



**The Department of the Treasury  
FY 2012 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, 2012 to August 31, 2012**

1. Introduction

The Treasury Department is committed to protecting the privacy and civil liberties of individuals in all Treasury programs. In recognition of the threat to individual privacy resulting from the global expansion of information technology (IT), the Department is determined to continue its vigilant oversight of the personally identifiable information (PII) entrusted to its care.

2. Department Actions

The Department completed its mandatory Culture of Privacy Awareness training for FY 2012. Ninety-seven percent of employees completed the training by the June 30, 2012, due date. The course was available to Treasury employees via the Treasury Learning Management System (TLMS) and on its intranet site. In addition, a stand-alone executive-level PowerPoint version was available for senior leadership within the Department and proved to be a valuable mechanism for reaching that segment of the employee population.

The Office of Privacy and Civil Liberties (OPCL) has been working with privacy colleagues in the Internal Revenue Service (IRS) and other bureaus to reduce the number of personally identifiable information (PII) incidents involving unencrypted media and data. The percentage of electronic media and cyber losses where encryption was available and used has increased over the past year, substantially mitigating the risk of PII breaches. OPCL will continue to work with all bureaus to reduce the number of PII-related incidents overall and to institutionalize the use of technologies such as encryption and password protection where possible.

Treasury has also become an active participant in the working groups that are addressing implementation issues related to EINSTEIN 3, Accelerated (E3A). On August 9, 2012, the Office of Privacy, Transparency, and Records (OPTR) participated in a meeting to discuss the E3A Memorandum of Agreement among departments and agencies. The objective of the meeting was to provide a technical overview of E3A, communicate common themes

identified by the participating agencies, and introduce a process to facilitate the coordination and communication between the Department of Homeland Security (DHS) and the agencies regarding EINSTEIN's capabilities. EINSTEIN capabilities are part of the DHS National Cyber Security Protection System (NCPS) used to protect all Executive Branch civilian agencies.

On July 19, 2012, the Deputy Assistant Secretary for Privacy, Transparency, and Records convened a meeting of the Treasury Information Privacy Council/Committee. Among the items discussed during the meeting were the implementation of E3A, the successful completion of Treasury's annual privacy awareness training, and the activation of the Department's SharePoint Portal.

The new portal provides employees at every level with a robust tool for managing significant quantities of content and making that content more readily available across the agency. Since the implementation began, there have been a number of significant enhancements to the portal including a blog space, easier access to human resource-related topics, and featured videos.

OPTR is in the process of developing an electronic system to manage its Privacy Impact Assessment (PIA) process. This effort is modeled on a similar IRS effort to build its PIA Management System. This endeavor represents a significant improvement in the way PIAs will be drafted, reviewed, and approved across the Department.

Treasury also continues its active involvement in the Information Sharing Environment (ISE). The Director of OPCL continues to serve as the chairperson of the ISE's Privacy and Civil Liberties Subcommittee's Compliance Review Working Group (CRWG). As chairperson, the Director of OPCL is guiding the development of a privacy and civil liberties checklist for implementing ISE privacy guidelines. Treasury's Office of Intelligence and Analysis (OIA) is currently conducting a pilot program for implementing a proposed ISE/CRWG privacy and civil liberties compliance review checklist that may eventually be used by all federal agencies participating in the ISE. This checklist is intended to serve as a compilation of the privacy and civil liberties requirements and best practices derived from the Privacy Guidelines for the Information Sharing Environment.

OPTR participates in the Intelligence Community (IC) Chief Privacy and Civil Liberties Officer's Focal Points Group. This group meets on a quarterly basis to discuss privacy and civil liberties issues in the intelligence community and develop guidance for IC elements to address those issues.

Finally, in the fourth quarter, the IRS achieved two very significant milestones that further enhance its already strong privacy program. First, on July 9, 2012, the Office of Identity Protection released the revised Internal Revenue Manual (IRM) 10.5.3, *Identity Protection Program*. This manual will standardize the IRS' service-wide identity theft policies and procedures and further strengthen the Service's emphasis on privacy protection. Next, the office of Privacy, Governmental Liaison, and Disclosure (PGLD), in concert with Criminal Investigation (CI) Refund Crimes, CI Field Operations, and the Wage and Investment (W&I)

Pre-Refund Program, all established reciprocal information sharing opportunities and cooperative compliance efforts between the IRS and two states. A Memorandum of Understanding (MOU) was finalized with Delaware and data is currently being shared between IRS and Delaware.

### 3. Quarterly Reporting Matrix

The Department uses a standard reporting framework and instructions tailored to its mission and functions to address Section 803 reporting requirements. In developing the framework and instructions, the Department collaborated with the Office of Management and Budget (OMB) and the other agencies required to report under this section.

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 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, such as Terrorist Watchlist Redress processing or identity theft mitigation; or
- Privacy Act of 1974 issues.

3.1.2 Civil Liberties Complaint: A written allegation of harm or violation of the constitutional rights afforded individuals filed with the Department. 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 – review of an IT system’s use of data to determine whether a 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, 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 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, 2012, and will cover the period of September 1, 2012, through November 30, 2012. The data collection period for each report ends approximately 30 days prior to the report deadline.



Department of the Treasury  
 Quarterly Report on Privacy and Civil Liberties Activities  
 under Section 803 of the 9/11 Commission Act of 2007  
 August 31, 2012

Reviews	
Type	Number
Systems of Records (SOR) Notices	4
SOR Routine Use	3
Elimination and Redaction of SSNs on IRS Forms	46
Privacy Impact Assessment (PIA)	21
Privacy Threshold Analysis (PTA)	21
5 CFR 1320, Information Collection	4
OMB Exhibit 300 Process	1
Records Management, Record-keeping & Disposal Policies	1
Section 508 Internet/Intranet Website Scan	2

Advice and Response		
Type	Number	Response
A Bureau's General Counsel Met With HR And Labor Relations Staff To Discuss Privacy Implications Of New Systems	1	Reviewed PIA and Provided Comments
Reviewed Draft PTAs For Two SharePoint Portals For Internal Use By Multiple Bureau Offices	2	Reviewed PTAs and Provided Comments

Complaints	Number	Dispositions
Type	Number	
PRIVACY	0	
CIVIL LIBERTIES	0	