

EMPLOYEE TRAVEL—REIMBURSEMENT

Statement of Policy

Expenses incurred by individuals for travel on behalf of FSILC should be reimbursed by FSILC. Reimbursement to individuals should be made upon approval by the board of directors after proper presentation of supporting documentation, as defined below.

Definitions

Terms used in this policy are defined as follows:

1. "Travel" means transportation arrangements made or incurred by car, airplane, train, bus or other means or hotel accommodations and meals, for the purposes of advancing the interests of FSILC. Travel may be within or without FSILC. Travel does not mean transportation to and from the employee's residence or abode for employment.
2. "Employee" means any person employed by FSILC or a member of the board acting in his or her capacity as a board member on behalf of FSILC.
3. "Non-employee" travel and related expense reimbursement is limited to reimbursement of students and sponsors, engaged in approved FSILC related activities. Expenses eligible for reimbursement are only those for necessary meal and lodging expenses. Students and sponsors seeking reimbursement must follow the procedures included in this policy or any reimbursement will be forfeited.
4. "Expenses" means any actual indebtedness incurred and paid by an individual employee on behalf of FSILC, for the benefit of FSILC or for the purpose of advancing the interests of FSILC, with the intention of being reimbursed by FSILC.

Expenses may include, but are not limited to, these items:

- A. air, bus, taxi or train fares and car rentals;
- B. meals, unless payment is made on a per diem basis established by the board;
- C. hotel or motel accommodations;
- D. other travel related expenses when applicable, such as mileage; and

- E. registration fees and meeting expenses.
5. "Receipt" means an invoice document issued by a vendor which has been paid as an expense by an employee. A receipt must contain the following information:
- A. date indebtedness incurred;
 - B. date indebtedness paid;
 - C. amount paid;
 - D. amount of indebtedness;
 - E. who paid the indebtedness;
 - F. method of payment;
 - G. the purpose of the indebtedness including an itemized description of the goods or services purchased; and
 - H. the name, address and telephone number of the vendor.

A credit card slip alone is not a receipt.

6. "Supporting documentation" means a memorandum to the board containing a request for reimbursement and explanation of the reason for the expense. All receipts for which reimbursement is sought and a travel claim must be attached to the memorandum.
7. "Travel claim" is a document prepared by an employee who seeks reimbursement which contains the following information:
- A. dates entering and ending travel status;
 - B. points of travel;
 - C. mileage to and from destination(s) when personally owned vehicle is used;
 - D. amount per mile reimbursed;
 - E. air, bus or train fares when public transportation is used;
 - F. parking fees, taxi fares, car rentals and turnpike fees;
 - G. meals or per diem rate established by the board, if any;
 - H. purpose, time, location and those in attendance for meals;

- I. motel and hotel expenses;
 - J. registration fees and meeting expenses;
 - K. other business expenses such as telephone calls, tips, etc., which properly occur during the time an employee is in travel status;
 - L. encumbrance to be charged for expense; and
 - M. travel activity approval information. Note: all travel to be reimbursed must have been approved in advance by the executive director.
8. "Credit card slip" is the customer's copy of the credit card charge form. A credit card slip alone is not a receipt. To qualify as a receipt a credit card slip must be attached to a supporting invoice issued by the vendor which contains all the information required of a receipt.
9. "Vendor" means the individual or entity that provided the goods or services to FSILC for which reimbursement is sought and a receipt for payment has been issued.
10. "Meals" means actual food expenses incurred while traveling outside FSILC or within FSILC if allowed by other board policies.

Procedure for Reimbursement

To obtain reimbursement for travel expenses the employee must:

1. Prepare supporting documentation to the board with attached receipts and travel claims. Requests for reimbursement with insufficient or incomplete documentation will be denied.
2. Submit supporting documentation with attachments to the board treasurer. The board treasurer and executive director will review the memorandum and attachments for completeness and accuracy. If the memorandum is complete and accurate the board treasurer will advise the board clerk to list the reimbursement request as an agenda item on the next available board meeting.
3. At the next available board meeting the board will consider the reimbursement request and authorize the board treasurer to issue a warrant to reimburse the employee for the amounts, if any, deemed appropriate by the board. The board has absolute discretion to deny the request or approve it in whole or in part. The board's decision is final.
4. The board treasurer will issue the warrants for reimbursement authorized by the board as soon as is practicable following the board's action.

Other Issues

1. A request for reimbursement must be made within thirty (30) days after the vendor's invoice is issued. Notwithstanding this time limitation, all requests for reimbursement must be made prior to the end of the fiscal year in which the vendor's invoice was issued and services rendered, and it must be submitted in sufficient time to allow the board to take action at its last regular meeting of the fiscal year. Reimbursement requests not complying with these requirements will be denied unless unusual circumstances are presented to and approved by the board.
2. Reimbursements issued by the board are only for the actual amount of out of pocket expenses paid by the employee. No additional charges may be added by the employee and the employee may not obtain a warrant for funds he or she expects to pay or incur in the future.
3. An employee may elect a meal expense per diem in lieu of reimbursement for actual out-of-pocket meal expenses in an amount equal to the per diem allowance authorized by law for state employees in OKLA. STAT. tit. 74 § 500.8. The executive director shall, upon request, provide any FSILC employee with a copy of the current provisions of OKLA. STAT. tit. 74 § 500.8 for review.
4. According to Internal Revenue Service regulations, meal reimbursements are to be reported as taxable income, unless the employee is required to work extensive hours requiring rest or incur overnight lodging, and there is a substantiated business connection. When meal reimbursements are determined to be taxable, FSILC is required to withhold federal income tax, social security (FICA) and Medicare tax and to pay matching employer contributions for FICA and Medicare tax. Non-overnight meal reimbursement will be treated as non-taxable provided a substantial business discussion occurs during the meal and the meal is furnished for a substantial noncompensatory business reason. When seeking reimbursement for business related meals, employees must document the purpose of the meeting, the time, location and who was in attendance. Reimbursement of any taxable non-overnight meals will be paid in the employee's next regularly scheduled paycheck.
5. Any interpretation of this policy shall be made solely by the board and shall be binding in all respects.
6. Violation of any of the provisions of this policy may result in dismissal, nonrenewal, or other adverse action.

PURCHASING AND DISTRIBUTION

It is the policy of the board that purchasing and distribution shall be under the supervision of the executive director, but may be delegated in writing by the executive director to another employee. Written delegations of authority should contain specific limitations imposed by the board or executive director upon the designee or may provide a complete delegation of purchasing and distribution duties. No person except the executive director or his/her designee shall make purchases without written authorization.

The executive director should take advantage of discounts for buying in quantity and, if possible, purchase in sufficient quantities for one full school term. Requisitions for supplies shall follow the appropriate chain of command. Purchases shall be made from local firms when economically wise to do so.

No expenditure involving an amount greater than \$500.00 shall be made except in accordance with a written contract or purchase order.

SOLICITATION REQUIREMENTS

To ensure fair and open competition in the purchase of needed equipment and supplies, FSILC shall seek quotes or proposals in the following manner:

Quotes/Requests for Proposals:

- Less than \$2,000 Shall be secured verbally. Purchase order may be approved by the executive director or his/her designee.
- \$2,000 to \$10,000 Shall be obtained in written form from the supplier. Purchase order may be approved by executive director or his/her designee.
- \$10,000 and over Shall be secured by sealed quotes or by formal request for proposal in accordance with specific procedures established by the executive director. Purchase order or contract must be submitted to the board of directors for approval before the award is made.

A summary of quotes and/or proposals will be attached to purchase orders.

Bids

No contract involving an expenditure of more than \$50,000 for the purpose of constructing a building or making any improvements or repairs to school buildings shall be made except upon sealed bids in accordance with the Public Competitive Bidding Act of 1974, OKLA. STAT. tit. 61, § 101 et seq. (the "Act"). The Act does not prohibit FSILC from erecting a building or making improvements on a force account basis. The term "force account" means the purchase of necessary materials and the use of FSILC's regularly employed staff to provide necessary labor. No contract involving sums in excess of \$50,000 shall be split into partial contracts involving sums below \$50,000 for the purpose of avoiding the requirements of the Act.

New transportation equipment shall be purchased from the list maintained by the State Board of Education by sealed bid at a price not greater than the price filed with the State Board of Education in accordance with the provisions of OKLA. STAT. tit. 70, § 9-109.

**FINANCIAL STATEMENT
AND ITEMIZED STATEMENT OF ESTIMATED NEEDS**

The FSILC executive director shall prepare and present to the Board of Directors a financial statement showing the true financial condition of FSILC as of the close of the previous fiscal year, ended June 30. Prior to September 1, he/she shall make a written itemized statement of estimated needs and probable income from all sources, including interest income for the current fiscal year. These financial statements shall be published in one issue of some legally qualified newspaper of general circulation in the area and also shall be filed with the County Excise Board on or before September 30 each year.

Investment Policy

This investment policy is adopted in accordance with the provisions of applicable law by the Board of Directors of FSILC. This policy sets forth the investment policy for the management of the public funds of FSILC. The policy is designed to ensure prudent management of public funds, the availability of funds when needed, and reasonable investment returns.

Investment Authority

The FSILC treasurer is required by the Board of Directors to invest FSILC monies in the custody of the treasurer in those investments permitted by law. The treasurer shall, to the extent practicable, use competitive bids when purchasing direct obligations of the United States Government or other obligations of the United States Government, its agencies, or instrumentalities.

The FSILC treasurer shall limit investments to:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States is pledged; provided FSILC treasurer, after completion of an investment education program in compliance with applicable law, may invest funds in the investment account in other obligations of the United States Government, its agencies or instrumentalities;
2. Obligations to the payment of which the full faith and credit of this state is pledged;
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies;

4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation;
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 above including obligations of the United States, its agencies and instrumentalities, and where the collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes;
6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value;
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items and those restrictions specified in paragraphs 1 through 6 above;
8. Warrants, bonds or judgments of FSILC;
9. Qualified pooled investment programs through an FSILC agreement formed pursuant to applicable law and to which the Board of Directors has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 8 above, as well as obligations of the United States agencies and instrumentalities; or
10. Any other investment that is authorized by law.

Investment Philosophy

This policy shall be based upon a "prudent investor" standard. The Board of Directors recognizes that those charged with the investment of public funds act as fiduciaries for the public, and, therefore the treasurer is directed to exercise the judgment and care that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs as to the permanent non-speculative disposition of their funds, with due consideration of probable income earnings and probable safety of capital. In investing FSILC's funds, the treasurer shall place primary emphasis on safety and liquidity of principal and earnings thereon.

Liquidity

Available funds will be invested to the fullest extent practicable in interest bearing investments or accounts, with the investment portfolio remaining sufficiently liquid to meet reasonably anticipated operating requirements.

Diversification

The investment portfolio will be reasonably diversified so as to avoid any one investment having a disproportionate impact on the portfolio. Provided this restriction will not apply to securities of the United States Treasury backed by the full faith and credit of the United States Government.

Safety of Principal

Although investments are made to produce income for FSILC, investments will be made in a manner that preserves principal and liquidity.

Yield

The portfolio will be designed to attain maximum yield within each class of investment instrument, consistent with the safety of the funds invested and taking into account investment risk and liquidity needs.

Maturity

Investments may have maturities extending to 12 months, provided sufficient liquidity is available to meet major outlays, and except that general fund investments may not exceed 12 months.

Quality of the Instrument and Capability of Investment Management

The executive director shall be responsible for seeing that the treasurer and any assistant treasurer are qualified and capable of managing the investment portfolio and satisfactorily complete any investment education programs required by state law or by the Board of Directors.

Safekeeping and Custody

The treasurer will maintain a list of the financial institutions and pooled investment programs governed by a FSILC agreement formed pursuant to OKLA. STAT. tit. 70, § 5-117b which are authorized to provide investment services, and will maintain a separate list of financial institutions with collateral pledged in the name of FSILC. Securities purchased from a bank or dealer, including any collateral required by state law for a particular investment, shall be placed under an independent third party custodial agreement. The Trust Department of a financial institution will be considered to be independent from the financial institution.

All securities will be in book entry form, and physical delivery of securities will be avoided.

Telephone transactions may be conducted, but such transactions must be supported by written confirmation, which may be made by way of a facsimile on letterhead with authorized signatures of the safekeeping institution.

Written transactions and confirmations of transactions by computer connections will be kept in the treasurer's office.

Reporting and Review of Investments

The treasurer will prepare an investment report to be submitted to the Board of Directors on at least a monthly basis. The report will include:

1. A list of individual securities held at the end of the reporting period.
2. The purchase and maturity dates of these securities.
3. The name and fund for these securities.
4. The yield rate of these securities.
5. Any collateral pledged by a custodian.

The Board of Directors shall review the treasurer's investment performance on a regular basis that is no less frequent than monthly.

Depositing Interest

Unless otherwise directed by the Board of Directors through policy or by special directive, by the Oklahoma Constitution, or by the federal government, income earned from the investment of non-activity funds shall be deposited in the General Fund, and income earned from the investment of activity funds shall be deposited as directed by the Board of Directors.

AUDIT

The board of directors shall provide for an annual audit by an accountant approved by the State Board of Education. The comprehensive audit shall be of all funds. The accountant's investigation shall deal with federal funds received by FSILC.

Legal reference: OKLA. STAT. tit. 70, § 22-103

CREDIT CARD USE

FSILC should not rely on its employees to advance funds as individuals for the benefit of FSILC. To the extent possible and authorized by law, the executive director may make arrangements for the issuance and use of credit cards consistent with these provisions.

Definitions

“Travel” means transportation arrangements made or incurred by car, airplane, train, bus, or other means and includes hotel accommodations and meals for the purpose of advancing the interests of FSILC. Travel may be within or outside FSILC. Travel does not mean to and from employee’s residence for employment.

“Employee” means any person employed by FSILC or a member of the Board of Directors acting in his/her capacity as a board member on behalf of FSILC.

“Expenses” means any actual indebtedness incurred and paid for with a credit card charge by an individual employee on behalf of FSILC or for the purpose of advancing the interests of FSILC with the intention of having the charge paid by FSILC.

Expenses may include, but are not limited to these items:

1. Air, bus, taxi, train fares and car rentals
2. Meals (unless Board establishes per diem)
3. Hotel or motel accommodations
4. Other travel related expenses, i.e., mileage
5. Registration fees/meeting expenses
6. Instructional materials

“Receipt” means an invoice document issued by a vendor which has been paid with the credit card as an expense by an employee. A receipt must contain the following information:

1. Date indebtedness incurred
2. Date indebtedness paid
3. Amount paid
4. Amount of indebtedness
5. Who incurred the charge
6. Method of payment
7. Purpose of indebtedness, including itemized description of goods/services purchased
8. Name, address, and telephone number of vendor

**Note: A credit card slip alone is not a receipt.*

“Supporting Documentation” means a memorandum to the Board containing copies of the credit card slip and supporting invoice explanation of reason for the expense. All charges for which Board approval and payment are sought and a travel claim must be attached to the memorandum.

“Travel Claim” means a document prepared by the employee who made the charge, which contains the following information:

1. Starting and ending dates of travel
2. Points of travel
3. Mileage to and from destination when private vehicle is used
4. Rate of mileage reimbursement
5. Public transportation fees
6. Parking fees, taxi fares, car rentals, and turnpike fees
7. Actual meal expense or per diem rate
8. Motel and/or hotel expense
9. Registration fees and meeting expense
10. FSILC Business related telephone expense, tips while in travel status
11. Encumbrance to be charged for expense
12. Initials of person approving travel

“Credit Card Slip” is the customer’s copy of the credit card charge form. A credit card slip alone is not a receipt. To qualify as a receipt, a credit card slip must be attached to a supporting invoice issued by the vendor which contains all the information required of a receipt.

“Credit Card” means any method of satisfying a debt owed to a vendor coupled with a promise to pay the invoice amount to a third party. The third party is the “credit card company” which means the party that issued the credit card and sends monthly statements of credit card usage to FSILC. Statements must be sent to FSILC on a monthly basis and must contain an itemized explanation of the credit card’s usage including the following information:

1. Date of use
2. Vendor
3. Amount charged
4. Name of person using the credit card
5. Signature of credit card user
6. Description of goods/services charged

“Vendor” means the individual or entity that provided the goods or service to FSILC for which the charge was made and a receipt for payment has been issued.

“Meals” means actual food expenses incurred while traveling outside of or within FSILC if allowed by other Board policies.

Usage and Accounting of Credit Card

Whenever expenses or travel expenses are incurred for FSILC and it is impractical to obtain a warrant for payment, an employee who is authorized to use an FSILC credit card may render it to satisfy a vendor's invoice. As soon as practical after credit card charge is incurred, the person who was authorized to use the card must submit a memorandum to the executive director explaining the charge and purpose therefore and attach to the memorandum the credit card slip, travel claim, and the receipt issued by the vendor. This supporting documentation must be submitted prior to the end of the next credit card company billing cycle and must be submitted prior to the end of the fiscal year in which the vendor's receipt was issued. Failure to submit a timely claim may result in denial of the charge by the FSILC and may subject the person who made the charge to personal liability in the amount of the charge.

When the monthly statement is received by FSILC from the credit card company it will be reviewed by the executive director for completeness and accuracy. The executive director will then present the supporting documentation and statement to the Board of Directors for review. The executive director will advise the Board Clerk to list payment of the statement as an agenda item on the next meeting agenda.

At the next available board meeting, the Board will consider the payment of the statement to the credit card company and will authorize the business manager to issue a warrant to pay the credit card company for the amounts deemed appropriate by the Board. The Board has the absolute discretion to deny payment of the statement in whole or in part. Any unpaid portion of the statement will be identified by the Board and the employee(s) who made the unpaid charge(s) will immediately issue payment to the credit card company for the balance of the amount of the statement.

The Board Treasurer will issue warrants for payment of the statement to the credit card company authorized by the Board as soon as is practicable following the Board's decision.

Other Issues

A FSILC credit card is not to be used for the personal use of the bearer. The credit cards will only be used for FSILC purposes. When obtaining or renewing the credit cards the business manager will only encumber funds for the credit card company in the amount necessary to obtain the cards (i.e., annual fee, if any). The charges made on the credit cards will be debited against the encumbrance which is appropriate for each particular charge.

The employee who uses the credit card and signs the credit card slip is personally responsible to the credit card company or FSILC for payment of that charge if the Board declines to pay the charge. If the Board declines to pay a charge that employee who made the charge will immediately issue payment to the credit card company of the amount declined. Proof of payment will be provided to the executive director immediately. Nothing in this policy prohibits the Board from paying the credit card company for a charge and then pursuing the employee who made the charge for reimbursement. Use of a credit card by an employee is acceptance of the terms of this policy, which is a public record, and authorization to deduct amounts of unapproved charges from the next available payroll warrant(s) to satisfy unapproved charges.

The credit cards shall be applied for and issued in the name of FSILC and shall identify a specific individual (FSILC Executive Director) to whom the card is issued. Subject to the Board's, FSILC's and the credit card company's right to collect a credit card and cancel the account, the individual to whom the credit card is issued must maintain exclusive custody and possession of the card.

The credit card may not be loaned to another individual without approval of the executive director or designee. When not in use, the card shall be in the custody of the business office. The person to whom the card is issued is personally responsible for each charge to the card.

The Board and the executive director have the right to cancel one or more credit cards or accounts and/or order immediate collection of one or more of the credit cards. Cancellation or collection may be made without prior notice.

Any interpretation of this policy shall be made by the Board of Directors and shall be deemed binding in all respects.

Violation of this policy may result in non-renewal or dismissal of an employee.

WITHHOLDINGS FROM MONTHLY SALARY

Pay periods are based on twelve (12) months. Withholdings from monthly salary may include:

- A. Retirement: Oklahoma Teacher Retirement is withheld as required by law for certified staff and available if requested for support staff.
- B. Social Security: Social security taxes (F.I.C.A.) are withheld as required by law for all employees.
- C. Health, Dental, Vision Insurance: Payroll deductions for family members for school group insurance will be made at the employee's request.
- D. Other insurance is available: cancer plan, life insurance, disability and salary protection.
- E. Tax Sheltered Annuities: Payroll deductions for tax sheltered annuities will be made at the employee's request.
- F. Other withholdings: OEA/NEA, and any company/agency with 5 FSILC or more members.
- G. State and federal taxes will be withheld as required by law.

DUPLICATE CHECKS

FSILC may issue a second or duplicate check in lieu of any check issued and subsequently lost or destroyed by the payee. No second or duplicate check will be issued until FSILC has stopped payment on the check by the payor bank or, in the alternative, until an affidavit explaining the circumstances regarding how the original check was lost or destroyed has been submitted to FSILC by the payee. The executive director may use his/her discretion in determining which alternative to use to preclude any FSILC loss taking into account FSILC's past relationship with the payee, the amount of the original check, and other relevant factors.

IDENTITY THEFT PREVENTION

This policy is adopted to ensure compliance with the Fair and Accurate Credit Transaction Act, 15 USC. §1601 et seq. and the Federal Trade Commission’s rules regarding Identity Theft (the “Red Flag Rules”). FSILC is subject to the Red Flag rules if it is a “Creditor.” FSILC is a Creditor if it provides any goods or services for a fee *and* as a matter of course extends credit to its customers by offering them the ability to pay for those goods and services *after* they are provided as opposed to requiring prepayment or contemporaneous payment. FSILC is a creditor with respect to limited areas involving a low risk of identity theft. Areas in which FSILC allows a debtor to defer payment owed FSILC include but are not limited to school meal charges, after school care charges, adult education tuition, facility use charges and similar accounts. FSILC must review all of its “Accounts” to determine whether any of those accounts are “Covered Accounts.” As to “Covered Accounts,” it must develop an Identity Theft Program (herein referred to as the “Program”) designed to detect, prevent, and mitigate identity theft in connection with a Covered Account.

Definitions:

For purposes of this policy, the following definitions apply.¹

- A. “Account” means a continuing relationship established by a person with FSILC to obtain a product or service for personal, family, household, or business purposes. Note that the requirements of the federal rules apply not only to existing accounts but also to new account openings, when a relationship has not yet been established.
- B. “FSILC” means Five Star Interlocal Cooperative.
- C. “Covered Account” pertains to accounts which involve prepayment or contemporaneous payment as well as payment in arrears and means (i) an account that FSILC offers or maintains, primarily for personal, family or household purposes, that involves or is designed to permit multiple payments or transactions, such as a child care account, cafeteria account, tuition account, or facility rental account and similar accounts; and (ii) any other account that FSILC offers or maintains for which there is a reasonably foreseeable risk to customers or to the safety and soundness of FSILC from identity theft, including financial, operational, compliance, reputation, or litigation risks. This category of Accounts includes FSILC’s small business accounts, sole proprietorship accounts, and accounts for which the risk of identity theft is reasonably foreseeable because of how they are opened and accessed (i.e., the accounts can be accessed without face-to-face contact, such as through the Internet or by telephone).

¹ Other than district and “personal identifying information”, definitions provided in this section are based upon the definitions provided in 16 C.F.R. § 681.1.

- D. “Credit” means the right granted by FSILC to a debtor to defer payment of debt or to incur debts and defer its payment or to purchase property or services and defer payment therefore.
- E. “Creditor” means a business or organization that regularly defers payment for goods or services or provides goods or services and bills customers later (as opposed to requiring prepayment or contemporaneous payment).
- F. “Customer” means a person that has a covered account with FSILC.
- G. “Identity Theft” means fraud committed or attempted using identifying information of another person without authority.
- H. “Person” means a natural person, a corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative, or association.
- I. “Personal Identifying Information” means a person’s credit card account information, debit card information, bank, bank account information, and driver’s license information and for a natural person includes the individual’s social security number, mother’s birth name, and date of birth.
- J. “Red Flag” means a pattern, practice, or specific activity that indicates the possible existence of identify theft.
- K. “Service Provider” means a person that provides a service directly to FSILC.

FSILC shall create an Identity Theft Program to protect Covered Accounts. At a minimum, FSILC’s Program will:

1. Identify and list the Covered Accounts.
2. Identify and list the red flags indicating that someone might be attempting to obtain services, products or information surreptitiously by claiming to be someone they are not.
3. Explain how FSILC will detect red flags that have been identified.
4. Explain how FSILC will respond if a red flag is detected.
5. Designate a senior administrative employee to administer the program.
6. Describe FSILC staff who need to be trained on how to detect and respond to identity theft and the training they should receive.
7. To ensure the protection of FSILC’s clients from identity theft via FSILC’s contracted service providers, identify the categories of service providers that should be required via contract to assist FSILC in detecting red flags and must therefore either have their own red flags program or ensure compliance with FSILC’s red flags program.

8. Identify how FSILC will periodically reassess its operations to ensure that its red flag program reflects the current risks of identity theft to its clients (including, but not limited to, the types of records/accounts that are subject to the Red Flag Rules as Covered Accounts and the activities or occurrences that should be designated as a red flag for identity theft).
9. Be submitted to FSILC's board for approval.
10. Be annually re-evaluated to determine whether material changes have occurred warranting changes to FSILC's identity theft policy and program.

Updating the Program

- A. Upon the recommendation of the executive director the board shall annually review and, as deemed necessary by the board, update FSILC's identity theft prevention program along with any relevant red flags in order to reflect changes in risks to customers or to the safety and soundness of FSILC and its covered accounts from identity theft. In so doing, the board shall consider the following factors and exercise its discretion in amending the program:
 1. FSILC's experiences with identity theft;
 2. Updates and methods of identity theft;
 3. Updates and customary methods used to detect, prevent, and mitigate identity theft;
 4. Updates on the types of accounts that FSILC offers or maintains; and
 5. Updates in service provider arrangements.