



Highlights of [GAO-06-421](#), a report to congressional committees

Why GAO Did This Study

Federal agencies collect and use personal information for various purposes, both directly from individuals and from other sources, including information resellers—companies that amass and sell data from many sources. In light of concerns raised by recent security breaches involving resellers, GAO was asked to determine how the Departments of Justice, Homeland Security, and State and the Social Security Administration use personal data from these sources. In addition, GAO reviewed the extent to which information resellers' policies and practices reflect the Fair Information Practices, a set of widely accepted principles for protecting the privacy and security of personal data. GAO also examined agencies' policies and practices for handling personal data from resellers to determine whether these reflect the Fair Information Practices.

What GAO Recommends

The Congress should consider the extent to which resellers should adhere to the Fair Information Practices. In addition, GAO is making recommendations to OMB and the four agencies to establish policy to address agency use of personal information from commercial sources.

Agency officials generally agreed with the content of this report. Resellers questioned the applicability of the Fair Information Practices, especially with regard to public records.

www.gao.gov/cgi-bin/getrpt?GAO-06-421.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Linda Koontz at (202) 512- 6240 or koontzl@gao.gov.

PERSONAL INFORMATION

Agency and Reseller Adherence to Key Privacy Principles

What GAO Found

In fiscal year 2005, the Departments of Justice, Homeland Security, and State and the Social Security Administration reported that they used personal information obtained from resellers for a variety of purposes. Components of the Department of Justice (the largest user of resellers) used such information in performing criminal investigations, locating witnesses and fugitives, researching assets held by individuals of interest, and detecting prescription drug fraud. The Department of Homeland Security used reseller information for immigration fraud detection and border screening programs. Uses by the Social Security Administration and the Department of State were to prevent and detect fraud, verify identity, and determine eligibility for benefits. The agencies spent approximately \$30 million on contractual arrangements with resellers that enabled the acquisition and use of such information. About 91 percent of the planned fiscal year 2005 spending was for law enforcement (69 percent) or counterterrorism (22 percent).

The major information resellers that do business with the federal agencies we reviewed have practices in place to protect privacy, but these measures are not fully consistent with the Fair Information Practices. For example, the principles that the collection and use of personal information should be limited and its intended use specified are largely at odds with the nature of the information reseller business, which presupposes that personal information can be made available to multiple customers and for multiple purposes. Resellers said they believe it is not appropriate for them to fully adhere to these principles because they do not obtain their information directly from individuals. Nonetheless, in many cases, resellers take steps that address aspects of the Fair Information Practices. For example, resellers reported that they have taken steps recently to improve their security safeguards, and they generally inform the public about key privacy principles and policies. However, resellers generally limit the extent to which individuals can gain access to personal information held about themselves, as well as the extent to which inaccurate information contained in their databases can be corrected or deleted.

Agency practices for handling personal information acquired from information resellers did not always fully reflect the Fair Information Practices. That is, some of these principles were mirrored in agency practices, but for others, agency practices were uneven. For example, although agencies issued public notices on information collections, these did not always notify the public that information resellers were among the sources to be used. This practice is not consistent with the principle that individuals should be informed about privacy policies and the collection of information. Contributing to the uneven application of the Fair Information Practices are ambiguities in guidance from the Office of Management and Budget (OMB) regarding the applicability of privacy requirements to federal agency uses of reseller information. In addition, agencies generally lack policies that specifically address these uses.