



**DEFENSE FINANCE AND ACCOUNTING SERVICE**

**Salary Offset Reporting System (SORS)**

Unique Project (Investment) Identifier –  
007-97-01-01-02-1669-00

**PRIVACY IMPACT ASSESSMENT (PIA)**

**Point of Contact**

[REDACTED]  
System Manager,  
DFAS-HTSBCA/Cleveland

**Reviewing Official**

[REDACTED]  
Chief, Information Officer (CIO)  
DFAS-HT/HQ

**PREPARED BY**

[REDACTED]  
August 2007

## PRIVACY IMPACT ASSESSMENT

1. **Department of Defense Component.** Defense Finance and Accounting Service
2. **System Title.** Salary Offset Reporting System (SORS)
3. **Budget System Identification Number.** N/A
4. **System Identification Number(s) (IT Registry/Defense IT Portfolio Repository (DITPR)).** DITPR ID No. 861
5. **IT Investment (OMB Circular A-11) Unique Identifier (if applicable).** N/A
6. **Privacy Act System of Records Notice Identifier (if applicable).** The Privacy Act Notice for this system originally was included as part of the DFAS Defense Debt Management System (DDMS) Notice T-7332. However, the DFAS SORS system has recently been expanded into a separate stand alone IT system for which a new Privacy Act Notice has been drafted and has been forwarded under the Privacy Act System of Notice Identifier T-330A.
7. **OMB Information Collection Requirement Number (if applicable) and Expiration Date.** N/A
8. **Type of authority to collect information (statutory or otherwise).** Authority to collect the data contained in the SORS system is contained in the Debt Collection Act of 1982 and as amended the Debt Collection Improvement Act (DCIA) of 1996, codified in pertinent part at 31 U.S.C. § 3716 and 5 U.S.C. § 5514. FMS and the Office of Personnel Management have promulgated regulations governing salary offset at 31 C.F.R. Part 285 and 5 C.F.R. Part 550. Authority for collecting delinquent tax debts as part of the new Federal Payment Levy Program (FPLP) through the continuous salary offset levy of up to fifteen percent (15%) of certain Federal payments can be found at 26 U.S.C. § 6331(h), 26 U.S.C. § 6103 (k)(8) and 26 U.S.C. § 6334 of the Internal Revenue Code. Disclosure of tax return information to effectuate the processing of the tax levies pursuant to the FPLP is authorized by the Internal Revenue Service (IRS) to Treasury Financial Management Service (FMS) pursuant to 26 U.S.C. § 6103 (k)(6).
9. **Provide a brief summary or overview of the IT system (activity/purpose, present life cycle phase, system owner, system boundaries and interconnections, location of system and components, and system backup).**
  - a. **Activity/Purpose.** The purpose of this system is to collect delinquent Federal tax and non-tax debts owed by Federal Employees paid by DFAS. These Federal employees include active duty military service members, military reservists, retired military service members, and civilian employees of the military services, DOD, and Federal civilian employees of the non-DOD Federal agencies for which DFAS provides e-payroll services. The other non-DOD e-payroll agencies include the Department of Health and Human Services, Department of Energy, the Environmental Protection Agency, Department of Veterans Affairs, and the Broadcasting Board of Governors. Delinquent Federal debts owed by employees paid by DFAS are collected by involuntary salary

offset of these debtor employees' wages in accordance with the Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996.

- b. **Present Life Cycle Phase.** O&S - Modernization/Enhancement
  - c. **System Owner.** The system is owned by the Defense Finance and Accounting Service, the System Manager is [REDACTED] Defense Finance and Accounting Service, DFAS-HTSBCA/Cleveland, 1240 East Ninth Street, Cleveland, Ohio 44199-2055, [REDACTED]
  - d. **System boundaries and interconnections.** The SORS system interfaces with the Department of Treasury's TOP system, the DFAS Payroll File Locator System (PFLS) and all of the DFAS payroll systems. The DFAS payroll systems that SORS interfaces with include; Defense Civilian Payroll System (DCPS), Defense Joint Military Payroll System, Active and Reserve Component, (DJMS-AC, DJMS-RC) Defense Retired and Annuitant Pay System (DRAS), the Marine Corp Total Force System (MCTFS), the DFAS Payroll File Locator System (PFLS) system and the Department of Treasury's TOP system.
  - e. **System Location and Components.** The mid-tier is located at the Defense Finance and Accounting Service- Indianapolis (DFAS Indianapolis-CS), 8899 East 56<sup>th</sup> Street, Indianapolis, IN 46249-0150.
  - f. **System Backup.** The system COOP site is located at the Defense Finance and Accounting Service in Columbus, Ohio (DFAS Columbus).
10. **Describe what information in identifiable form will be collected and the nature and source of the information (e.g., names, Social Security Numbers, gender, race, other component IT systems, IT systems from agencies outside DoD, etc.)**
- a. **Information in Identifiable Form.** The information in identifiable form includes Names and Social Security Numbers (SSNs) in addition to information on the delinquent debts being collected by salary offset. The debt information includes; the original delinquent debt amount, the remaining current outstanding balance of debt owed, the creditor agency to whom the delinquent debt is owed, the DFAS payroll system that is responsible for providing the employee's payroll services, all of the individual salary offsets amounts and dates the collection were deducted from the employees' wages, and other pertinent debt information necessary to manage the Federal Salary Offset Program for DOD.
  - b. **DFAS IT systems.** Defense Civilian Payroll System (DCPS), Defense Joint Military Payroll System, Active and Reserve Component, (DJMS-AC, DJMS-RC) Defense Retired and Annuitant Pay System (DRAS), the Marine Corp Total Force System (MCTFS)
  - c. **DoD Component IT systems.** N/A
  - d. **IT systems from agencies outside DoD.** Department of Treasury's Treasury Offset Program (TOP) system.

11. **Describe how the information will be collected (e.g. via the Web, via paper-based collection, etc.)** The DoD employee Name and SSN information is extracted from the DFAS Personnel File Locator System (PFLS) electronically by payroll system in batch. This information is matched to the Department of Treasury's Treasury Offset Program (TOP) National Interactive Delinquent Debtor Database (NIDDD) on Name and Taxpayer Identification Number (TIN) or SSN. The TOP NIDDD database contains the Names, Taxpayer Identification Number (TIN) or SSN of all delinquent debtors that are more than 180 days delinquent in the repayment of their debts owed to the Federal government. SORS will receive an electronic file from TOP for those employees paid by DFAS that have delinquent government debts identified by the computerized match on Name and SSN. SORS will forward these cases electronically to the appropriate DFAS payroll system to initiate involuntary salary offset collection action. After each payroll cycle the information on the amount that was collected from each individual employee's wages for all debts is electronically transmitted from the DFAS payroll system to TOP by the SORS system to be credited to the debtors' accounts on TOP. All data is transmitted between IT systems electronically by established file transfer protocols. Files transferred between DFAS systems are within the DFAS VPN environment. Those files that are transferred between DFAS SORS and Treasury are transferred via Treasury's encrypted Connect Direct file transfer protocol.
12. **Describe the requirement and why the information in identifiable form is to be collected (e.g., to discharge a statutory mandate, to execute a Component program, etc.)** The information in identifiable form is collected and transmitted in accordance with provisions established by the Debt Collection Act of 1982 and as amended the Debt Collection Improvement Act (DCIA) of 1996, codified in pertinent part at 31 U.S.C. § 3716 and 5 U.S.C. § 5514. In accordance with promulgated Federal debt collection Regulations governing salary offset at 31 C.F.R. Part 285 and 5 C.F.R. Part 550, DFAS is required to exchange data files containing employee Name and SSN data with the Department of Treasury for the purpose of collecting delinquent government debts owed by DoD employees by involuntary salary offset of the employees' wages.
13. **Describe how the information in identifiable form will be used (e.g., to verify existing data, etc.)** The employee Name and SSN will be used to identify delinquent Federal debts owed to other non-DoD Federal agencies by all Federal employees that are paid by DFAS. This includes all employees who are identified by match on their Name and SSN with delinquent Federal tax and non-tax debts contained on the Department of Treasury's TOP delinquent debtor database. These employees will be subject to collection action by involuntary salary offset of their wages.
14. **Describe whether the system derives or creates new data about individuals through aggregation.** The SORS system does not create new information. All data contained in the SORS database case files for each employee that is delinquent in the payment of their debts owed to the government is aggregated from data transferred to SORS by the TOP system or from the data transferred from the DFAS payrolls systems. In addition to the employee's Name and SSN, the SORS system will contain pertinent information on the delinquent Federal debt owed by the employees. This includes the amount of the original delinquent debt, the agency to whom the delinquent debt is owed, along with the the collection data of the amounts deducted by salary offset to satisfy the delinquent debt. This collection data will include the amount and the date of each salary offset that

was deducted from the wages of the employee. In addition, each salary offset case record will track the changes in the on going outstanding delinquent debt amount and remaining debt balance owed for the purpose of managing the DFAS salary offset program for DoD in compliance with established Federal debt collection regulations.

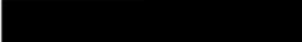
15. **Describe with whom the information in identifiable form will be shared, both within the Component and outside the Component (e.g., other DoD Components, Federal agencies, etc.)** Relevant delinquent debt information in identifiable form is shared within DFAS with the cognizant DFAS payroll systems that provide payroll services to the debtor employee. Collection information in identifiable form is also shared with the Department of Treasury in that agency's capacity of managing the Federal Treasury Offset Program and in accordance with established Federal Debt Collection regulations. And the intended purpose of maintaining the system of records for the collection of delinquent Federal Debts.
16. **Describe any opportunities individuals will have to object to the collection of information in identifiable form about themselves or to consent to the specific uses of the information in identifiable form. Where consent is to be obtained, describe the process regarding how the individual is to grant consent.** There is no opportunity for individuals to object to the collection of information in identifiable form or for the consent to the specific uses of the information in identifiable form. All data contained in the SORS system is used in accordance with the intended purpose established for the maintenance of this system of records and as contained in the SORS Privacy Act Notice. Individual information in identifiable form is for the purpose established by Public Law and in applicable Federal Debt Collection Regulations.
17. **Describe any information that is provided to an individual, and the format of such information (Privacy Act Statement, Privacy Advisory) as well as the means of deliver (e.g., written, electronic, etc.), regarding the determination to collect the information in identifiable form.** No information is provided directly to individuals except in the capacity as authorized users of the SORS system. Authorizer User access is limited and controlled by entering user ID and password. All system screens accessible by individual contain Privacy Act Statements or Privacy Act Advisories.
18. **Describe the administrative/business, physical, and technical processes and controls adopted to secure, protect, and preserve the confidentiality of the information in identifiable form.** Records are stored in office buildings protected by guards, controlled individuals who are properly screened and cleared on a need to know basis in the performance of their official duties. Passwords and digital signatures are used to control access to the systems data, and procedures are in place to deter and detect browsing and unauthorized access. Physical and electronic access is limited to persons responsible for servicing and authorized to use the record system.
19. **Identify whether the IT system or collection of information will require a System of Records(SOR) notice as defined by the Privacy Act of 1974, and as implemented by DoD Directive 5400.11-R, "DoD Privacy Program," November 11, 2004. If so, and a SOR notice has been published in the Federal Register, the Privacy Act System of Records Identifier must be listed in question 6 above. If not yet published, state when publication of the Notice will occur.** A Privacy Act Notice has been prepared and forwarded the DFAS Privacy Act Office on July 9, 2007.

20. **Describe/evaluate any potential privacy risks regarding the collection, use, and sharing of the information in identifiable form. Describe/evaluate any privacy risks in providing individuals an opportunity to object/consent or in notifying individuals. Describe/evaluate further any risks posed by the adopted security measures.**
- a. **Describe/evaluate any potential privacy risks regarding the collection, use, and sharing of the information in identifiable form. No exceptional risks**
  - b. **Describe/evaluate any privacy risks in providing individuals an opportunity to object/consent or in notifying individuals.** The SORS system does not provide any notification to Individuals. In addition, Individual do not have an opportunity to object or consent to the data contained in the SORS system. All data on individuals contained in the SORS system and the sharing of individual data between the SORS systems and the DFAS payrolls systems is in strict compliance with the authorize use of the data as published in the Privacy Act Notice and in accordance with the intended use of this data as established by the Public Law and Federal Debt Collection Regulations.
  - c. **Describe/evaluate further any risks posed by the adopted security measures.**  
No exceptional risk
21. **State classification of information/system and whether the PIA should be published or not. If not, provide rationale. If a PIA is planned for publication, state whether it will be published in full or summary form. PIA should be published in full.**

**SIGNATURE PAGE - SORS**

Preparing Official  8/30/2007  
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Privacy Officer  8/30/07  
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