

Red Flags Rule Resource Guide

Complying with the FTC “Red Flags” Rule: What Local Governments Should Know

Pursuant to Federal law and in an effort to extend consumer protections against identity theft, the Federal Trade Commission (FTC) adopted regulations requiring all creditors who have covered accounts to comply with the "Red Flags" Rule and develop identity theft programs. Failure to comply carries financial penalties, as well as significant liability for incidents due to inadequate policies or failure to have properly trained your employees. Enforcement begins June 1, 2010. Your jurisdiction must be in compliance by this date.

Local governments are required to adopt policies to protect the customers of municipal water, sewer, gas, electric, telecommunications and other utilities - as well as additional types of municipal accounts - against identity theft. The "Red Flags" Rule requires cities to consider the way each type of account is handled and insure that internal operating procedures provide safeguards against identity theft that meet the federal guidelines.



SGR Resource Guide for Compliance with Federal Red Flag Rules

Training Resources

[Inexpensive Online Employee Training to Meet Your Red Flag Training Requirements](#)

[Live Red Flag Training Classes for Your City](#)

[Red Flag Rules Best Practices Users Manual](#)

Webinar Follow Up Contact for more Information: Ron Holifield, Ron@GovernmentResource.com

Sample Policies and Procedure Resources

[Summary of the Red Flag Law](#)

[Illustrative Examples of Red Flags](#)

[Red Flag Rules: the Complete Law](#)

Federal Resources

[Red Flag Compliance How to Guide](#)

[Getting Ready for Red Flag Video](#)

[FTC Red Flags Rule Site](#)

[Are You Complying with Red Flag Rules?](#)

[Guide to Protecting Personal Information](#)

[Five Steps to Protect Personal Information](#)

[Conducting a Data Security Audit in Your Office](#)

[Protecting Office Information from Thieves](#)

[Privacy Policies](#)

[Fighting Fraud How To Guide](#)

[FTC Spyware Workshop Transcript](#)

Other Resources

[The Red Flag Rule and Beyond: Identity Theft Liability Issues for Municipal Managers](#)

[Red Flag Rule FTC Portion](#)

[FTC Do-It-Yourself ITTP](#)

[Fighting Fraud How To Guide](#)



Mandated Training Perspective On FTC “Red Flags” Rule: What Local Governments Should Know

❖ Who is required to be trained under the Red Flag law?

- The RULE requires that “relevant staff be trained only as necessary” – so city-wide training would be unnecessary.
- First, determine who has access to customer credit information.
 - For City of Victoria it was those employees who had access to our UBO database.
 - This was determined by IT department preparing a list of UBO system logons.
 - These departments were considered our “Mandatory” group and had an August 1, 2009 deadline for training.
 - They consisted of: UBO, Solid Waste, and Public Works Admin
- Second, determine those other departments that are exposed to confidential information that you would highly recommend to be trained.
 - These departments were considered our “Non-Mandatory” group.
 - Required to complete training by November 1, 2009.
 - They consisted of: PD & 911, HR, IT, Legal, Municipal Court, City Secretary’s Office, Development Services, Planning, Code Enforcement, Finance, and IT.
- Local Government departments such as PD & 911 Dispatchers are required to undergo TLETS & TCIC which is a one-time training and a recertification every two years after that. Therefore, PD and 911 were exempt from our Red Flag training.

❖ How broad should the training reach throughout the organization?

- Anyone who has access to customer data should be trained.
- A few examples, other than ours from the City of Victoria, could be Parks (registration for recreation classes), Library (collected data for Library card).

❖ Why is formal training needed?

- Though there are NO specific guidelines as to the type of training in the FTC regulations, a formal training of those employees who have customer credit information can ensure compliance with the Red Flag Rule and reduce the risk of Identity Theft.
- The Rule does require that “relevant staff be trained only as necessary”, therefore it is recommended that a City-Wide risk assessment be done periodically to ensure appropriate departments receive training.
- Formal training and documentation of this training will show compliance with the Rule.

Mandated Training Perspective On FTC “Red Flags” Rule: What Local Governments Should Know (continued)

What should be done to document “who” has been trained?

- A spreadsheet should be maintained of the departments and employees in those departments requiring training as determined by our discussion earlier. (mandatory vs. non-mandatory)
- Require that each employee “signs in” at training or have each person’s completed certification sent to HR once they have completed the on line training.
- Assign an HR staff to “mark” off those names on the spreadsheet and send reminders to those who have not completed their training by the deadline set.
- It is important to set a deadline for completion especially for the on line training.

❖ How often should training be provided?

- **Again**, the Rule does require that “relevant staff be trained only as necessary,” therefore it is recommended that a city-wide risk assessment be conducted periodically to ensure appropriate departments receive training.
- **Also**, this assessment will ensure compliance as other departments and employees may be added to the list of staff exposed to confidential information or receive access to databases that have this information.
- A mandatory department could add the on line training to their list of “new hire” requirements requiring the new employee to complete within their probationary period.
- It is recommended that the regular training should be conducted every 2 years.