

## Joint Operations Center National Data Center (JOC NDC) – Privacy Impact Assessment

PIA Approval Date – April 20, 2011

### **System Overview:**

The Joint Operations Center National Data Center (JOC NDC) is a major application that is used to assist the IRS and its partner states with detecting and tracking trend activities that have an ultimate bearing on the collection of fuel excise taxes. The JOC NDC is used for the enforcement efforts of the Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users of 2005 (SAFETEA–LU) legislative mandate to develop, operate, and maintain databases to support tax compliance efforts. It is intended to provide a centralized automated solution to analyze patterns of non–compliance, which tend to evolve over time, as offenders identify new schemes to evade excise taxes. The JOC NDC enables federal and state motor fuel tax compliance activities, fosters interagency and multi–national cooperation, and provides strategic analyses of domestic and foreign motor fuel distribution trends and patterns. The JOC NDC works toward those ends through the innovative use of technology and other means, to collect, analyze and share information, and conduct joint compliance initiatives.

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

- IRS 22.060--Automated Non Master File
- IRS 24.046--Customer Account Data Engine Business Master File
- IRS 34.037--Audit Trail and Security Records System
- IRS 42.002--Excise Compliance Programs
- IRS 42.008--Audit Information Management System

### **Data in the System**

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

- A. Taxpayer: All information introduced into the JOC NDC is related to the administrative or technical enhancement of Excise Tax compliance programs, both federal and state. Specific categories of information to be gathered include:
- Taxpayer (name, address, Taxpayer Identification Number (TIN)/ Federal Employee Identification Number (FEIN))
  - Fuel Transaction Information – date, bill of lading number, Terminal Control Number (TCN), position holder and carrier (e.g., product type and gallons per transaction, terminal storage capacity, usage)
  - Excise Tax Registrant Database (Form 637)
  - Fuel Facility Identification Registration Numbers (currently known as TCN)
  - Excise returns, adjustments, and claims
- B. Employee:
- Employee name
  - Standard Employee Identifier (SEID)
  - Badge Number
  - Position of Duty (POD) information

- C. Audit Trail Information: Audit information captured on system activity is in compliance with Internal Revenue Manual (IRM) 10.8.3 Auditing Security Standards. Information captured includes:
- When an event occurred and results
  - User initiating the event
  - Type of event – logon/off; all system administrator and database administrator actions
- D. Other: Customs import information identifies goods subject to Excise Tax. United States Customs Form 7501 Entry Summary details origin and importer information. Used for an imported item's Harmonized Tariff Classification, the form details the amount and quantity imported, and the value of the goods. Specific information would include:
- Consignee and Importer details
  - Transportation details
  - Invoice details
  - Product details and quantity
  - Tariff and tax information

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

A. IRS

- IRS Excise Files Information Retrieval System (ExFIRS)
- Occupational tax
- Registration returns
- Tax returns
- Highway vehicle use
- Business Master File
- Excise tax credits
- Past audit results
- Fuel sampling
- Carrier summaries
- Pacific Northwest National Lab data (from the IRS server in Covington, KY)
- Cleansed data for reconciliations

B. Other Federal Agencies

- United States Coast Guard (USCG)
- Cargo reports
- Vessel movement data
- Customs and Border Protection (CBP)
- Facilities information at US ports
- Port information
- United States Army Corp. Of Engineers (USACE)
- Latest USACE docks
- Cargo moves
- Department of Transportation (DOT)
- Vehicle identification numbers
- Department of Energy (DOE)
- Codesets used by EIA
- List of facilities within specified areas
- Company level imports

- State and Local Agencies
- California
- Terminal disbursements
- Ending inventory
- Product codes
- List of taxpayers listed as farmers
- Taxpayer and account information
- Terminal receipts
- North Carolina
- Terminal disbursements
- Ending inventory
- Product codes
- List of taxpayers listed as farmers
- Taxpayer and account information
- Terminal receipts
- Texas
- Terminal disbursements
- Ending inventory
- Product codes
- List of taxpayers listed as farmers
- Taxpayer and account information
- Terminal receipts

C. Other third party sources

- Publicly available information from the Internet
- Product codes
- Codes used by the IRS and states
- Privately purchased for subscription from companies (e.g. IHS–Fairplay)
- Pipeline information
- Ship registries
- Ship movements
- Vessel type coding

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

Yes, the data elements are required for the business purpose of the system. The data is required for the administration of the IRS Excise Tax program as a whole. All use of data is relevant and necessary to the successful completion of Excise Tax program objectives, including the detecting and tracking trend activities that have an ultimate bearing on the collection of fuel excise taxes. The JOC NDC is used for the enforcement efforts of the Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users of 2005 (SAFETEA–LU) legislative mandate to develop, operate, and maintain databases to support tax compliance efforts.

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

Although there are many sources where the data comes from, the data is manually loaded into the JOC NDC. There are two checks for the data:

- Completeness – ensuring that the record counts from the load equalled the total record counts in the JOC NDC.
- Accuracy – ensuring that the control totals from the load equalled the totals put into the JOC NDC.

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

No, there is no other source for the data.

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

In general, data will be retrieved via read-only access from within the data center where the JOC NDC is located.

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

Yes. Data can be retrieved by TIN. The data within the JOC NDC is used to augment excise tax audits: thus looking up data by a TIN is necessary for auditing research.

**Access to the Data**

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

**Role:** Organizational Users

**Permission:** Read only access

**Role:** System Administrators Contractors

**Permission:** Manage the servers where the application resides such as patches, virus definitions, and configuration settings

**Role:** Database Administrators Contractors

**Permission:** Manage the database such as loading data so that the Organizational users can query the data for analysis

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

All JOC NDC users must first complete the On-Line 5081 (OL5081) to obtain an IRS SEID. The users may be granted an IRS laptop, where they can check their email and have access to the IRS Intranet for use in their daily jobs such as access to Human Resource policies, bulletins, etc. Once a user has completed the OL5081, they will be granted the SEID, which will be the same identification (ID) used in the JOC NDC. There is no connection between the IRS network and the JOC NDC, but the SA will be made aware of the SEID and use the same one for the user on the JOC NDC. The JOC NDC has only six organizational users and all of them have read-only access. The six read-only access users will be approved by the administrators, as well as the JOC NDC ISSO. The JOC NDC has only four users that are non-organizational users and they are the administrator users of the JOC NDC. All non-organizational users must utilize both a user ID and a password to gain access to the JOC NDC. The non-organizational users' access will be determined by the JOC NDC ISSO.

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

Yes, data is received from one other system at the IRS – ExFIRS. All of the data below are shared.

- Occupational tax
- Registration returns
- Tax returns
- Highway vehicle use
- Business Master File
- Excise tax credits
- Past audit results
- Fuel sampling

- Carrier summaries

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

Yes.

Excise Files Information Retrieval System (ExFIRS)

- Authority To Operate (ATO) – May 3, 2010
- Privacy Impact Assessment (PIA) – March 1, 2011

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

Yes, other agencies provide, receive or share data:

- United States Coast Guard (USCG)
- Customs and Border Protection (CBP)
- United States Army Corp. Of Engineers (USACE)
- Department of Transportation (DOT)
- Department of Energy (DOE)
- North Carolina
- California
- Texas

**Administrative Controls of Data**

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

An Excise request for records disposition authority that encompasses JOC, ExFIRS and other Excise data and associated records is currently being drafted with the assistance of the IRS Records and Information Management (RIM) Program Office. When approved by the National Archives and Records Administration (NARA), disposition instructions for Excise-related recordkeeping data and associated records will be published under IRM 1.15.23 Records Control Schedule for Tax Administration – Examination, item number(s) to be determined.

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

No. The JOC NDC will 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, the JOC NDC can identify individuals for ownership purposes of files/records and specific bulk motor fuel transactions. JOC NDC does not have the capability to locate an 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.**

No, this system will not provide the capability to monitor individuals or groups.

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

No, the system will provide consistent and equitable treatment for all taxpayers. The JOC NDC application does not make any differentiation among taxpayers.

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

No. The JOC NDC does not modify any of the data received. It is collected from an array of sources and used for analysis so that personnel may make informed decisions for an audit.

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

Not applicable. The JOC NDC is not web based.

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