4	Hours
PATCOB Code	1	Job Family Descriptor (e.g., Administrative, Technical)
Pay Rate Determinant	1	Pay Descriptor