



**The Department of the Treasury  
FY 2013 Q4 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  
June 1 to August 31, 2013**

1. Introduction

The Treasury Department is committed to protecting the privacy and civil liberties of individuals in all Treasury programs. In recognition of potential threats to individual privacy resulting from global expansion of information technology (IT), the Department will continue its vigilant oversight of the personally identifiable information (PII) entrusted to its care. In coordination with the Office of Management and Budget (OMB), the Department has established a standard report framework tailored to the missions and functions of the Department and the Office of Privacy, Transparency, and Records (OPTR). Accordingly, below is a summary of the functions on which OPTR is required to report pursuant to Section 803 of the Implementing Recommendations of the 9/11 Commission Act of 2007 (P. L. 110-53).

2. Department Actions

During this reporting period, OPTR continued with its rollout of the Privacy Clearance Tracker (PCT). This tool allows Treasury's bureaus and Departmental Offices (DO) to conduct online reviews of privacy impact assessments, systems of records notices (SORN), and other privacy documentation before they are finalized and placed on publicly accessible websites. As part of this initiative, OPTR began rolling out PCT training. To date, OPTR provided training to DO, the Bureau of Engraving and Printing, the Bureau of the Fiscal Service, and the Financial Crimes Enforcement Network with a goal of training the remaining bureaus before the end of the second quarter in FY 2014.

OPTR also led an effort to review and revise the Department's FY 2012 - 2013 *Culture of Privacy Awareness* Training. This effort was undertaken pursuant to OMB Memorandum A-130, Management of Federal Information Resources, which requires the Department to review its Privacy Act training practices biannually. The updated training is currently being formatted for the Treasury Learning Management System (TLMS). OPTR anticipates that the training will be available for employees on TLMS early in FY 2014.

During this reporting period, the IRS continued its comprehensive identity theft strategy focused on preventing refund fraud, investigating these crimes, and assisting taxpayers victimized by identity theft. Work to prevent identity theft and refund fraud continues to grow, touching nearly every part of the organization. The IRS added new identity theft screening filters to improve the ability to spot false returns before returns are processed and refunds issued. Some of the new filters are designed to identify multiple refunds deposited into a single bank account or sent to a single address and subject these returns to additional reviews. As a result, the IRS protected \$11.6 billion of fraudulent refunds between January and August 2013, including those related to identity theft. In addition, through August 2013, the IRS has stopped 5.7 million suspicious returns for further review, which is up from 5 million suspicious returns stopped in 2012. Through August 2013, the IRS prevented more than 1.9 million refund returns determined to be fraudulent, claiming more than \$11.6 billion in refunds.

### 3. Quarterly Reporting Matrix

The attached reporting matrix consolidates all Treasury privacy and civil liberties activities, including data on the reviews conducted, reference to the advisory guidance delivered, and information about written complaints received and processed.

#### 3.1. Types of Potential Complaints

3.1.1. *Privacy Complaint*: A privacy complaint is a written allegation concerning a problem with or violation of privacy protections in the administration of the programs and operations of the Department that may be the cause of harm or violation of personal or information privacy filed with the Department. This information may include:

- Process and procedural issues, such as consent, collection, and appropriate notice;
- Non-Privacy Act of 1974 issues or identity theft mitigation; or
- Privacy Act of 1974 issues.

3.1.2. *Civil Liberties Complaint*: A written allegation filed with the Department alleging harm or violation of the constitutional rights. Types of civil liberties complaints include, but are not limited to:

- First Amendment (Freedom of speech, religion, assembly, and association);
- Fourth Amendment (Protection against unreasonable search and seizure); and
- Fifth Amendment or Fourteenth Amendment, § 1 (Due process and equal protection).

### 4. Reporting Categories

4.1. *Reviews*: Reviews include Treasury privacy and civil liberties activities delineated by controlling authorities, such as the Privacy Act of 1974, 5 U.S.C. § 552a; E-Government Act

of 2002 (P.L. 107-347); Consolidated Appropriations Act of 2005 (P.L. 108-447); OMB Circular A-130, Appendix 1; and OMB Memo M-07-16. Examples include:

- Privacy Threshold Analyses (PTAs) – review of an IT system’s use of data to determine whether a Privacy Impact Assessment (PIA) is required;
- PIAs;
- OMB Memorandum 07-16 issues, including reviewing records to minimize the volume of PII necessary for the proper performance of an agency function, Social Security number (SSN) use reduction efforts, or initiatives related to combating identity theft;
- OMB Circular A-130 issues, including SORNs, routine use descriptions, agency security contacts, recordkeeping and disposal policies, training practices, continued Privacy Act exemptions under 5 U.S.C §552a (j)(2), (k), and Computer Matching Programs;
- Persistent Tracking Technology features used on a website;
- Achievement of machine readability, which ensures that website users are automatically alerted about whether site privacy practices match their personal privacy preferences;
- Reviews under 5 CFR part 1320 (collection of information/Paperwork Reduction Act);
- Information Sharing Environment Privacy Guidelines Assessment including policies and system reviews; and
- Reviews related to the OMB Circular A-11, Exhibit 300 process.

4.2. *Advice*: Advice includes written policies, procedures, guidance, or interpretations of requirements for circumstances or business processes that respond to privacy or civil liberties issues or concerns.

4.3. *Response to Advice*: Specific action taken in response to Treasury advice. Examples of Responses to advice include issuing a regulation, order, or directive; interpreting or otherwise issuing guidance as a result of advice; reaching an agreement related to the Advice; and developing training programs or other procedures that enhance understanding of the issue that precipitated the request for advice.

4.4. *Disposition of Complaints*: Treasury action in response to a privacy or civil liberties complaint. In response to a complaint, the Department will:

1. Take direct action (description in the summary report);
2. Refer to another agency or entity that may be able to assist in addressing the complaint (referral agency and explanation in summary report); or
3. Determine that no action is required (explanation in summary report).

The Department will continue to submit quarterly reports in coordination with OMB. The next quarterly report is due December 31, 2013, and will cover the period of September 1, 2013, through November 30, 2013. The data collection period for each report ends approximately 30 days prior to the report deadline.