



# State of North Carolina Office of the State Controller

Michael F. Easley, Governor

Robert L. Powell, State Controller

February 7, 2007

## MEMORANDUM

**TO:** Agency Fiscal Officers  
University Vice Chancellors  
Community College Business Officers  
Local Units of Government Finance Officers

**FROM:** Robert L. Powell, State Controller

A handwritten signature in black ink that reads "Robert L. Powell".

**SUBJECT:** Policy for Merchant Cards Security Incident Plan

There are numerous requirements that governmental entities must adhere to as it relates to the securing of "identifying data" to prevent identity theft, which includes credit card and debit card account data. Some of the requirements are statutory, some are policy driven, and some are contractual. Depending upon the type of governmental entity, various statutes specify requirements for the reporting of security breaches.

In addition to the statutes requiring the reporting of security breaches, entities that accept merchant cards (credit cards and debit cards) are required by merchant agreements to adhere to the card association rules, which all require compliance with the Payment Card Industry Data Security Standard (PCI DSS). One of the requirements of the PCI DSS is that each entity acting as a merchant is to have a "security incident plan."

To provide guidance to state agencies accepting merchant cards, and to other governmental entities accepting merchant cards under the State Controller's Master Services Agreement (MSA), the Office of the State Controller has issued a policy regarding the establishment of a security incident plan. The policy may be viewed at: <http://www.ncosc.net/SECP/MerchantCardsSecurityIncidentPlan.pdf>

A recent press announcement was made regarding a data security breach at a large retailer. The incident underscores the need for all businesses, including government agencies, to handle customer payment card data with the utmost vigilance. Being a member of the PCI Security Council, and fully supporting the objectives of the NC Identity Protection Theft Act, the Office of the State Controller fully supports the need for greater education and adherence with the PCI Data Security Standard (PCI DSS). Information regarding the PCI DSS can be found at the following link: [http://www.ncosc.net/SECP/SECP\\_PCIOverview.html](http://www.ncosc.net/SECP/SECP_PCIOverview.html)

It should be noted that all state agencies accepting merchant cards, whether under the OSC's Master Services Agreement or under an agreement entered into directly with a merchant card processor, are required to adhere to the attached policy and the PCI DSS. We are therefore requesting that each state agency provide OSC with a list of all merchant card agreements it may have directly with a merchant card processor.

Questions may be addressed to the OSC Support Services Center at (919) 875-4357, or to Amber Young, Central Compliance Manager, at (919) 981-5481.

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