



MEMORANDUM

January 25, 2011

TO: Board of Mayor and Aldermen

FROM: Eric S. Stuckey, City Administrator *Eric*
Shirley Harmon, Human Resources Director
Rodney Escobar, Risk Manager

SUBJECT: Annual Report for the City of Franklin's FACTA Program

Purpose

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with an annual report consistent with the Fair and Accurate Credit Transaction Act (FACTA). This Federal Legislation outlined certain municipal departments to enact policies and procedures called "Red Flag" rules, designed to protect consumers against identity theft. As part of this legislation an annual report must be provided to the Board of Mayor and Aldermen.

Background

The report will address material matters related to the FACTA Program and evaluate issues such as: the effectiveness of policies and procedures in addressing the risk of identity theft in connection with the opening of covered accounts and with respect to existing covered accounts; service provider arrangements; significant incidents involving identity theft and management's response; and recommendations for material changes to the program.

Financial Impact

If the city fails to comply with this regulation any FACTA violation will be subject to civil monetary penalties up to \$2,500 for every violation (federally), state fines up to \$1,000 per incident, and damage to the City's image and reputation.

Options

This is a federal mandated requirement.

Recommendation

It is recommended that Board accept the FACTA Program Annual Report.



Identity Theft Prevention Program Annual Report to the Board of Mayor and Alderman

January, 18 2011

The intent of this report is to provide the overall status of the Identity Theft Prevention Program, along with providing any updates to any of the program components.

Status

The Identity Theft Prevention Program was last updated in June 2010. The overall status of the Identity Theft Prevention Program is good.

Effectiveness of Policies and Procedures

City of Franklin has implemented appropriate policies and procedures to comply with 16 CFR Part 681 (Identity Theft Red Flags) to address the risk of identity theft in connection with the opening of covered accounts and with respect to existing covered account.

Service Provider Arrangements

1. New service providers
 - a. Cintas has been contracted to dispose and shred all discarded paper that has sensitive information, and data.
2. Changes in vendor management processes, procedures, or requirements
 - a. None

Significant Incidents Involving Identity Theft and Management Response

1. Any significant incidents involving identity theft this year and action taken
 - a. None
2. Any service provider significant incidents involving identity theft this year and action taken
 - a. None

Recommendations for Changes in the Identity Theft Prevention Program

1. Additions to the Identity Theft Prevention Program
 - a. Implement customer verification processes in Water Billing Department.
2. Deletions from the Identity Theft Prevention Program
 - a. None.