POOLING

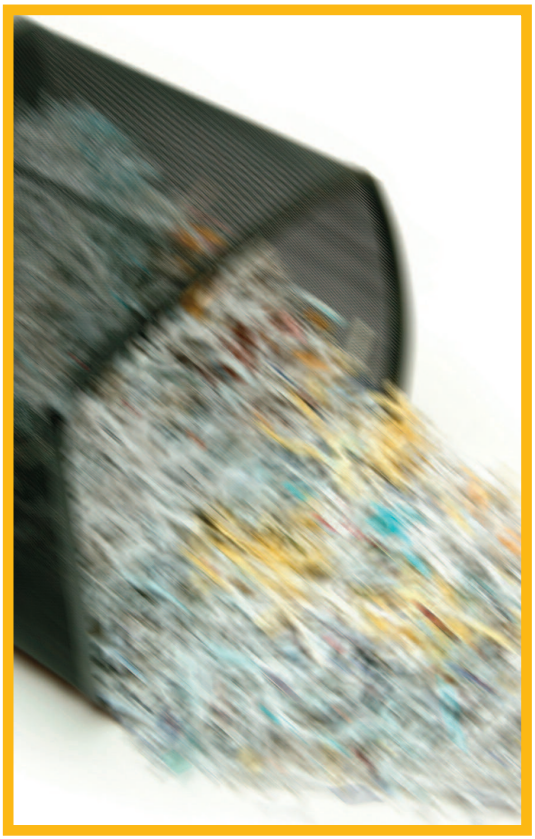
RISK CONTROL BULLETIN

February 2008

DATA SECURITY

EVEN FOR A COUNTY/PUBLIC ENTITY – PROTECTING PERSONAL DATA IS REQUIRED

The theft of laptop computers storing personal information (including Social Security numbers) of 337,000 voters from election commission offices in Davidson County (Nashville, Tennessee) is a dramatic reminder that counties and other government agencies have a duty to protect the personal data they collect. Has your county/ organization taken the appropriate measures to protect such personal data? This bulletin contains information created by the Federal Trade Commission on "Protecting Personal Information: A Guide for Business.*"



WHY IS INFORMATION SECURITY IMPORTANT TO YOUR COUNTY'S OPERATION?

- According to *Information Week*, the amount of data captured and stored by businesses doubles every 12-18 months
- Failure to protect sensitive data can lead to identity theft or other harm to consumers – and can also harm your company
- Existing laws require many businesses to:
  - Implement reasonable and appropriate measures to protect sensitive consumer information
  - Notify consumers if there is a data breach
  - Protected information includes Social Security numbers, account information and information derived from credit reports

LEGAL STANDARDS

- Laws governing data security
  - Federal Trade Commission Act (FTCA)
  - Fair Credit Reporting Act (FCRA)
  - Gramm-Leach-Bliley Act (GLBA)
  - FTC Disposal Rule
  - Other federal laws (HIPAA, DPPA, FERPA)
  - State laws
- The FTCA prohibits unfair or deceptive practices. To comply, you should:
  - Handle consumer information in a manner consistent with your promises
  - Avoid practices that create an unreasonable risk of harm to consumer data
- The FCRA requires consumer reporting agencies to "know their customers" and use "reasonable procedures" to allow access to consumer reports only to legitimate users
- The GLBA Safeguards Rule requires "financial institutions" to provide reasonable safeguards for customer data
- CAUTION! The definition of "financial institution" is broad, including auto dealers and courier services
- The Disposal Rule requires anyone who obtains a consumer report to use "reasonable" measures when disposing of it

**Content taken from: http://www.ftc.gov/bcp/conline/edcams/infosecurity/slides.ppt*

CREATING AN EFFECTIVE PLAN

A sound data security plan is built on five key principles, listed below. Our source material is from "Protecting Personal Information: A Guide for Business", which can be found at **www.ftc.gov/infosecurity**.

1. Take stock
2. Scale down
3. Lock it
4. Pitch it
5. Plan ahead

1. TAKE STOCK. KNOW WHAT YOU HAVE AND WHO HAS ACCESS TO IT.

- Check files and computers for:
  - What information you have
  - Where it is stored (don't forget portable devices and offsite locations)
- Trace the flow of data from entry to disposal, determining at every stage who has access – and who *should* have access

2. SCALE DOWN. KEEP ONLY WHAT YOU NEED FOR YOUR BUSINESS AND STREAMLINE STORAGE.

- Collect only what you need, and keep it only for the time you need it
- Scale down what you store on devices connected to the internet
- Slip Showing? For receipts you give to customers, properly truncate credit card number and delete the expiration date
- Limit the use of Social Security numbers
  - Social Security numbers can be used by identity thieves to commit fraud
  - Don't collect Social Security numbers out of habit or convenience, but only when needed, such as to report wages to the government or to seek a credit report

3. LOCK IT. PROTECT THE INFORMATION YOU KEEP.

- **Training and oversight**
  - Train your employees and overseas contractors and service providers
  - Use good hiring procedures and build information security training into orientation
  - Get handouts, tutorials, quizzes and tips at **www.OnGuardOnline.gov**

- **Computer security**
  - Effective security covers data on your network and all devices, including laptops and PDAs
  - Remember the basics: firewalls, strong passwords, antivirus software
  - Check vendors and expert web sites like **www.sans.org** for alerts and updates
  - Work with your tech team to detect unauthorized entry into your system

- **Physical security**
  - Lock offices, store rooms, desks and drawers and train employees to keep them that way
  - Limit access to areas and databases with sensitive files
  - Secure data that is shipped or stored offsite

4. PITCH IT. PROPERLY DISPOSE OF WHAT YOU NO LONGER NEED

- Shred, burn or pulverize paper records you don't need
- Use wipe utility programs on computers and portable storage devices
- Place shredders around the office
- If you use credit reports, you may be subject to the FTC's Disposal Rule

5. PLAN AHEAD. CREATE A PLAN TO RESPOND TO SECURITY INCIDENTS AND BE READY TO HELP CONSUMERS.

- Put together a "What if?" plan to detect and respond to a security incident
- Designate a senior staff member to coordinate your response
- Investigate right away and preserve evidence, such as computer logs
- Take steps to close off vulnerabilities; e.g., disconnect compromised computers from the internet
- Consider whom to notify if a breach occurs
- If sensitive personal information is compromised, consumers may be at risk of identity theft
- Plan to notify, as appropriate, law enforcement, other businesses and consumers
  - *Remember*: state law may require notice to consumers
- Visit **ftc.gov/infosecurity**.

ADDITIONAL TIPS

HELP CONSUMERS. BE READY TO ASSIST CONSUMERS WHO ARE VICTIMS OF FRAUD.

- Under the FCRA, a business must:
  - Provide consumers with certain information about a fraud
  - Verify the identity of any applicants who have fraud alerts on their credit report files
- Under the FCRA, under certain conditions, a business may not:
  - Sell or collect on a fraudulent debt
  - Report a fraudulent debt to the credit bureaus

MORE HELP FOR CONSUMERS. WE ALSO SUGGEST THAT YOU:

- Give victims information about how to recover from identity theft and refer them to FTC for more help: **www.ftc.gov/idtheft** or 877-ID-THEFT
- Give them information on the documents you will require from them to resolve fraudulent debts
- Give them closure letters absolving them of fraudulent debts once an incident is resolved

CONTACT INFORMATION

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