



National Intergovernmental Audit Forum

Legal Issues with Data Sharing

Data Sharing Challenges and Lessons Learned from a State Perspective

Gregory A. Hook

Deputy Legislative Auditor

Maryland Office of Legislative Audits

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Background - NSAA

- NSAA's mission is to unite state auditors by encouraging and providing opportunities for the free exchange of information and ideas between auditors on the state, federal and local levels.
- Slight majority of state auditors belong to legislative branch.
- About two thirds of auditors are appointed and the remainder are elected.

Source: *2012 Auditing in the States: A Summary*



Key Issues and Talking Points

- State auditors are willing to partner with federal agencies to combat the detection and prevention of fraud, waste, abuse, and illegal acts.
- Data mining examples of State successes and disappointments
- Barriers to cooperation between federal and state data sharing



State Auditors' Work

Characteristics of major state government audit work (based on 54 state auditor respondents):

- 45 perform financial statement audits and single audits
- 35 perform economy and efficiency audits
- 36 perform program audits
- 35 performance compliance audits
- All but one investigates fraud, waste, abuse, and/or illegal acts; and more than half operate a hotline.

Source: *2012 Auditing in the States: A Summary*



State Auditor Strengths

- Federal and state auditors have a shared responsibility, as there is joint federal and state funding of many major programs administered by state agencies.
- State auditors have the authority, and in many cases are required, to audit state agencies who are recipients of federal funds.
- Many state auditors conduct routine compliance or performance audits of state agencies.
- State auditors often possess detailed knowledge of state agency operations.



State Auditor Data Matches

Examples

Data matches performed by Maryland Office of Legislative Audits:

- Child Support Enforcement (Lottery, DMF and wage records)
- State payments for deceased developmentally disabled individuals (DMF and MD death records)
- Unreported lottery winnings to State income tax records
- Drivers license records to DMF
- State incarceration records to unemployment benefit claims and DMF



Access to Federal Data - Issues

Examples

- Social Security Numbers (SSN)
 - Some state agencies deny auditors access to the SSNs on state databases
 - The Death Master File
 - The inability to verify the correctness of SSNs on file in state agency databases
- Matches of unemployment records with prison incarceration records
- DHHS – National Directory of New Hires
- Federal tax records



Barriers to Cooperation

- Apparently varied federal rules for outside auditor access and different levels of privacy rules to data accumulated by any program.
- State audit functions not considered in all federal program data access and confidentiality legislation.
- Inconsistent state auditor confidentiality laws.
- Access to basic federal data sets.



Conclusions

- With a shared mission and objective, State Auditors stand ready to partner with federal oversight agencies in detecting and preventing fraud, waste, abuse, and illegal acts; and
- Many are already doing that on a daily basis with the often times limited tools at their disposal.

Gregory A. Hook, CPA
Deputy Legislative Auditor

(410)946-5900 / (301)946-5900
ghook@ola.state.md.us

Maryland Office of Legislative
301 West Preston Street, Room 1202
Baltimore, Maryland 21201
<http://www.ola.state.md.us>
REPORT FRAUD: 1-877-FRAUD11

