



Privacy Impact Assessment

For

Automated Reconciliation System (ARS)

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1. System Information. Describe the system - include system name, system acronym, and a description of the system, to include scope, purpose and major functions.

The Automated Reconciliation System (ARS) is a commercial-off-the-shelf (known as Recon Plus for Windows) financial reconciliation application that resides in the Federal Student Aid Virtual Data Center (VDC) in Plano, TX. The ARS application supports Federal Student Aid's Office of the Chief Financial Officer (CFO) in the reconciliation of financial information reported by other FSA systems to Federal Student Aid's Financial Management System (FMS). ARS is also used to validate the trial balance information in the FMS to the Department's official General Ledger (FMSS).

The ARS Application is an automated reconciliation system that enables the centralization of the reconciliation process. ARS facilitates the reconciliation process by giving the CFO the ability to import, match, and reconcile data, and report financial information for accounts across the different Title IV programs authorized by the Higher Education Act of 1965, as amended (HEA).

2. Legal Authority. Cite the legal authority to collect and use this data. What specific legal authorities, arrangements, and/or agreements regulate the collection of information?

The ARS application provides the ability to reconcile data between 3 Federal Student Aid (FSA) systems, namely, Financial Management System (FMS), Common Origination and Disbursements (COD) and the Direct Loan Servicing System (DLSS). This reconciliation requirement was created per the Federal Managers' Financial Integrity Act of 1982 (FMFIA or "Integrity Act"); the guidance is OMB Circular A-123. Management is responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

The COD & DLSS systems collect borrower loan information from schools participating in the Title IV programs as authorized by the Higher Education Opportunity Act (Public Law 110-315) (HEOA) enacted on August 14, 2008, which reauthorized the Higher Education Act of 1965, as amended .

3. Characterization of the Information. What elements of Personal Identifiable Information (PII) are collected and maintained by the system (e.g., name, social security number, date of birth, address, phone number, etc.)? What are the sources of information (e.g., student, teacher, employee, university)? How is the information collected (website, paper form, on-line form)? Is the information used to link or cross-reference multiple databases?

ARS does not collect any data directly from users, but stores PII data as it is extracted or received from other FSA systems and imported into ARS for reconciliation purposes. This data contains the borrower's social security number embedded within the 21-character Loan ID.

Borrower loan information, also known as the School Account Statement (SAS), is received via encrypted and password-protected CDs from the Common Origination and Disbursement (COD) system and then uploaded into ARS. Loan information reported to FMS by the Direct Loan Servicing System (DLSS) is extracted from FMS via reports and then uploaded into ARS.

The reconciliation of the COD SAS data to the DLSS data extracted from FMS includes borrowers' Loan Identifiers (Loan IDs) and disbursement information such as amounts and dates. Match groups

are created and executed within ARS using the 21-character Loan ID. When data is matched based on the predefined match groups, a sequential match ID is generated and stored to indicate the matching of the data.

4. **Why is the information collected? How is this information necessary to the mission of the program, or contributes to a necessary agency activity.** Given the amount and type of data collected, discuss the privacy risks identified and how they were mitigated.

The 21-character Loan ID is the only unique identifier for a loan and is used when performing the COD SAS to FMS/DLSS reconciliations. The reconciliation process ensures the integrity and accuracy of the financial data used for internal and external reporting. Also, ARS assists FSA in complying with the Office of the Inspector General standards as it relates to the timely and accurately reconciliation of financial data.

Other components of the loan have been used to perform the reconciliation but the number of matches and accuracy is significantly reduced. Using other components to do the matching is not feasible because of the differences in the level of loan detail information available from the two sources of data for the DLSS/FMS to the COD SAS reconciliation. The level of data for the DLSS/FMS is at a summary level, whereas the COD SAS contains details at the disbursement level.

5. **Social Security Numbers - If an SSN is collected and used, describe the purpose of the collection, the type of use, and any disclosures.** Also specify any alternatives that you considered, and why the alternative was not selected.

ARS does not collect any data directly from users, but stores PII information as it is extracted or received from COD and DLSS via FMS, and imported into ARS for reconciliation purposes. The PII information consists of borrower loan information that contains the borrower's SSN embedded within the 21-character loan identifier.

6. **Uses of the Information. What is the intended use of the information?** How will the information be used? Describe all internal and/or external uses of the information. What types of methods are used to analyze the data? Explain how the information is used, if the system uses commercial information, publicly available information, or information from other Federal agency databases.

Match criteria is created and executed within ARS. When data is matched based on the predefined match criteria, a sequential match ID is generated and stored to indicate the matching of the data. Reports that list details for matched and unmatched items are generated and printed from ARS. These reports are provided to management and used to research data discrepancies with the source systems (COD and DLSS). The reports are only shared within Federal Student Aid.

Loan ID and disbursement information are used for reconciliation purposes to ensure that at the loan level the amounts reported by the COD SAS match the ones reported by DLSS to FMS. The reconciliations support the financial reports.

7. **Internal Sharing and Disclosure. With which internal DoED organizations will the information being shared?** What information is shared? For what purpose is the information shared?

Describe the risks to privacy for internal sharing and disclosure and describe how the risks were mitigated.

Reports that list the 21-character loan identifier and disbursement information for matched and unmatched items are generated and printed from ARS. These reports are provided to management and used to research data discrepancies with the source systems (COD and DLSS). The reports are only shared within Federal Student Aid CFO and Business Operations groups.

8. External Sharing and Disclosure. With what external entity will the information be shared (e.g., another agency for a specified programmatic purpose)? What information is shared? For what purpose is the information shared? How is the information shared outside of the Department? Is the sharing pursuant to a Computer Matching Agreement (CMA), Memorandum of Understanding (MOU) or other type of approved sharing agreement with another agency? Describe the risks to privacy from external sharing and disclosure and describe how the risks are mitigated.

The information in ARS is not shared with any external entities.

9. Notice. Is a notice provided to the individual prior to collection of their information (e.g., a posted Privacy Notice)? What opportunities do individuals have to decline to provide information (where providing the information is voluntary) or to consent to particular uses of the information (other than required or authorized uses), and how individuals can grant consent?

The ARS application is not publicly accessible and does not collect any personally identifiable information directly from any end user. The source systems (COD and DLSS) where the data is collected have PIAs. Therefore, no Privacy Notice is required for ARS.

10. Web Addresses. List the web addresses (known or planned that have a Privacy Notice).

Not Applicable. ARS is not a web-based application nor is it available to the general public.

11. Security. What administrative, technical, and physical security safeguards are in place to protect the PII? Examples include: monitoring, auditing, authentication, firewalls, etc. Has a Certification and Accreditation (C&A) been completed? Is the system compliant with any federal security requirements? If so, which federal security requirements?

The Certification and Accreditation (C&A) of ARS as a Moderate Impact application was completed in July 2009. The ARS system meets all of the administrative, technical, and physical safeguards as required by the Federal Information Security Management Act of 2002. The FSA Virtual Data Center (VDC), where the ARS application resides, offers a high degree of both technical and physical security features, such as firewalls and intrusion detection systems, antivirus capability, continuous monitoring software, encryption, guard stations, restricted physical access to servers, environmental controls, and backup power..

All activities performed when processing the COD SAS to DLSS/FMS reconciliations are monitored using a combination of the In/Out history logs, user management reports, and audit logs to ensure access to the application and its data are in compliance with FSA security guidelines. All users are

assigned a unique user ID and password, actions associated with ARS are traceable to a specific individual.

All users who apply for access to ARS must complete a User Access Form where they acknowledge reading the Rules of Behavior before access is granted. A unique ARS Application User Id is created for each user to log into the ARS application. A minimum 5C security clearance is required for access to ARS and users are required to logon to the EDUCATE network and the Citrix environment before login to the ARS application.

The privacy risks identified are mitigated by limiting access to ARS. The ARS application is only accessible through the Department of Education internal network. Access to ARS is granted only to Federal Student Aid employees and contractors. All ARS users must take yearly security awareness training. Also, security rules are implemented within ARS that restrict access to view PII data only to users with a need to know to perform their job functions.

The general public is not allowed access to the ARS application.

12. Privacy Act System of Records. Is a system of records being created or altered under the Privacy Act, 5 U.S.C. 552a? Is this a Department-wide or Federal Government-wide SORN? If a SORN already exists, what is the SORN Number?

ARS does not collect any data directly from individuals; therefore, no System of Records Notice is required for ARS. ARS only receives data from the following Federal Student Aid systems: COD and DLSS. COD and DLSS both have System of Records Notices published in the Federal Register covering this sharing of data (SORN numbers 18-11-02 and 18-11-16).

13. Records Retention and Disposition. Is there a records retention and disposition schedule approved by the National Archives and Records Administration (NARA) for the records created by the system development lifecycle AND for the data collected? If yes – provide records schedule number:

A records retention and disposition schedule has not been submitted for approval by the National Archives and Records Administration (NARA) for ARS. Matched/reconciled data within ARS is maintained for one year in active tables and then archived to history tables.

A proposed records retention and disposition schedule will be submitted for approval by the National Archives and Records Administration (NARA).