

PRIVACY IMPACT ASSESSMENT

Name of System/Application: Loan/Lender Monitoring System (L/LMS)

Program Office: Office of Credit Risk Management

A. CONTACT INFORMATION

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B. SYSTEM APPLICATION/GENERAL INFORMATION

1) *Does this system contain any information about individuals? If yes, explain.*

Yes – the system contains the SSN, borrower name and address. Such information is provided by SBA mainframe via encrypted and secured FTP to DNB, the prime contractor on a monthly basis.

a. Is the information about individual members of the public?

Yes- the information is about individual members of the public.

b. Is the information about employees?

No- the information is not about employees.

2) What is the purpose of the system/application?

The Loan/Lender Monitoring System (L/LMS) is a key office tool for risk management of the Small Business Administration's (SBA) 7(a) and 504 government guaranteed small business loan programs; including guaranteed loans, portfolios, portfolio segments, and resource partner lenders. L/LMS consists of an on-line retrievable database, with a duplicate electronic file database, and numerous monthly, quarterly, and annual reports, and includes quarterly off-site lender ratings. Separately, L/LMS provides an on-line lender portal to allow appropriately authorized lenders to obtain limited authorized data on only their own portfolios.

In addition, more than 75% of the \$13 billion of 7(a) loans generated annually are made by lenders to whom SBA has delegated the authority to make credit decisions. This situation creates a need to have meaningful, relevant information on SBA's loans and lenders in order to measure, monitor and evaluate the risk in SBA's loan portfolios. A further consideration is that SBA has nearly 5,000 lenders.

3) Is the system in the development process?

No- the system is not in the development process.

4) How will the technology investment (new or updated) affect existing privacy processes?

This upgrade to the Loan/Lender Monitoring System (L/LMS) involves consolidating all of the data and file operations in a SAS environment hosted at Acxiom, a secure, SAS-70 certified hosting environment. The upgraded system also incorporates more secure transfer and movement of files between SBA, D&B and Acxiom utilizing secure, encrypted FTP processes. The front-end user interface is a web based SAS BI tool secured with a combination of firewall rules and https secure socket encryption.

5) What legal authority authorizes the purchase or development of this system/application?

The 1997 Small Business Reauthorization Act authorized the Agency to proceed with development of L/LMS. The System is a key component of SBA's Lender Oversight functions.

Privacy Act of 1974, 5USC 552a and related statutes (Electronic Communications Privacy Act of 1986; Computer Matching and Privacy Production Act of 1988)

The Office of Management and Budget (OMB) Circular A-130, "Management of Federal Information Resources," Appendix III, "Security of Federal Automated Information Systems"

OMB Memorandum M-06-15 issued May 15, 2006

OMB Memorandum M-06-16 issued June 22, 2006

The Federal Information Security Management Act of 2002 (FISMA)

Additional program definition is detailed in Title 13 of the Code of Federal Regulations (13 CFR), Part 123

6) Privacy Impact Analysis: What privacy risks were identified and describe how they were mitigated for security and access controls?

The following access controls were implemented on the upgraded L/LMS system hosted at Acxiom. Acxiom Security controls have been configured to require all users to enter a valid user ID and password prior to allowing access to the systems. Passwords are required to be changed every 45 days for all users. Passwords must be changed immediately if compromise is suspected. Forgotten passwords are replaced and not reissued. Passwords are promptly changed when an employee departs and accounts are suspended no later than three working days from the time access is no longer authorized. Passwords cannot be reused until after 6 password change cycles. Additionally, there are firewall policies and

router ACL's in place to protect L/LMS data and users must use VPN to access the servers.

C. SYSTEM DATA

1) What categories of individuals are covered in the system?

Borrowers of SBA loans are covered in the system.

2) What are the sources of the information in the system?

The Loan/Lender Monitoring Services (L/LMS) provides reports and other on-line systems information derived from SBA's proprietary Loan Accounting System (LAS), SBA's Partner Information Management System (PIMS), and a 504 portfolio loan data subset database (504LAMP), some public federal regulatory call report data, and vendor's commercial business information and risk assessment system data. No data is collected from any individual or business entity for the L/LMS. All data used has already been collected, compiled, or otherwise developed by the systems that feed data into it.

a. Is the source of the information from the individual or is it taken from another source? If not directly from the individual, then what other source?

The source is SBA's proprietary Loan Accounting System (LAS), SBA's Partner Information Management System (PIMS), and a 504 portfolio loan data subset database (504LAMP), some public federal regulatory call report data, and vendor's commercial business information and risk assessment system data.

b. What Federal agencies are providing data for use in the system?

The Federal Deposit Insurance Corporation (FDIC) provides data for use in the system.

c. What Tribal, State and local agencies are providing data for use in the system?

None, there are no agencies providing data for use in the system.

d. From what other third party sources will data be collected?

Quarterly, SBA receives business credit bureau data, and a small business portfolio credit score (that uses third party business & consumer credit bureau information). This small business credit score is produced by the contractors outside of the L/LMS. Only the final score is populated in L/LMS.

e. What information will be collected from the employee and the public?

No information will be collected from individuals.

3) Accuracy, Timeliness, and Reliability

a. How is data collected from sources other than SBA records verified for accuracy?

SBA supplies all data via secured transport. At the SBA, there is some format validation when data is entered into the system. The data is validated to ensure that data format is within the acceptable range (e.g., all data should be numeric only for a number field, date ranges are within logical ranges, etc.) and also for completeness of the input (e.g., forms).

This project uses data from existing SBA and vendor sources. No paperwork or any additional information is being collected from the SBA's resource partners (lenders) or the individual borrowers. There is no data collection or paperwork requirement to the public.

Data comes from reliable sources. The only sources are SBA's proprietary loan accounting system (LAS), vendor's established risk assessment system, FDIC and federal agencies that regulate banks.

L/LMS information will not be made public. (Note that some of the data used is populated from public data from state and federal regulatory agencies.) All information that is released for use by the public is in aggregate form at peer group or total SBA portfolio level.

b. How is data checked for completeness?

Updated files are carefully reconciled to the SBA system of record from which the data comes. After L/LMS is populated with updated information, it is reconciled again. Monthly trend analysis also provides controls by closely evaluating changes in data characteristics. The L/LMS extract, transform, and load ETL processes built in SAS within the L/LMS reviews the data sources for completeness at various stages during processing.

SBA supplies all data via secured transport to L/LMS. Data is imported into SAS and Audit reports are delivered to D&B and True North (subcontractor under L/LMS contract) for review. The audits contain information that compares previously submitted data from SBA to the current dataset. The number of records has to grow or decrease according to an expected range. Presence and type of data within fields used for scoring or calculations have to fall within expected change parameters. For example, if a particular field is normally populated 100% and the largest value is 5000. The new data has to be populated

at 100% and the largest value has to be 5000. Any anomalies are reported to SBA for review. If approved, a control file is loaded to the L/LMS server via secure FTP and the SAS application continues on to the next step in the process (Calculations, transformations, etc.). This same auditing process is used to review data from D&B, Trans Union, and Fair Isaacs.

- c. Is the data current?** What steps or procedures are taken to ensure the data is current and not out-of-date? Name the document (e.g., data models).

The sources are: Monthly updates from SBA's proprietary loan accounting system, quarterly updates from vendor's established risk assessment system, and quarterly "call report" data from FDIC that regulate banks. All data is updated either monthly or quarterly.

- d. Are the data elements described in detail and documented?** If yes, what is the name of the document?

Yes, they are described in the data dictionary.

- 4) Privacy Impact Analysis:** Discuss what privacy risks were identified and how they were mitigated for the types of information collected?

Vulnerability scans have been provided by Acxiom. Medium and low risk items were identified and a risk mitigation plan is in process.

D. DATA ATTRIBUTES

- 1) Is the use of the data both relevant and necessary to the purpose for which the system is being designed?**

Yes, L/LMS utilizes an electronic means of gathering and analyzing a significant volume of loan level information. It combines SBA loan level data with private sector information including credit scores, quantifying current and near future credit risk, a predictor of future performance. It allows SBA to establish a baseline of loan program and lender performance and then track trends over time to identify and predict changes in the risk profile of SBA's loans and take anticipatory action to mitigate losses, as much as possible.

- 2) Will the system derive new data or create previously unavailable data about an individual through aggregation from the information collected, and how will this be maintained and filed?**

N/A – the system does not create any new data about an individual nor does it create previously unavailable data about an individual.

3) Will the new data be placed in the individual’s record?

N/A – the system does not create any new data about an individual.

4) Can the system make determinations about employees or members of the public that would not be possible without the new data?

No, the system does not create any new data about an individual.

5) How is the new data verified for relevance, timeliness and accuracy?

N/A – There is no new data. Data comes from existing, reliable, record keeping system sources. The only sources are SBA's proprietary loan accounting system (LAS), vendor's established risk assessment system and federal agencies that regulate banks.

6) If the data is being consolidated, what controls are in place to protect the data from unauthorized access or use?

N/A – This is not a consolidation of systems. Each existing respective record keeping system is unaffected by L/LMS.

7) If processes are being consolidated, are the proper controls remaining in place to protect the data and prevent unauthorized access? If processes are being consolidated, please state, “N/A”.

N/A – This is not a consolidation of processes.

The system fully complies with the Minimum Security Requirements for Federal Information and Information Systems. The vendor has an up-to-date Security Plan. The vendor has completed (as part of the C&A Certification) a full Security Plan for the L/LMS Lender Oversight and Risk Management System. The Certification and Accreditation is up to date and complete, and is periodically reviewed by SBA's CIO Security Office and the vendor; and updated with any changes.

8) How will the data be retrieved? Does a personal identifier retrieve the data? If yes, explain and list the identifiers that will be used to retrieve information on the individual.

D&B uses borrower’s social security numbers to match with data from third party sources in order to score the business loans on a quarterly basis.

9) What kinds of reports can be produced on individuals? What will be the use of these reports? Who will have access to them?

None, no reports will be produced on individuals.

10) What opportunities do individuals have to decline to provide information (i.e., where providing information is voluntary) or to consent to particular uses of the information (other than required or authorized uses), and how individuals can grant consent.

This project uses data from existing SBA and vendor sources. No paperwork or any additional information is being collected from the SBA's resource partners (lenders) or the individual small business borrowers. There is no data collection or paperwork requirement to the public.

11) Privacy Impact Analysis: Describe any types of controls that may be in place to ensure that information is used as intended.

Lenders may access only their own data through a vendor hosted lender portal. Portal data is in the form of a single, standard report that the lender can view and print but not change.

SBA Users can only access the front-end application which does not provide any personal information of the borrowers.

E. MAINTENANCE AND ADMINISTRATIVE CONTROLS

1) If the system is operated in more than one site, how will consistent use of the system and data be maintained in all sites?

L/LMS is populated by the contractor at their site (vendor hosted) via regular scheduled updates. As used by SBA, all data is "read only". Lenders may access only their own data through a vendor hosted lender portal. Portal data is in the form of a single, standard report that the lender can view and print but not change.

2) What are the retention periods of data in this system?

L/LMS gathers data from SBA's system of record (LAS). Data is a duplicate of that maintained in those systems. Historical copies of L/LMS as populated are maintained by the vendor and the SBA program office. Likewise, historical copies of the analytic work product are maintained. This historical information will be kept indefinitely as long as it is useful.

- 3) What are the procedures for disposition of the data at the end of the retention period? How long will the reports produced be kept? Where are the procedures documented?**

Historical L/LMS data provides the ability to perform complex trend analysis on SBA's loan portfolio. The data is simply a copy of information maintained on external original systems. This historical information will be maintained on L/LMS indefinitely as long as it is useful.

- 4) Is the system using technologies in ways that the SBA has not previously employed (e.g., monitoring software, Smart Cards, Caller-ID)?**

No, the system is a new application of existing technology.

- 5) How does the use of this technology affect public/employee privacy?**

N/A – There is no new technology and none of the data in the L/LMS is identifiable to the individual.

- 6) Will this system provide the capability to identify, locate, and monitor individuals? If yes, explain.**

No, this system will not provide the capability to identify, locate, and monitor individuals.

- 7) What kinds of information are collected as a function of the monitoring of individuals?**

N/A – There is no monitoring of individuals.

- 8) What controls will be used to prevent unauthorized monitoring?**

The first splash screen of the reporting tool contains a warning banner prior to user login.

- 9) Under which Privacy Act systems of records notice (SORN) does the system operate? Provide number and name.**

N/A – This is not a system of record and none of the data in the L/LMS is identifiable to the individual, therefore no system of record number is required.

- 10) If the system is being modified, will the Privacy Act system of records notice require amendment or revision?**

N/A – This is not a system of record.

F. DATA ACCESS

- 1) **Who will have access to the data in the system? (e.g., contractors, users, managers, system administrators, developers, tribes, other)**

The system will be accessed by SBA personnel, prime and subcontractors. Restricted access is provided to participating lenders through the lender portal.

- 2) **How is access to the data by a user determined? Are criteria, procedures, controls, and responsibilities regarding access documented?**

SBA personnel who need access to carry out their duties are accommodated. Lenders, upon their request and after proper verification, are provided limited portal access.

- 3) **Will users have access to all data on the system or will the user's access be restricted? Explain.**

No, users will be restricted to information related to their particular role. Restricted access is provided to participating lenders through the lender portal.

- 4) **What controls are in place to prevent the misuse (e.g., unauthorized browsing) of data by those having access? (Please list processes and training materials)**

Lenders may access only their own data through a vendor hosted lender portal. Portal data is in the form of a single, standard report that the lender can view and print but not change.

SBA Users can only access the front-end application which does not provide any personal information of the borrowers.

- 5) **Are contractors involved with the design and development of the system and will they be involved with the maintenance of the system? If yes, were Privacy Act contract clauses inserted in their contracts and other regulatory measures addressed?**

Yes, it includes a Privacy Act clause.

- 6) **Do other systems share data or have access to the data in the system? If yes, explain.**

L/LMS receives data internally and externally. However, no other systems share or have access to this data.

7) Who will be responsible for protecting the privacy rights of the public and employees affected by the interface?

Information collected by this agency will be protected by the agency's IT security infrastructure.

8) Will other agencies share data or have access to the data in this system via transferred or transmitted (Federal, State, and Local, Other (e.g., Tribal))?

Public information (bank closure by FDIC) is obtained from FDIC public web site by L/LMS for risk rating overriding purpose; however, FDIC nor any other agencies have access to L/LMS data.

9) How will the shared data be used by the other agency?

L/LMS does not share any data with any other agencies.

10) What procedures are in place for assuring proper use of the shared data?

There is no procedure in place for sharing data because L/LMS does not share data with any other agencies.

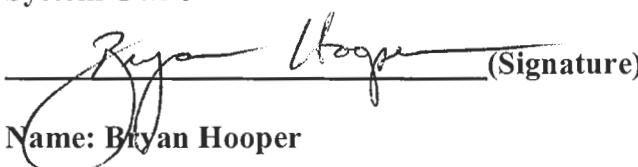
11) Privacy Impact Analysis: Discuss what privacy risks were identified and how they were mitigated for information shared internal and external.

Borrower information and social security numbers are protected by encryption and through a secured FTP process. Since it is inefficient and ineffective to try to oversee the SBA lending activities of all lenders directly, SBA's Loan/Lender Monitoring System provides the Agency with (1) credit quality predictive indicators on SBA loans and lenders and (2) a systematic means of measuring and monitoring risk of SBA's lenders utilizing exception reporting for smaller, less active lenders and quantifiably identifying the degree of risk larger lenders present to SBA in terms of potential guarantee payments.

**Privacy Impact Assessment (PIA) Approval Page
Loan/Lender Monitoring System (L/LMS)**

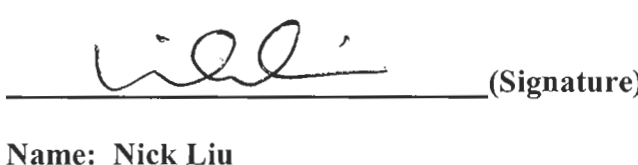
The Following Officials Have Approved this Document:

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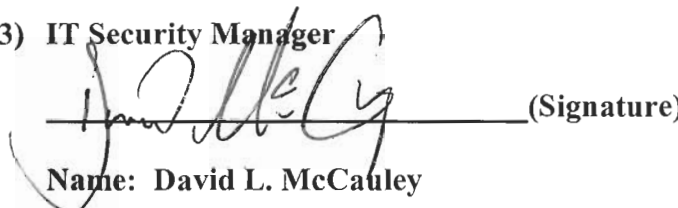
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