



Weatherford City Council

AGENDA REPORT

Meeting Date: May 10, 2022
Item Number: 2022-242-AR

Staff Contact: Dawn Brooks, Director of Finance
Phone: 817-598-4130

SUBJECT: Consider acceptance of the annual "Red Flag" Identity Theft Prevention Program report.

BACKGROUND/DISCUSSION

Identity theft is a serious problem in the United States today. To combat the problem, as part of the Fair and Accurate Credit Transactions Act of 2003 (FACT), the Federal Trade Commission and several other federal agencies have issued rules requiring creditors (including municipalities under certain circumstances) to develop, adopt and implement written Identity Theft Prevention Programs. The programs were required to be in place by May 1, 2009. The rules are often referred to as Red Flag requirements and apply to financial institutions.

Although municipalities are not creditors in the traditional sense, the Federal Trade Commission has confirmed that the red flag rules apply to municipalities that provide utility services and/or other services for which payment is made in arrears. It is the provision of services on a deferred payment basis that makes a municipality a creditor as defined under red flags. The City developed and implemented a program in October 2008, the "Reg Flag" policy, to comply with this federal rule.

The program is designed to detect, prevent and mitigate identity theft in connection with City operations. The program provides methods to alert staff of potential ways to detect identity theft as well as methods for staff to follow in order to prevent identity theft from inside the City. This policy is reviewed and revised, if necessary, on an annual basis.

In the past year, the city experienced one instance of attempted fraudulent/identity theft. An individual was attempting to start services on a new utility account through the online application. Upon reviewing the application and identification provided, staff noted that the picture on the ID appeared to be altered. Staff notified the applicant that they could not process their application electronically and were required to appear in-person with a valid ID to open a utility account. The applicant did not appear in-person therefore, a utility account was not opened.

The City's Identity Theft Prevention Program and related training are considered to be satisfactory at this time and no material changes to the Program are suggested.

FINANCIAL IMPACT

None

SUGGESTED ACTION

Staff recommends acceptance of the annual "Red Flag" Identity Theft Prevention Program report.

ATTACHMENTS

- [Red Flag Policy.pdf](#)