	City of Goldsboro				
Subject: Identity Theft Prevention Program (Red Flags) Policy for Utility Billing and Revenue Collection	Section: Utility Billing and Revenue Collection			Department: Finance	
	Policy #: FINP-018.0	Effective Date: 2/12/2024	Rev. #: 0	Revision Date: -	Page: 1
	Supersedes: -	Prepared by: Catherine Gwynn, Finance Director		Council Approved: Res. 2024-16	

I. Program Policy and Adoption

The City's policy is to protect our customers and their accounts from identity theft and to comply with the Federal Trade Commission (FTC's) Red Flags Rule. We will do this by developing and implementing this written identity theft prevention program, which is appropriate to our size and complexity, as well as the nature and scope of our activities. This Program addresses 1) identifying relevant identity theft Red Flags for our City, 2) detecting those Red Flags, 3) responding appropriately to any that are detected to prevent and mitigate identity theft, and 4) updating our Program periodically to reflect changes in risks.

The City of Goldsboro ("Utility") developed this Identity Theft Prevention Program ("Program") pursuant to the Federal Trade Commission's Red Flags Rule ("Rule"), which implements Section 114 of the Fair and Accurate Credit Transactions Act of 2003. 16 C.F.R §681.2. This Program was developed with oversight and approval of the City Council. The Customer Service Manager is the designated identity theft officer and program administrator and is responsible for the oversight, development, implementation and administration (including staff training and oversight of third party service providers of Program services) of this Program. After consideration of the size and complexity of the Utility's operations and accounting systems, and the nature and scope of the Utility's activities, the City Council determined that this Program was appropriate for the City of Goldsboro Utility Billing and Revenue Department, and therefore approved this Program on February 12, 2024.

II. Program Purpose and Definitions

A. Fulfilling requirements of the Red Flags Rule

Under the Red Flags Rule, every financial institution and creditor is required to establish an "Identity Theft Prevention Program" tailored to its size, complexity and the nature of its operation. Each program must contain reasonable policies and procedures to:

1. Identify relevant Red Flags for new and existing covered accounts and incorporate those Red Flags into the Program;
2. Detect Red Flags that have been incorporated into the Program;
3. Respond appropriately to any Red Flags that are detected to prevent and mitigate Identity Theft;
4. Ensure the Program is updated periodically, to reflect changes in risks to customers or to the safety and soundness of the creditor from Identity Theft.

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B. Red Flags Rule definitions used in this Program

The Red Flags Rule defines "*Identity Theft*" as "*fraud committed using the identifying information of another person*" and a "*Red Flag*" *as a pattern, practice, or specific activity that indicates the possible existence of Identity Theft.*

According to the Rule, a municipal utility is a creditor subject to the Rule requirements. The Rule defines *creditors* "*to include finance companies, automobile dealers, mortgage brokers, utility companies, and telecommunications companies. Where non-profit and government entities defer payment for goods or services, they, too, are considered to be creditors.*"

All the Utility's accounts that are individual utility service accounts held by customers of the utility whether residential, commercial or industrial are covered by the Rule. Under the Rule, a "*covered account*" is:

1. *Any account the Utility offers or maintains primarily for personal, family or household purposes, that involves multiple payments or transactions; and*
2. *Any other account the Utility offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the Utility from Identity Theft.*

"Identifying information" is defined under the Rule as "any name or number that may be used, alone or in conjunction with any other information, to identify a specific person," including: name, address, telephone number, social security number, date of birth, government issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number, unique electronic identification number, computer's Internet Protocol address, or routing code.

III. Identification of Red Flags

In order to identify relevant Red Flags, the Utility considers the types of the accounts that it offers and maintains, the methods it provides to open its accounts, the methods it provides to access its accounts, and its previous experiences with Identity Theft. The Utility identifies the following red flags, in each of the listed categories:

A. Suspicious Documents – Red Flags

1. Identification document or card that appears to be forged, altered or inauthentic;

2. Identification or document or card on which a person's photograph or physical description is not consistent with the person presenting the document;

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3. Other document with information that is not consistent with existing customer information (such as if a person's signature on a check appears forged); and

4. Application for service that appears to have been altered or forged.

B. Suspicious Personal Identifying Information – Red Flags

1. Identifying information presented that is inconsistent with other information the customer provides (example: inconsistent birth dates);

2. Identifying information presented that is inconsistent with other sources of information;

3. Identifying information presented that is the same as information shown on other applications that were found to be fraudulent;

4. Identifying information presented that is consistent with fraudulent activity (such as an invalid phone number or fictitious billing address);

5. Social security number presented that is the same as one given by another customer;

6. An address or phone number presented that is the same as that of another person;

7. A person fails to provide complete personal identifying information on an application when reminded to do so (however, by law social security numbers must not be required); and

8. A person's identifying information is not consistent with the information that is on file for the customer.

C. Suspicious Account Activity or Unusual Use of Account – Red Flags

1. Change of address for an account followed by a request to change the account holder's name;

2. Payments stop on an otherwise consistently up-to-date account;

3. Account used in a way that is not consistent with prior use (example: very high activity);

4. Mail sent to the account holder is repeatedly returned as undeliverable;

5. Notice to the Utility that a customer is not receiving mail sent by the Utility;

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6. Notice to the Utility that an account has unauthorized activity;

7. Breach in the Utility's computer system security; and

8. Unauthorized access to or use of customer account information.

D. Alerts from Others – Red Flags

Notice to the Utility from a customer, identify theft victim, law enforcement or other person that it has opened or is maintaining a fraudulent account for a person engaged in Identity Theft.

IV. Detecting Red Flags
A. New Accounts - Detect

In order to detect any of the Red Flags identified above associated with the opening of a new account, Utility personnel will take the following steps to obtain and verify the identity of the person opening the account:

1. Require certain identifying information such as name, date of birth, residential or business address, principal place of business for an entity, driver's license or other identification;

2. Verify the customer's identity (for instance, review a driver's license or other identification card);

3. Review documentation showing the existence of a business entity; and

4. Independently contact the customer.

B. Existing Accounts – Detect

In order to detect any of the Red Flags identified above for an existing account, Utility personnel will take the following steps to monitor transactions with an account:

1. Verify the identification of customers if they request information (in person, via telephone, via facsimile, via email);

2. Verify the validity of requests to change billing addresses; and

3. Verify changes in banking information given for billing and payment purposes.

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V. Preventing and Mitigating Identity Theft

We have reviewed our covered accounts, how we open and allow access to them, and our previous experience with identity theft, as well as new methods of identity theft we have seen or foresee as likely. Based on this and our review of the FTC's identity theft rules and its suggested responses to mitigate identity theft, as well as other sources, we have developed our procedures below to respond to detected identity theft Red Flags. In the event Utility personnel detect any identified Red Flags, such personnel shall take one or more of the following steps, depending on the degree of risk posed by the Red Flag:

A. Prevent and Mitigate

Applicants. For Red Flags raised by someone applying or an account:

1. Review the application. We will review the applicant's information collected for our customer identification program (CIP) (e.g. name, date of birth, address, and identification number such as social security number or taxpayer identification number).

2. Get government identification. If the applicant is applying in person, we will also check a current government-issued identification card, such as a driver's license or passport.

3. Seek additional verification. If the potential risk of identity theft indicated by the Red Flag is probable or large in impact, we may also verify the person's identity through non-documentary customer identification program (CIP) methods included:
   a) Contacting the customer;
   b) Independently verifying the customer's information by comparing it with information from a credit reporting agency, public database or other source;
   c) Checking references with other affiliated financial institutions, or
   d) Obtaining a financial statement.

4. Deny the application. If we find that the applicant is using an identity other than his or her own, we will deny the account.

5. Report. If we find that the applicant is using an identity other than his or her own, we will report it to appropriate local law enforcement.

6. Notification. If we determine personally identifiable information has been accessed, we will prepare any specific notice to customers or other required notice under state law.

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<u>Access Seekers.</u> For Red Flags raised by someone seeking to access an existing customers account:

1. <u>Watch.</u> We will monitor, limit or temporarily suspend activity in the account until the situation is resolved.

2. <u>Check with the customer.</u> We will contact the customer using our CIP information for them, describe what we have found and verify with them that there has been an attempt at identity theft.

3. <u>Heightened risk.</u> We will determine if there is a particular reason that makes it easier for an intruder to seek access, such as a customer's lost wallet, mail theft, a data security incident, or the customer's giving account information to an imposter pretending to represent the firm or person or to a fraudulent web site.

4. <u>Check similar accounts.</u> We will review similar accounts the person or firm has to see if there have been attempts to access them without authorization.

5. <u>Report</u>. If we find unauthorized account access, we will report it to appropriate local law enforcement.

6. <u>Notification</u>. If we determine personally identifiable information has been accessed that results in a foreseeable risk for identity theft, we will prepare any specific notice to customers or other required under state law.

7. <u>Review our insurance policy</u>. Since insurance polices may require timely notice or prior consent for any settlement, we will review our insurance policy to ensure that our respond to a data breach does not limit or eliminate our insurance coverage.

8. <u>Assist the customer</u>. We will work with our customers to minimize the impact of identity theft by taking the following actions, as applicable:
    e) Change any passwords or other security devices that permit access to the accounts;
    f) Not open a new account;
    g) Close an existing account;
    h) Reopen an account with a new number;
    i) Instructing the customer to go to the FTC Identity Theft Web Site to learn what steps to take to recover from identity theft, including filing a complaint using its online complaint form, calling the FTC's Identity Theft Hotline 1-877-ID-THEFT (438-4338), TTY 1-866-653-4261, or writing to Identity Theft Clearinghouse, FTC, 6000 Pennsylvania Avenue, NW, Washington, DC 20580.Notify the Program Administrator for determination of the appropriate step(s) to take:

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    j)   Determine that no response is warranted under the particular circumstances.

B. Protect customer identifying information

In order to prevent the likelihood of identity theft occurring with respect to Utility accounts, the Utility will take the following steps with respect to its internal operating procedures to protect customer identifying information:

1. Ensure that its website is secure or provide clear notice that the website is not secure;

2. Ensure complete and secure destruction of paper documents and computer files containing customer information;

3. Ensure that office computers are password protected and that computer screens lock after a set period of time;

4. Keep offices clear of papers containing customer information;

5. Store records in a room or cabinet that is locked when unattended;

6. Ensure computer virus protection is up to date; and

7. Require and keep only the kinds of customer information that are necessary for utility purposes.

VI. Internal Compliance Reporting and Program Updates

This Program will be periodically reviewed and updated to reflect changes in risks to customers and the soundness of the Utility from Identity Theft. At least once a year, the Program Administrator will consider the Utility's experiences with Identity theft, changes in Identity Theft methods, changes in Identity Theft detection and prevention methods, changes in types of accounts the Utility maintains and changes in the Utility's business arrangements with other entities. The Program Administrator will prepare a report to address the effectiveness of the Program in addressing the risk of identity theft in connection with covered account openings, existing accounts, service provider arrangements, and significant incidents involving identity theft and management's response and recommendations for material changes to the Program. This report will be presented to the Identity Theft Committee. If the Committee recommends the changes, the Finance Director shall present to the City Council with his or her recommended changes and the City Council will make a determination of whether to accept, modify or reject those changes to the Program.

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The Identity Theft Committee will be comprised of the Information Technology Director, Human Resources Director, and Finance Director.

VII. Program Administration

A. Oversight

Program Administrator will be responsible for the Program administration, for ensuring appropriate training of Utility staff on the Program, for reviewing any staff reports regarding the detection of Red Flags and the steps for preventing and mitigating Identity Theft, determining which steps of prevention and mitigation should be taken in particular circumstances and considering periodic changes to the Program.

B. Staff Training and Reports

Utility staff responsible for implementing the Program shall be trained either by or under the direction of the Program Administrator in the detection of Red Flags, and the responsive steps to be taken when a Red Flag is detected.

Training Frequency:
1. At the inception of the program, general training will be coordinated with all Utility Billing and Customer Service staff.

2. Subsequent training will occur any time the Program is amended or once a year, which ever comes first.

Reporting:
1. Utility staff is required to report any incident of Identity Theft to the Program Administrator.

2. The Program Administrator shall compile all incidents of Identity Theft and recommend necessary changes to the Identity Theft Committee for their approval.

C. Service Provider Arrangements

In the event the Utility engages a service provider to perform an activity in connection with one or more accounts, the Utility will take the following steps to ensure the service provider performs its activity in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of Identity theft.

1. Require by contract, that service providers have such policies and procedures in place; and

2. Require, by contract, that service providers review the Utility's Program and report any Red Flags to the Program Administrator.

D. Specific Program Elements and Confidentiality

For the effectiveness of Identity Theft Prevention Programs, the Red Flags Rule envisions a degree of confidentiality regarding the Utility's specific practices relating to Identity Theft detection, prevention and mitigation. Therefore, under this Program, knowledge of such specific practices are limited to the Identity Theft Committee and those employees who need to know them for purposes of preventing Identity Theft. Because this Program is to be adopted by a public body and thus publicly available, it would be counterproductive to list these specific practices here. Therefore, only the Program's general red flag detection, implementation and prevention practices are listed in this document.

RESOLUTION NO. 2024- 16

RESOLUTION ADOPTING IDENTITY THEFT PREVENTION PROGRAM (RED FLAGS) POLICY FOR UTILITY BILLING AND REVENUE COLLECTION (FINP-018.0)

WHEREAS, the City Council of the City of Goldsboro wishes to ensure that it manages its fiscal operations in accordance with Federal law and in harmony with principles of good governance; and

WHEREAS, on January 1, 2011 the Federal Trade Commission began enforcement of the federal Red Flags Rule aimed at preventing or mitigating identity theft associated with certain financial transactions, and the Rule requires certain creditors that offer or maintain one or more covered accounts to develop and provide for the continued administration of a written program to detect, prevent, and mitigate identity theft in connection with the opening or maintenance of accounts (16 C.F.R. Part 681); and
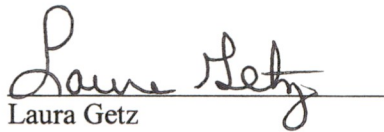
WHEREAS, Council wishes to adopt an identity theft prevention program for utility billing and revenue collection policy to provide guidance for staff in order to ensure legal compliance and continuity of operations.

NOW, THEREFORE, BE IT RESOLVED, that the governing board of the City of Goldsboro hereby adopts and enacts the following *Identity Theft Prevention Program (Red Flags) Policy for Utility Billing and Revenue Collection (FINP-018.0)* which shall apply to the City of Goldsboro.

This Resolution shall be in full force and effect from and after this 12th day of February, 2024.

Charles Gaylor, IV
Mayor

ATTEST:

Laura Getz
City Clerk