

## Returns Inventory & Classification System (RICS) - Privacy Impact Assessment

PIA Approval Date - Oct. 31, 2008

Requested Operational Date - RICS has been operational since 1995

### **RICS System Overview:**

RICS is TE/GE's primary tool for examining the level of tax filing compliance from its customers. RICS allows access to tax filing data related to filing, processing, and posting of returns. RICS also provides automatic sampling, criteria for audits, and the tracking of audit results. Through the use of RICS, TE/GE can study specific filer samples to determine the level of compliance of individual customer groups. Since most customer groups are too large to study each filer, RICS provides statistically sound sampling allowing TE/GE to make assessments about a particular group by studying a much smaller subset of filers.

### **Systems of Records Notice(s) (SORN)**

- Treasury/IRS 34.037 IRS Audit Trail and Security Records System
- Treasury/IRS 50.222 Tax Exempt/Government Entities (TE/GE) Case Management Records

### **Data in the System**

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

#### **A. Taxpayer:**

The taxpayer information available is primarily on organizational and business taxpayers, with the exception of individual taxpayer data available on a limited number of forms (which includes individual information. The list of forms is on page two of this questionnaire. This information includes data elements from the following forms:

#### **WebRICS Forms and Information**

Form 5500- Annual Report of Employee Benefit Plan

- Name of Plan Sponsor (with EIN)
- Name of Plan Administrator (with EIN)
- Preparer's Information and SSN

Form 990 (including Schedule B) Return of Organization Exempt from Income Tax:

- Contributors' names, mailing addresses, and zip codes

Form 5330 Return of Excise Taxes Related to Employee Benefit Plan:

- Name of filer
- Filer's identifying Number (EIN) or SSN
- Address of Filer
- Filer telephone number

Schedule SSA-Form 5500

- Name of the Participant
- Participant's SSN

Schedule A – Form 990.

- Name of Employees
- Preparer's Information and SSN

All other data represents businesses organizations and pension plans.

**DB2 Database Forms and Information:**

1. 940/940EZ
2. 5500EZ
3. 990/990EZ
4. W2
5. 11C
6. 720
7. 730
8. 941
9. 943
- 10.944
- 11.945
- 12.990N
- 13.990T
- 14.990C
- 15.990PF
- 16.1041
- 17.1041A
- 18.1042
- 19.1065
- 20.1065B
- 21.1096
- 22.1120POL
- 23.1120F
- 24.1120H
- 25.1120L
- 26.1120ND
- 27.1120PC
- 28.1120REIT
- 29.1120RIC
- 30.1120
- 31.1120S
- 32.1120A
- 33.1120SF
- 34.1120C
- 35.1120FSC
- 36.2290
- 37.4136
- 38.4626
- 39.4720
- 40.5227
- 41.5330
- 42.5500
- 43.8038
- 44.8050
- 45.8288
- 46.8328
- 47.8804
- 48.8871
- 49.8872

The above forms (including applicable schedules) are contained within the DB2 database of the RICS system and may contain the following elements:

- Address
- Name
- Phone
- SSN
- Preparer TIN (PTN)

**B. Employee:**

WebRICS does not contain employee data.

**C. Audit Trail:**

RICS maintains an audit log which details the user identifier associated with what events occurred, the date and time of the events, and the outcome of the events.

**D. Other:**

None

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

**IRS**

All data (such as return data noted in the previous table above) comes from internal IRS systems (e.g., Master File). Some of that data is originally sourced from other agencies such as SSA but RICS does not receive the data directly from those sources.

**Taxpayer:** None

**Employee:** None

**Other Federal Agencies (List agency):** None

**State and Local Agencies (List agency):** None

**Other third party sources (Describe):** None

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

Yes. The availability of each data item within RICS allows for an easier and faster method to examine the level of compliance from its customers. The selection of data through RICS allows the user to group forms into categories, allowing easy assignment based on the project being worked. The data can be used to verify consistency of information between filings and other more complicated trend analysis. RICS is needed as a research tool to provide for consistency of information and trend analysis.

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

Verification is handled by the systems that process, validate and post the data that RICS accesses.

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

No. No other source of data is available to complete the research purposes of RICS.

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

A RICS user retrieves data via the Web-based WebRICS module or via the BI/Query Module which provides access to the DB2 Database.

A BI/Query Module user accesses the data by logging into the mainframe using a network login to access data. The BI Query application that provides access to the DB2 database is a commercial off-the-shelf application loaded on each machine, running off the DB2 database.

Once in the system, a RICS user then retrieves data through creating their own selection criteria that is displayed in a form format. Their access to data is limited based on their role – all data access is role based. The final forms can be (1) printed; (2) viewed on the screen; (3) manually ordered from service campus files; and/or (4) randomly sampled to provide a statistically valid sample from which to base a study.

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

Yes, by entering a TIN. However most of the TIN's used in RICS are EIN's rather than SSN's.

### **Access to the Data**

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

Users must request access via the Online 5081 System to access either DB2 (through BI Query) or WebRICS.

**Role:** Users/Managers

**Permissions:** RICS users are TE/GE employees from various EP, EO and GE Entities whose access is determined by business function needs.

**Role:** Developers

**Permissions:** The RICS developers are responsible for the development and support of the RICS application. The developers only access RICS data for troubleshooting.

**Role:** System Administrators

**Permissions:** Administrators are responsible for maintenance of the hardware, grant access to the application and monitor activity. In this role, the individuals do not access data on RICS.

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

TE/GE puts restrictions on and determines access based on user role. Users request this access through the Online 5081 System.

Users are only granted access to RICS as necessary to fulfill the duties of their role. Through the access control mechanisms employed, the application establishes appropriate division of responsibility and separation of duties to eliminate conflict of interest in the responsibilities and duties of individuals. The role-based access groups defined within the RICS application enforce the most restrictive set of right/privileges or access needed by users to perform their tasks; thereby, enforcing least privileges. Users have access only to their respective functional unit's data.

The second level is controlled on the BI Server which further restricts permissions based on roles.

The only third-party providers for RICS services are contractors who are application programmers with High Risk= BI classified staff-like access.

**10. Do other IRS systems provide, receive, or share data in the system? If YES, list the system(s) and describe which data is shared. If NO, continue to Question 12.**

Refer to item #1 above for specifics on the data provided by the systems listed below.

- Base Inventory Master File (DIMF-BIMF)
- Employee Plans Exempt Organizations Determination System (EDS)
- Employee Plans Master File On-Line Processing (EMFOL/EPMFOL)
- Employee Plan Return Transaction File / On-Line (EPMF RTFOL)
- Headquarters Employee Plans technical Division (HQEP)
- MeF
- W2 INPUT
- Statistics of Income (SOI)
- Information Returns Transcript File On-Line (IRPTR)
- 1096

Data from RICS is sent to the following systems:

- Audit Information Management System (AIMS)
- EP-EO Return Inventory Control System (ERICS)
- TE/GE Reporting and Electronic Examination System (TREES)

The RICS application itself does not directly connect with any other applications. Information systems connections do not occur at the application level on RICS. Data is shared with RICS from other sources within the IRS via file sharing on the mainframe.

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

Yes

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

No. Other agencies will not provide, receive or share data in any form with this system.

**Administrative Controls of Data**

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

IRS is in the process of providing guidance with regard to retention standards. RICS is waiting for the issuance of this guidance to implement the retention procedures for this application.

**14. Will this system use technology in a new way? If "YES", describe**

No. RICS does not use technology in a new way.

**15. Will this system be used to identify or locate individuals or groups? If so, describe the business purpose for this capability.**

Yes. For all entities, RICS does have location and address information, which can be used to locate an organization or business. Examiners use the system to determine current address information. For individuals, RICS has location and address information, which can be used to locate the individual.

**16. Will this system provide the capability to monitor individuals or groups? If yes, describe the business purpose for this capability and the controls established to prevent unauthorized monitoring.**

Yes. However, the role of RICS is only to make the data available and pull queries but not to do actual monitoring. RICS does provide the capability through data analysis; however, the analysis is not to specifically monitor an individual or organization.

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

No. RICS is only a research tool and cannot treat taxpayers or employees disparately.

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

RICS does not make determinations or take any actions, therefore due process is not an issue.

RICS provides data to TREES, which is used to build cases for audit. All determinations and due process issues are handled by that system.

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

No. Within WebRICS, neither session nor persistent cookies are utilized. The data viewed during a session is temporary and is inaccessible after a user has disconnected or has timed out. This system is for internal use only and not available through the public portal.

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