University of Puget Sound
FACTA – Red Flag Rule and
Identify Theft Prevention Program
January 28, 2009
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Background

In late 2007 the Federal Trade Commission (FTC) and Federal banking agencies issued a regulation known as the Red Flag Rule under sections 114 and 315 of the Fair and Accurate Credit Transactions Act (FACTA) of 2003. The regulation is intended to reduce the risk of identity theft by requiring stronger fraud prevention to protect consumers' personal data. The regulation applies to any organization that offers credit or manages a "covered account". The Red Flag rule requires any organization that maintains a "covered account" to establish, document, and maintain an identity theft prevention program that identifies potential Red Flags, detects the occurrence of Red Flags, and appropriately responds to Red Flags.

A "Red Flag" is defined as a pattern, practice or specific activity that indicated the possible existence of identity theft. Examples of "Red Flag" incidents include presentation of suspicious identity documents or frequent address changes.

The law requires that a Red Flag policy (from which a Red Flag program will be developed) be approved by either the organization's governing board or a committee of the board. Oversight of the program is to be assigned to a senior management level staff member, with program reviews conducted annually. Red Flag rules go in to effect on May 1, 2009.

Implications for Puget Sound

"Covered accounts" are described as an account that a creditor holds that is designed to allow multiple payments or transactions after services have been delivered. Puget Sound is subject to Red Flag rules because we participate in or offer:

- Student tuition and fee payment plans
- The Federal Perkins Loan program
- Bookstore gift and student ID (debit) card accounts in the bookstore
- Payment of faculty and staff bookstore and dining services charges through payroll deduction

Action Plan

To comply with the Red Flag rules, Puget Sound must develop and implement a Red Flag alert program that identifies, detects, and appropriately responds to suspected or real incidents of identity theft among our customer base. These incidents may come to light through the presentation of suspicious identity documents or personal identifying information or through frequent address changes. To these ends, Puget Sound must do the following:

1. A written policy must be drafted referencing FACTA regulations. Various policy templates are available for use from NACUBO, EIIA Risk Management, and from peer institutions. The draft policy document should be reviewed by

Cabinet prior to review by legal counsel, and ultimately be presented for approval to the Board of Trustees at the scheduled February 2009 Board Meeting.

2. A Red Flag program must be developed that conforms to policy requirements, and must be implemented by May 1, 2009.

Action Responses

Policy Draft
A written policy has been drafted utilizing templates from Harvey Mudd College and with consideration for recommendations provided by NACUBO and EIIA Risk Management. The draft policy has been reviewed by members of the Finance and Administration Leadership team (FAST) and is presented here for Cabinet comment. Once reviewed by Cabinet, the policy will be forwarded to legal counsel for review, and then provided to the Finance and Facilities Committee of the Board of Trustees for final approval.

Identity Theft Prevention Program Development and Implementation Steps
In developing the required Red Flag Program, we recommend the following steps:

1. Identify departments responsible for participating in an identify theft prevention program (see list on the next page).
2. Form the Identity Theft Prevention Program Team from among the staff members of the identified departments. This team will be comprised of department heads or their delegates and will be charged with designing and implementing the Red Flag program. Once implemented, it is recommended that the Identify Theft Prevention Program team meet quarterly to review Red Flag activity.
3. The program team will select a chair from among its members to be spokesperson for the team and whose annual responsibilities will include review of Red Flag activity, collection of Red Flag documentation from third party service providers, and an annual report to Cabinet.
4. Cabinet will confirm effectiveness of the program on an annual basis and will approve any subsequent changes to the Red Flag policy and program (following the initial approval by the Board of Trustees or one of its committees).
5. Technology Services will partner with the Identify Theft Prevention Program Team to ensure departments have the ability to record and report on Red Flag activities as appropriate.
6. Department heads will oversee training appropriate to individual departments impacted by this policy, incorporate training for new staff, and renew training annually as necessary. (See attached list of departments).

Student Financial Services will continue to act as coordinator for Identity Theft Prevention Program development and will be represented on the program team by Ava Brock, Co-Director for Student Accounts, and by Maggie Mittuch, AVP for Student Financial Services. Once this plan is approved by Cabinet, we will commence with contacting departments impacted by the new rules and formalizing the Identity Theft Prevention Program team. We will update members of Cabinet throughout the spring semester on progress towards the May 1, 2009, implementation.

Departments Impacted by Policy

- Human Resources- Shannon Briggs, Jesse Carter
  - Training
  - Address changes, presentation of identification
  - Background checks
- Student Financial Services- Ava Brock, Maggie Mittuch
  - Address changes
  - Financial Aid document verification
  - Requests for 1098-T documents
- Office of the Registrar- Lori Blake
  - Address changes
  - Requests for transcripts
- Bookstore- Liz Howell
  - Credit card processing for gift cards
- Community Music- Kristen Murphy
  - Address changes
- CHWS- Linda Everson
  - Verification of insurance information
- Admission- Paula Meiers
  - Changes to applicant information
- Accounting & Budget Services (Payroll)- UnHi Pak
  - Address changes
  - Requests for payroll documents
- Career and Employment Services- Mona Lawrence
  - Address changes
  - Requests for payroll documents
- Technology Services- Jenifer Brauen
  - Assessment of risk and prevention
  - Password/ system access
  - Possible implementation of process to include recording and reporting
- Dining Services [TBD]
  - Faculty/Staff and Student ID cards
- OT/PT department [TBD]
  - Billing for services in OT/PT clinic
- School of Education [TBD]
  - Student certification documents
- International Programs [TBD]
  - Student documentation
- Management/Security- John Hickey, Todd Badham
  - Liaison for notification of law enforcement if necessary