

# Examination Returns Control System (ERCS) – Privacy Impact Assessment

PIA Approval Date – Jan. 19, 2011

## **System Overview:**

Examination Returns Control System (ERCS) is an inventory management database application used by the Small Business/Self–Employed (SB/SE) and Large Business and International Division (LB&I) for controlling and monitoring tax returns and technical time charges for returns under examination in all areas. ERCS is used to requisition tax returns, assign returns to examiners, and change codes such as status codes, project codes, and charge time. Examination records (taxpayer) can be requested, updated, reassigned and closed for an area. ERCS allows managers to track statute information, manage inventory by group or examiner, monitor time applied, conduct workload reviews, and determine what type of cases need to be requested. ERCS also provides managers of Examination groups and functions with inventory management reports.

Examination return information is stored in the ERCS database to be used for inventory management for returns under examination in the area. On a weekly basis, information is extracted from the Audit Information Management System – Reference (AIMS–R) database and compared to the ERCS database. Reports are generated to alert ERCS users of discrepancies to be corrected either on ERCS or AIMS–R to bring the databases into agreement. The record with the most current data determines whether ERCS or AIMS–R is updated. ERCS tracks technical time spent on cases and monitors cases for proximity to statute expiration. The Summary Exam Time Transmittal System (SETTS) extracts time on case data from ERCS. The SETTS information along with a summary of the employee's time charges for the cycle is electronically transmitted to SETTS system via Electronic File Transfer Utility (EFTU). The SETTS information is also used for creating various types of time reports used by the group manager to determine overage cases, high time cases, etc.

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

- IRS 24.030--CADE Individual Master File
- IRS 24.046--CADE Business Master File
- IRS 34.037--IRS Audit Trail and Security Records System
- IRS 36.003--General Personnel and Payroll Records
- 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 – The following types of taxpayer data are stored in ERCS:

- Taxpayer Identification Numbers (TIN)
- Employer Identification Number (EIN)
- Taxpayer Name
- Business Name
- Taxpayer Address
- Business Address, and
- Related return information, such as:
  - Amounts claimed by taxpayer filing an amended return or claim,
  - Secondary Social Security Number (SSN)
  - Activity Code
  - Source Code

- Status Code
- Name Control
- Assessment amounts (stored for closed returns)
- Additional information is contained in the database, which is locally defined, to allow users to classify, type, and track returns and local projects.

B. Employee – The following types of employee data are stored in ERCS:

- Name
- Standard Employer Identifier (SEID)
- SSN
- Grade
- Login Name
- Audit Information Management System (AIMS) Assignee Code (AAC)
- Post of Duty (POD)
- Position Code, Position code date
- Grade
- Employee's date of activation on the ERCS application
- Duty Hours

C. Audit Trail Information (including employee log-in info)

- MASTER Audit Trail:
  - Serial Number
  - Entry Time
  - Entry Date
  - Audit Event
  - Process Name
  - Process ID
  - Success Code
  - User ID
  - Effective User ID
  - Group ID
  - Effective Group ID
  - Employee ID
  - User SSN
  - IP Address
  - Primary Business Code

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

A. IRS:

- Appeals Centralized Database System (ACDS) – Four population types of return information are extracted from seven ERCS tables and inserted into the Appeals tables. One column (a timestamp) is added to each row extracted from each database table before the data is loaded into the Appeals tables. The Appeals data is in nine tables, seven of which are the altered ERCS tables. A special table enables the ERCS scripts and the Appeals interface program to know when the other is running. Since both add, update and delete rows from the Appeals tables, different actions are required if the other program or scripts are running. The ninth table is populated by the Appeals program. The data is read by the ERCS scripts and matching records are pulled from the ERCS tables.

- Audit Information Management System – Reference (AIMS–R) – All information is IRS data from tax returns entered by manual inputs from ERCS users and through weekly downloads of a file extracted from the AIMS–R database.
- Integrated Data Retrieval System (IDRS) – Each day, requisitions and updates manually input into ERCS are automatically uploaded to AIMS–R through the Information Data Retrieval System (IDRS). IDRS is a system that manages data that has been retrieved from the tax Master File allowing Internal Revenue Service employees to take specific actions on taxpayer account issues, track status, and post transaction updates back to the Master File.
- Corporate Authoritative Directory Service (CADS) [Part of the MITS–17 GSS] – SSN and SEID of all SB/SE and LB&I employees are sent to the ERCS database via EFTU.
- Excise Files Information Retrieval System (ExFIRS) – All return information from the Excise Area and Excise Returns in other SB/SE areas for use by ExFIRS. In addition to return information, time data, employee information, and addresses used to generate a Form 3210, transmittal document are also included in the download files.
- Issue Management System (IMS) – Information from the ERCS database for all returns in SB/SE with international features, Excise returns, Estate and Gift (E&G) and Large Business and International (LB&I) returns is extracted and sent to IMS. Technical time data for Excise, E&G and LB&I employees from the IMS server is sent to the ERCS server each Thursday via EFTU.
- Time Charges are entered on the system by the secretary or clerk in each application function from the agent’s input document.

#### B. Taxpayer

- Copy of tax return (TIN) (EIN), Taxpayer Name, Business Name, Taxpayer Address, Business Address

#### C. Employee

- Initial paperwork when hired
- Online 5081 (OL5081)
- Employee’s Direct Manager

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

Yes. The use of the data is both relevant and necessary to the purpose for which ERCS has been designed. It has automated activities that were previously done manually. Examination return information is stored on the system to allow ERCS to be used for an inventory system for returns under examination in the area. The information is used to create IDRS command codes to be uploaded to AIMS–R; for inventory, statute, time and monitoring reports; to schedule appointments and for comparison to the AIMS–R data. During weekly processing of an AIMS–R data file against the ERCS database, reports are generated to alert the ERCS users of discrepancies to be corrected either on ERCS or AIMS–R. The record with the most current data determines whether ERCS or AIMS–R is updated. The program assumes if a record is under ERCS control, the user makes changes to the record on ERCS and not AIMS–R. The opposite is assumed if the return is not under ERCS control. Technical time charges are stored on the ERCS system and uploaded to Summary Examination Time Transmittal System (SETTS) each cycle. The information is also used for creating various types of time reports used by the group manager to determine overage cases, high time cases, etc. Employee information is stored on the ERCS system to link employees with their inventory, to produce the SETTS file, and to prevent unauthorized access to the system and employee returns under audit. Local files and national files are stored to identify, define and validate codes used in the database.

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

The application has field level checks for all input text fields of the menu interface and input is limited to cell defined values for character types and maximum character length. In addition, the application also enforces input for these required fields. On a weekly basis, information is extracted from the AIMS–R database and compared to the ERCS database. Reports are generated to alert ERCS users of discrepancies to be corrected on either ERCS or AIMS–R to bring the databases into agreement. The record with the most current data determines whether ERCS or AIMS–R is updated. The program assumes if a record is under ERCS control, the user makes changes to the record on ERCS and not AIMS–R. The opposite is assumed if the return is not under ERCS control. Process logs are utilized to ensure that the correct batch process data is imported, executed and complete. The record layout of an imported file is validated including its character length and cannot contain null values. If an invalid layout is detected or if the file is not processed for any reason the error is logged to a log file. All code entered is validated using various consistency checks. These checks verify that only certain activities codes are valid for the appropriate activities that it was run for. They also check to make sure that the required fields are entered appropriately. Reports are used to monitor whether information is processed in a timely manner. The application also monitors for timeliness in moving from one function to another.

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

Examination records (taxpayer) are added and updated in ERCS in two ways: 1) manual inputs from ERCS users; and 2) through weekly downloads of a file extracted from the AIMS–R database. All information for manual input comes from taxpayer records and is input by IRS employees. Time charges are entered on the system by the secretary or clerk in each applicable function (i.e., Group, PSP, Quality Management Staff (QMS)) from the agent's input document (i.e., Exam Technical Time Report, Form 4502 or ERCS Tax Auditor Daily, Form 4606). An interface has been developed for this functionality that allows time to be entered when charged from another system, such as IMS. An extract is provided from the discoverer directory that includes the SEID and SSN of every employee within SB/SE and LB&I. This extract is validated during employee audits to ensure they are corrected noted as an SB/SE or LB&I employee. If an employee is added, they must be added to the database as a SB/SE or LB&I employee.

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

To access the data, a user must first log into the ERCS system, generally using a PC acting as a dumb terminal. Once the user has logged into ERCS, the user can request, update, close and reassign records that the user has permission to access. These activities would require retrieval using personal identifiers, i.e., taxpayer name or TIN. Users can generate reports contained within the program for AIMS assignee codes which they have permission. These reports allow for the monitoring of returns in a group's or an employee's inventory.

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

Yes. Data in ERCS is retrievable by taxpayer name, TIN, employee name, and employee ID (generated number).

#### **Access to the Data**

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

**Role:** Group Users

**Permission:** Responsible for inputting time for employees in the group, performing research on returns in the area, and running reports for returns in the group for which they have permission.

**Role:** Planning and Special Programs Users

**Permission:** Responsible for returns in AACs for which they have permission but only for returns in PSP and group status codes.

**Role:** Centralized Case Processing Users

**Permission:** Responsible for returns assigned to case processing employees with AACs for which they have permission but only for case processing status codes.

**Role:** Review Users

**Permission:** Responsible for returns assigned to employees in an AAC for which they have permission as long as the returns are in status codes associated with Technical Services.

**Role:** Sample Review Users

**Permission:** Responsible for running reports on sample review menus and assigning returns and setting specific date fields.

**Role:** Territory Users

**Permission:** Responsible for research capabilities and generating reports if the AAC of the group falls within their territory.

**Role:** Director of Field Operations

**Permission:** Responsible for research capabilities and generating reports for the primary business code and the first three digits of the secondary business code of the Group.

**Role:** Area Users

**Permission:** Responsible for area research capabilities and generating reports for the primary business code of the Group, PSP, and Territory.

**Role:** Industry Users

**Permission:** Responsible for industry research capabilities and generating reports for the primary business code of the Group, PSP, Territory, or District Field Office.

**Role:** AIMS/ERCS Analyst Users

**Permission:** Responsible for assisting end users, monitoring how the system is used, determining each user's permissions, setting up new users, and maintaining local files.

**Role:** Headquarters Analyst Users

**Permission:** Responsible for program oversight impacting, or requiring the need to access, AIMS, ERCS, Discoverer, SSIVL, and/or SETTTS data.

**Role:** Discoverer Users

**Permission:** Responsible for pulling data (reports) from the ERCS database for each assigned office.

**Role:** System Administrators\*

**Permission:** Responsible for administering user logins, passwords, maintaining the ERCS hardware and operating system, installing new versions of ERCS, and making sure system backups are done.

**Role:** Database Administrators\*

**Permission:** Responsible for administering the database, making configuration updates to the database, and ensuring database backups are performed.

**Role:** ERCS Development Staff Users\*\*

**Permission:** Responsible for the development and support of the ERCS application

*\*Note: System Administrators and Database Administrators cannot access any ERCS data.*

*\*\*Note: Developers cannot access any ERCS data or the production environment.*

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

ERCS users are identified and authenticated for access to the application via a unique eight character login and password. Users gain access to ERCS via the OL5081 process. OL5081 is used to document access requests, modifications, terminations for all types of users, including system administrators, system accounts requiring FTP access. When a new user needs access to IRS systems or applications, the user's manager, or designated official, accesses the OL5081 Form to grant system access. The OL5081 application is used to request access for the new user. OL5081 is an online form, which includes information, such as the name of the system or application, type of access, and the manager's signature approving authorization of access. The completed OL5081 is submitted to the AIMS/ERCS Analyst who performs a verification of the need for access to the application. Once verified by the AIMS/ERCS Analyst, the system administrator assigns an eight character login and an initial password. After the eight character login and initial password is assigned, the AIMS/ERCS Analyst adds the user to ERCS allowing the users access to the application based on their assigned group codes.

## **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.**

Yes

- Appeals Centralized Database System (ACDS) – Appeals can request data by sending ERCS the key information (ex. TIN, MFT and Tax Period) of returns. ERCS pulls return data for returns in Appeals statuses and also for returns requested by Appeals. All data is stored in database tables that are only used for the Appeals download. The download runs 6 times a week.
- Audit Information Management System Reference (AIMS–R) – Data comes into ERCS by manual inputs of the users and by regular downloads of information from the AIMS–R database. Each week, information is extracted for each area into an AIMS–R database and compared to the ERCS database. A complete comparison is done for each return in the file. When differences are found, a determination is made as to which system is more current, and the appropriate updates are submitted to bring the databases into agreement.
- Integrated Data Retrieval System (IDRS) – Each day, requisitions and updates manually input into ERCS are automatically uploaded to AIMS–R through the IDRS. IDRS is a system that manages data that has been retrieved from the tax Master File allowing Internal Revenue Service employees to take specific actions on taxpayer account issues, track status, and post transaction updates back to the Master File. It provides for systemic review of case status and notice issuance based on case criteria, thereby alleviating

staffing needs and providing consistency in case control. Since the ERCS Uploading program uses the Generalized IDRS Interface made available by the National Office, all IDRS security features remain in effect. This two-step process insures consistency between the ERCS and AIMS-R databases.

- Corporate Authoritative Directory System (CADS) – Modernization and Information Technology Service-17 (MITS-17) – CADS sends a file to ERCS five days a week in the form of a flat file via EFTU. The file contains the SSN and the SEID for all SB/SE and LB&I employees. The file is read and loaded into the ERCS database.
- Excise Files Information Retrieval System (ExFIRS) – The ExFIRS Download script extracts all return information from the Excise area and Excise returns in other SB/SE areas for use by the Excise Files Information Retrieval System. In addition to return information, time data, employee information, and addresses used to generate a Form 3210, transmittal document are also included in the download files. The data is extracted monthly. Data is unloaded from the ERCS database tables into flat files that are zipped and transferred to the ExFirs server via EFTU.
- Issue Management System (IMS) – The IMS Download program extracts information from the ERCS database for all returns in SB/SE with international features, Excise returns, E&G and LB&I returns. The IMS Download program runs weekly via cron. The data is extracted from several ERCS tables and is written to flat files on the ERCS server. Data is extracted for returns in SB/SE if the International Indicator is present or if the return is being worked by or assigned to an international specialist on ERCS. In addition to the data extracted for the returns, time charges to the returns are also included as well as employee information for the employees assigned to the extracted returns in SB/SE and all Excise, E&G and LB&I employees on ERCS. The time charge information is extracted at the end of each time reporting cycle (usually every 4 to 5 weeks). The extracted data is transferred to the IMS server via EFTU.

Additionally, technical time data for Excise, E&G and LB&I employees from the IMS server is sent to the ERCS server each Thursday via EFTU. The data, sent in flat files, is read and validated. The valid data is added to the ERCS database table that stores the time charges. The invalid data is added to a staging table to be corrected manually by the clerical staff in the Exam groups. The data transmitted to the ERCS server is deleted at the end of each time reporting cycle to get ready for the next cycle.

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

Yes.

### Appeals Centralized Database System (ACDS)

- Certification and Accreditation (C&A) Authority to Operate (ATO) – April 18, 2008
- Privacy Impact Assessment (PIA) – January 10, 2008

### Audit Information Management System Reference (AIMS-R)

- Certification and Accreditation (C&A) Authority to Operate (ATO) – May 1, 2009
- Privacy Impact Assessment (PIA) – February 11, 2009

### Integrated Data Retrieval System (IDRS)

- Certification and Accreditation (C&A) Authority to Operate (ATO) – March 10, 2009

- Privacy Impact Assessment (PIA) – November 6, 2008

Corporate Authoritative Directory System (CADS) – Modernization and Information Technology Service–17 (MITS–17/CADS (MITS–17)

- Certification and Accreditation (C&A) Authority to Operate (ATO) – September 24, 2010
- Privacy Impact Assessment (PIA) – February 19, 2010

Excise Files Information Retrieval System (ExFIRS)

- Certification and Accreditation (C&A) Authority to Operate (ATO) – June 26, 2008
- Privacy Impact Assessment (PIA) – March 23, 2009

Issue Management System (IMS)

- Certification and Accreditation (C&A) Authority to Operate (ATO) – June 1, 2008
- Privacy Impact Assessment (PIA) – June 16, 2010

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

Yes. A download of employee information and tax return information is extracted from the ERCS database and sent to Treasury Inspector General for Tax Administration (TIGTA) via EFTU.

**Administrative Controls of Data**

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

ERCS is unscheduled. A request for records disposition authority for ERCS data files 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 ERCS inputs, system data, outputs and system documentation will be published under IRM 1.15.23 Records Control Schedule for Tax Administration – Examination (item number to be determined). ERCS audit trail archival logs are retained for 7 years. ERCS data/Media Protection (MP) Controls are documented in the IRS Site Physical Security Control Assessment. This application relies on the Site Physical Security Control Assessment for the implementation of this control. ERCS has the capability to generate several types of managerial and statistical reports that remain internal to the IRS. All printed output is handled and secured in accordance with the IRS sensitive output handling organizational policy and IRM 2.7.4.

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

No. ERCS 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.**

ERCS is an inventory management database application used by the SB/SE and LB&I for controlling and monitoring tax returns and technical time charges for returns under examination in all areas. ERCS has the ability to identify a group and/or employee. It can retrieve the address of a taxpayer and monitor the work that employees do on tax returns.

**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.**

ERCS is an inventory management database application used by the SB/SE and LB&I for controlling and monitoring tax returns and technical time charges for returns under examination in all areas.

It does provide the capability to identify, locate or monitor individuals or groups. ERCS can identify and monitor employee groups and employees within that group. The purpose of this capability is to monitor the work that employees do on returns. ERCS audit records may be accessed through an ERCS menu. ERCS provides AIMS/ERCS analysts with a way to read the audit files and generate reports based on the audit types identified in the IRM 10.8.3 using various selection criteria. The AIMS/ERCS analysts review the application log files on a regular basis for indications of inappropriate or unusual activity. If suspicious activity is found, the AIMS/ERCS analysts report the findings to appropriate officials.

System audit records are used to review what occurred after an event, for periodic reviews, and for real-time analysis. Audit records allow management to hold employees accountable for their actions on IRS computer systems. Only the authorized system administrators and MITS Cybersecurity security specialists are assigned the responsibility to review system audit information, including the following:

- Audit trail review after an event;
- Scheduled audit reviews at least weekly or more frequently at the discretion of the information system owner.

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

No. ERCS is an inventory management database application used by the SB/SE and LB&I for controlling and monitoring tax returns and technical time charges for returns under examination in all areas. It does not provide opportunities for disparate treatment of taxpayers, groups, individuals or employees.

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

ERCS is not used to make determinations; it is used for controlling and monitoring tax returns and technical time charges for returns under examination in all areas.

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

ERCS is not web-based.

[View other PIAs on IRS.gov](#)