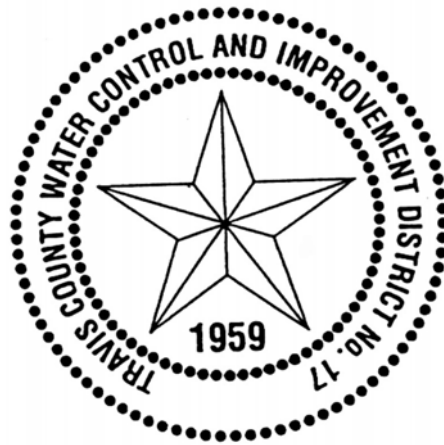


# Travis County Water Control & Improvement District No. 17

## Identity Theft Prevention Program

Effective beginning November 20, 2008



## **I. PROGRAM ADOPTION**

The Travis County Water Control and Improvement District No. 17 (“District”) developed this Identity Theft Prevention Program (“Program”) pursuant to the Federal Trade Commission Red Flag Rules (“Rules”), which implement 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 District’s Board of Directors. After consideration of the size and complexity of the District’s operations and account systems, and the nature and scope of the District’s activities, the District determined that this Program was appropriate for it, and therefore approved this Program on November 20, 2008.

## **II. PROGRAM PURPOSE AND DEFINITIONS**

### **A. Fulfilling requirements of the Red Flags Rules**

Under the Rules, 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; and
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.

### **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 Rules, a utility is a creditor subject to the Rule requirements. The Rules define 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 to be considered creditors.”

All the District’s accounts that are individual utility service accounts held by customers of the District whether residential, commercial or industrial are covered by the Rules. Under the Rules, a “covered account” is:

1. Any account the District offers or maintains primarily for personal, family or household purposes, that involves multiple payments or transactions; and

2. Any other account the District offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of the District from identity theft.

“Identifying information” is defined under the Rules 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 District considers the types of 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 District identifies the following Red Flags, in each of the listed categories:

#### **A. Notifications and Warnings From Credit Reporting Agencies**

##### **Red Flags**

- Report of fraud accompanying a credit report;
- Notice or report from a credit agency of a credit freeze on a customer or applicant;
- Notice or report from a credit agency of an active duty alert for an applicant; and
- Indication from a credit report of activity that is inconsistent with a customer’s usual pattern or activity.

#### **B. Suspicious Documents**

##### **Red Flags**

- Identification document or card that appears to be forged, altered or inauthentic;
- Identification document or card on which a person’s photograph or physical description is not consistent with the person presenting the document;
- 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
- Application for service that appears to have been altered or forged.

#### **C. Suspicious Personal Identifying Information**

### **Red Flags**

- Identifying information presented that is inconsistent with other information the customer provides (example: inconsistent birth dates);
- Identifying information presented that is inconsistent with other sources of information (example: an address not matching an address on a credit report);
- Identifying information presented that is the same as information shown on other applications that were found to be fraudulent;
- Identifying information presented that is consistent with fraudulent activity (such as an invalid phone number or fictitious billing address);
- Social security number presented that is the same as one given by another customer;
- An address or phone number presented that is the same as that of another person;
- A person fails to provide complete personal identifying information on an application when reminded to do so; and
- A person's identifying information is not consistent with the information that is on file for the customer.

### **D. Suspicious Account Activity or Unusual Use of Account**

#### **Red Flags**

- Change of address for an account followed by a request to change the account holder's name;
- Payments stop on an otherwise consistently up-to-date account;
- Account used in a way that is not consistent with prior use (example: very high activity);
- Mail sent to the account holder is repeatedly returned as undeliverable;
- Notice to the District that a customer is not receiving mail sent by the District;
- Notice to the District that an account has unauthorized activity;
- Breach in the District's computer system security; and
- Unauthorized access to or use of customer account information.

### **E. Alerts from Others**

#### **Red Flag**

- Notice to the District from a customer, identity 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**

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

##### **Detect**

- 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;
- Verify the customer's identity (for instance, review a driver's license or other identification card);
- Review documentation showing the existence of a business entity; and
- Independently contact the customer.

##### **B. Existing Accounts**

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

##### **Detect**

- Verify the validity of requests to change billing addresses; and
- Verify changes in banking information given for billing and payment purposes.

#### **V. PREVENTING AND MITIGATING IDENTITY THEFT**

In the event District 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:

##### **Prevent and Mitigate**

- Continue to monitor an account for evidence of identity theft;
- Contact the customer;
- Change any passwords or other security devices that permit access to accounts;
- Not open a new account;
- Close an existing account;
- Reopen an account with a new number;
- Notify the Program Administrator for determination of the appropriate step(s) to take;
- Notify local law enforcement; and
- Determine that no response is warranted under the particular circumstances.

## **Protect Customer Identifying Information**

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

- Ensure that the website is secure or provide clear notice that the website is not secure;
- Ensure complete and secure destruction of paper documents and computer files containing customer information;
- Request only the last 4 digits of social security numbers (if any);
- Require and keep only the kinds of customer information that are necessary for District purposes;
- Ensure that employees will not leave sensitive papers on their desks when not at work stations;
- Visitors entering areas where sensitive files are kept will be escorted by an employee;
- Require that entry codes or unescorted access will only be given to visitors when necessary;
- Take measures to protect and encrypt sensitive information stored on computers.
- Encrypt email transmissions with personally identifying information;
- Install anti-virus and anti-spyware programs on any computers that run on District servers or networks and ensure that programs are periodically updated;
- Ensure access to sensitive information will be controlled using passwords considered "strong" and passwords must be periodically changed;
- Require that passwords are not to be shared or posted;
- Require password-activated screensavers that will automatically lock employee computers after periods of inactivity;
- Any newly-installed software will have default passwords immediately changed;
- Require records containing sensitive information be shredded before placement in trash; and
- When disposing of old computers and other electronic storage devices, use a disc wiping utility program before disposal.

Identifying information is any name or number that may be used, alone or in conjunction with any other information, to identify a specific person.

The following information may be collected by this District:

- Name
- Social Security Number
- Date of Birth
- Address
- Telephone number
- Driver's license identification number
- Alien registration number
- Employer or taxpayer identification number

- Credit Card Number
- Bank Account Information
- Email Address

Customer personal identifying information is collected by the following methods:

- Presentation by customer at office
- Telephone
- Facsimile
- Internet
- Mail

## **VI. PROGRAM UPDATES**

This Program will be periodically reviewed and updated to reflect changes in risks to customers and the soundness of the District from identity theft. At least annually, the Program Administrator will consider the District's experiences with identity theft situation, changes in identity theft methods, changes in identity theft detection and prevention methods, changes in types of accounts the District maintains and changes in the District's business arrangements with other entities. After considering these factors, the Program Administrator will determine whether changes to the Program, including the listing of Red Flags, are warranted. If warranted, the Program Administrator will update the Program or present the governing body with any recommended changes and the governing body will make a determination of whether to accept, modify or reject those changes to the Program.

## **VII. PROGRAM ADMINISTRATION.**

### **A. Oversight**

Responsibility for developing, implementing and updating this Program lies with the District's the Program Administrator. The Program Administrator will be responsible for the Program administration, for ensuring appropriate training of District 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. The District's Program Administrator shall be appointed by the Board of Directors and shall serve for a term of one (1) year. There is no limit on the number of terms that the Program Administrator may serve. In the event that a term ends and a new Program Administrator has not been appointed by the Board of Directors, the most recently appointed Program Administrator shall continue to serve until the Board appoints/reappoints a Program Administrator.

### **B. Staff Training and Reports**

District 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. Initial training will occur at the time of hiring by the District. Additional training will occur annually after the District's Board of Directors adopts the updated Identity Theft Prevention Program each year.

The following specific measures will ensure the protection of individual information through staff training and procedures:

- Check references and/or do background checks of any new hires who will have access to sensitive information;
- Limit access to sensitive information to necessary employees only;
- Ensure that former employees no longer have access to sensitive information, such as collecting keys and terminating passwords;
- Employees required to notify management immediately if there is a potential security breach; and
- Implement disciplinary action, including dismissal, for those employees who violate security policies.

### **C. Service Provider Arrangements**

In the event the District engages a service provider to perform an activity in connection with one or more accounts, the District 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:

- Require, by contract, that service providers have such policies and procedures in place; and
- Require, by contract, that service providers review the District's Program and report any Red Flags to the Program Administrator; and
- Require, by contract, that service providers notify the Program Administrator of any security incidents, even if such incidents had not led to any confirmed compromise of the District's data.