



**The Department of the Treasury  
Semiannual 2016 Report on Privacy and  
Civil Liberties Activities Pursuant to  
Section 803 of the Implementing  
Recommendations of the 9/11 Commission  
Act of 2007**

**For the reporting period  
February 1, 2016 to September 30,  
2016**

1. Introduction

The Assistant Secretary for Management (ASM) is the Department of the Treasury's (Treasury) Privacy and Civil Liberties Officer (PCLO). As the PCLO, the ASM is responsible for implementing the 9/11 Commission Act of 2007's privacy and civil liberties requirements.

To assist the ASM with these responsibilities, Treasury Directive (TD) 25-04, "The Privacy Act of 1974, As Amended," designates the Deputy Assistant Secretary for Privacy, Transparency, and Records (DASPTR) as the ASM's principal advisor on issues related to privacy and civil liberties. The DASPTR leads the Office of Privacy, Transparency, and Records (PTR) and provides the ASM with day-to-day support in executing his PCLO duties.

Section 803 of the 9/11 Commission Act, 42 U.S.C. § 2000ee-1, as amended, sets forth the following requirements:

(f) Periodic Reports –

(1) In General –

The privacy officers and civil liberties officers of each department, agency, or element referred to or described in subsection (a) or (b) shall periodically, but not less than semiannually; submit a report on the activities of such officers—

(A)(i) to the appropriate committees of Congress, including the [Committee on the Judiciary of the Senate](#), the [Committee on the Judiciary of the House of Representatives](#), the [Committee on Homeland Security and Governmental Affairs of the Senate](#), the [Committee on Oversight and Government Reform of the House of Representatives](#), the [Select Committee on Intelligence of the Senate](#), and the [Permanent Select Committee on Intelligence of the House of Representatives](#);

(ii) to the head of such department, agency, or element; and

(iii) to the [Privacy and Civil Liberties Oversight Board](#) and

(B) which shall be in unclassified form to the greatest extent possible, with a classified annex where necessary.

(2) Contents –

Each report submitted under paragraph (1) shall include information on the discharge of each of the functions of the officer concerned, including—

- (A) information on the number and types of reviews undertaken;
- (B) the type of advice provided and the response given to such advice;
- (C) the number and nature of the complaints received by the department, agency, or element concerned for alleged violations; and
- (D) a summary of the disposition of such complaints, the reviews and inquiries conducted, and the impact of the activities of such officer.

The Intelligence Authorization Act for Fiscal Year 2014, Pub. L. No. 113-126 (July 7, 2014), changed the reporting period from quarterly to semiannually.

## 2. Privacy Reviews

Treasury reviews programs and information technology (IT) systems that may have privacy implications. For purposes of this report, reviews include the following Treasury activities:

1. Privacy Threshold Analyses, which are the Treasury mechanism for reviewing IT systems, programs, and other activities for privacy protection issues to determine whether a more comprehensive Privacy and Civil Liberties Impact Assessment (PCLIA) is required;
2. Privacy and Civil Liberties Impact Assessments as required by the E-Government Act of 2002;<sup>1</sup>
3. System of Records Notices, as required under the Privacy Act and any associated Final Rules for Privacy Act exemptions;<sup>2</sup>
4. Privacy Act Statements, as required under the Privacy Act,<sup>3</sup> to provide notice to individuals at the point of collection;
5. Computer Matching Agreements, as required under the Privacy Act;<sup>4</sup>
6. Data Mining Reports, as required by Section 804 of the 9/11 Commission Act of 2007;<sup>5</sup>
7. Privacy Compliance Reviews;
8. Privacy reviews of IT and program budget requests, including Office of Management and Budget Exhibit 300s and Enterprise Architecture Alignment Requests through the Department of Homeland Security Enterprise Architecture Board; and
9. Other privacy reviews, such as implementation reviews for information sharing agreements.

## 3. Privacy and Civil Liberties Impact Assessments

The PCLIA process is one of Treasury's key mechanisms to help ensure that programs and

---

<sup>1</sup> 44 U.S.C. § 3501 note.

<sup>2</sup> 5 U.S.C. § 552a(j), (k).

<sup>3</sup> 5 U.S.C. § 552a(e)(3).

<sup>4</sup> 42 U.S.C. § 2000ee-3.

<sup>5</sup> 6 U.S.C. § 142.

technologies sustain, and do not erode, privacy protections. As of September 30, 2016, Treasury published 119 new, updated, or renewed PCLIA's. All published Treasury PCLIA's are available at <http://www.treasury.gov/privacy/PIAs/Pages/default.aspx>. One example of a new PCLIA is summarized below:

The Financial Crimes Enforcement Network (FinCEN), published a PCLIA for the new Egmont Secure Website (ESW). The ESW provides a secure online mechanism for communication among Egmont Group members from various foreign governments' Financial Intelligence Units (FIUs). The System is used in two ways: 1) as a transmission medium for e-mails sent between the FIUs, which are encrypted when stored temporarily and cannot be searched until an analyst gathers the data (only addressees who are authorized account holders and have their own private key can decrypt the data to view); and 2) to provide a secure, web-based mechanism for Egmont members to view online reference documents.

#### 4. Systems of Records Notices

Treasury has completed a biennial review of all Systems of Records Notices (SORNs) for compliance with the Privacy Act of 1974, as amended. If the biennial review reveals that no update is required, the original SORN remains in effect.

During the reporting period, Treasury reviewed 16 SORNs and published two new SORNs. All Treasury SORNs, Notices of Proposed Rulemaking, and Final Rules for Privacy Act Exemptions are available at <http://www.treasury.gov/privacy/issuances/Pages/default.aspx>. Please consult our website for the full text of all our SORNs, including one for our Privacy Act and FOIA disclosures process:

Treasury .004, Freedom of Information Act/Privacy Act Request Records, September 16, 2016 at [81 FR 63856 \(https://www.federalregister.gov/documents/2016/09/16/2016-22069/privacy-act-of-1974-systems-of-records\)](https://www.federalregister.gov/documents/2016/09/16/2016-22069/privacy-act-of-1974-systems-of-records).

Treasury regulations also require publishing notice of the existence and character of all systems of records every three years in the Federal Register.<sup>6</sup> With respect to its inventory of Privacy Act systems of records, Treasury has determined that the information contained in its systems of records is accurate, timely, relevant, complete, and necessary to maintain the proper performance of a documented agency function. Treasury's systems of records notice inventory was last published in its entirety on November 7, 2016, at 81 FR 78266-78295.

This publication gives notice of two new systems of records. BEP .051, Chief Counsel Files System, contains records necessary for BEP attorneys to provide legal advice to BEP management on various matters. Treasury/IRS 10.008, Certified Professional Employer Organizations System, contains records necessary to administer a program to certify professional employer organizations pursuant to requirements of Title II (Section 206) of the Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 (ABLE Act), Pub. L. No. 113-295.

#### 5. Privacy Compliance Reviews

---

<sup>6</sup> 31 CFR 1.23(a)(1).

The federal government conducts Privacy Compliance Reviews (PCR) to help ensure that programs and technologies implement and maintain appropriate protections for personally identifiable information (PII). The PCR is a collaborative effort that helps improve a program's ability to comply with existing privacy requirements by identifying and remediating gaps in compliance documentation, including PCLIAs, SORNs, and formal agreements such as Memoranda of Understanding and Memoranda of Agreement. Treasury regularly conducts informal PCRs with its bureaus when necessary.

The Internal Revenue Service (IRS) Social Security Number Elimination and Reduction (SSN/ER) Program continued making significant strides in eliminating or reducing the use of SSNs within systems, forms, notices, and letters where the collection or use of the SSN was not necessary. The IRS is systematically reviewing existing and new notices, letters, and forms for unnecessary SSN use. As of FY 2016, the IRS eliminated or reduced the use of the SSNs on 138 payment and non-payment notices, with an estimated annual volume of 54 million taxpayer mailings.

#### 6. Advice and Responses

Treasury takes a proactive approach to privacy policy development by monitoring emerging issues, identifying gaps, issuing policy, and establishing accountability. As an example, in 2016 the IRS updated and reinforced employee policy and guidance on three privacy issues: personal email, electronic messaging, and shared drives. Interim guidance on "Using IRS and Personal Email Accounts" reinforced existing policy by providing specific procedures employees must follow when sending email to stakeholders, taxpayers, other IRS employees, and themselves. Interim guidance on "Electronic Message Usage and Preservation" reminded employees that the content of an electronic message may be a federal record and, if so, they must manage and protect the records accordingly. Interim Guidance on "Shared Drives" provided specific policy on methods to protect privacy when shared drives contain sensitive but unclassified (SBU) data, including tax information and other personally identifiable information (PII).

#### 7. Privacy Complaints and Dispositions

For purposes of Section 803 reporting, complaints are written allegations of harm or violation of privacy compliance requirements filed with Treasury's privacy and civil liberties programs. The categories of complaints reflected in Appendix A are aligned with the categories detailed in the OMB Memorandum 08-21, *FY 2008 Reporting Instructions for the Federal Information Security Management Act and Agency Privacy Management*. U.S. citizens, Legal Permanent Residents, visitors, and aliens may submit complaints.

#### 8. Conclusions

As required by the 9/11 Commission Act, and in accordance with the Intelligence Authorization Act for Fiscal Year 2014, Pub. L. No. 113-126 (July 7, 2014), this semiannual report summarizes Treasury's privacy activities from February 1, 2016 through September 30, 2016. Treasury will continue to work with the Congress, colleagues in other federal departments and agencies, and

the public to protect privacy in all of our efforts.

1 Attachment



Department of the Treasury  
 Semiannual Report on Privacy and Civil Liberties Activities  
 under Section 803 of the 9/11 Commission Act of 2007  
 February 1, 2016 through September 30, 2016

Reviews	
Type	Number
Privacy Threshold Analyses (PTAs)/Privacy Impact Assessments (PIAs)	PTA/81 PIA/119
System of Records (SOR) Routine Use/ SOR Notices (SORNs)	18
SSN Elimination or Redaction on Forms	6
Computer Matching Agreements (CMAs)	4
Section 508 Internet Website Scan	80%
Treasury-requested Non-Commerce/Commerce Site Scan	Non-Comm/16 Comm/16

Advice and Response		
Type	Number	Response
Interim Guidance: Using Agency and Personal Email Accounts	1	Accepted
Interim Guidance: Electronic Message Usage and Preservation	1	Accepted
Interim Guidance: Shared Drives	1	Accepted

Complaints	Number	Dispositions
Type		
PRIVACY	3	3
CIVIL LIBERTIES	16	6