

County of San Bernardino

**Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section**

Assessor-Recorder-County Clerk:

**Social Security Number
Truncation Fee Audit**



Oscar Valdez

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Auditor-Controller/Treasurer/Tax Collector

Mission Statement

The San Bernardino County Auditor-Controller's Office is committed to serving our customers by processing, safeguarding, and providing information regarding the finances and public records of the County. We perform these functions with integrity, independent judgment, and outstanding service. We are accurate, timely, courteous, innovative, and efficient because of our well-trained and accountable staff.

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Assessor-Recorder-County Clerk: Social Security Number Truncation Fee Audit

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August 15, 2017

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SUBJECT: SOCIAL SECURITY NUMBER TRUNCATION FEE AUDIT

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing and California Government Code 27361(d)(4), we have completed an audit of the Assessor-Recorder-County Clerk (Department) for the period of June 12, 2013 through March 22, 2017. The objective of the audit was to determine the Departments compliance with the Social Security Number Truncation Program. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

Our audit determined that:

- 1) The Department has used the funds received under California Government Code Section 27361(d)(1) solely to truncate social security numbers in accordance with California Government Code Section 27301 and for conducting the audit.
- 2) The Department is completing the social security number truncation process in accordance with California Government Code Section 27301(a). The truncation of the documents from 1980-2008 is estimated to be complete in July of 2017.
- 3) The Department plans to extend a Request for Proposals in January of 2018 to obtain a new recording system module to redact social security numbers using the funds generated by the fee. The estimated cost of the new module is unknown but the Department estimates there is adequate funding that has been generated from the fee to cover the cost. There are also no plans to extend the fee past the December 31, 2017 deadline.

We sent a draft report to the Department on August 8, 2017.

We would like to express our appreciation to the personnel at the Assessor-Recorder-County Clerk's Office who assisted and cooperated with us during this engagement.

Respectfully submitted,

Oscar Valdez

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By


Denise Mejico
Chief Deputy Auditor

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Background

The Office of the Assessor-Recorder-County Clerk (Department) stores official records that may contain social security numbers (SSN). The SSN may be handwritten, typed, or machine generated, and is presented in a variety of formats, including numerals with and without dashes and spaces.

Assembly Bill 1168 (AB 1168), Chapter 627 of the Statutes of 2007 amended Government Code Section 27361(d)(1) to allow the County Recorder to collect an additional recording fee of one dollar (\$1.00) for the recording of the first page of every instrument, paper, or notice required or permitted by law. That fee is to be used until December 31, 2017, solely for the implementation and ongoing operation of a State mandated Social Security Number Truncation Program (SSNTP). The amendment further required, at subsection (4) that "A county board of supervisors that authorizes the fee described in this subdivision shall require the county auditor to conduct two reviews to verify that the funds generated by this fee are used only for the purpose of the program, as described in Article 3.5 (commencing with Government Code Section 27300) and for conducting these reviews. These reviews shall state the progress of the county recorder in truncating recorded documents pursuant to subdivision (a) of Government Code Section 27301, and shall estimate any ongoing costs to the county recorder of complying with subdivision (a) and (b) of Government Code Section 27301. The board shall require that the first review be completed not before June 1, 2012, or after December 31, 2013, and that the second review be completed not before June 1, 2017, or after December 31, 2017. The reviews shall adhere to generally accepted accounting standards, and the results shall be made available to the public. The first review was completed on November 1, 2013.

The Recorder's Office contracted with Computer Innovation Systems (CSI) to truncate all social security numbers when applicable from the electronic documents scanned in between January 1, 1980 and December 31, 2008. CSI was also tasked with re-imaging corrupt data files from the initial scan of all the documents. The Recorder's Office has truncated the social security numbers from the electronic documents recorded since June 12, 2013 to present.

The total Redaction Fees collected beginning June 12, 2013 through date of fieldwork March 22, 2017 was \$1,298,557. Expenditures from funds collected for the Social Security Number Truncation Program (SSNTP) totaled \$683,618 and were used for the image conversion service and personnel costs.



Scope and Objectives

The scope of our audit covered the truncation of the backlog of documents scanned in from January 1, 1980 through December 31, 2008 and the continuation of the Social Security Number Truncation Program (SSNTP) from June 2013 to present.

The objectives of our audit were to:

- Verify that the funds generated by this fee are used only for the purpose of the program, as described in Article 3.5 (commencing with Government Code Section 27300) and for conducting the audit.
- Report on the progress of the Department in truncating recorded documents pursuant to subdivision (a) of Government Code Section 27301.
- To estimate any ongoing costs to the Department complying with subdivision (a) and (b) of Government Code Section 27301.

Methodology

In achieving the audit objectives, the following audit procedures were performed, including but not limited to:

- Interviewing staff involved in the program.
- Examining original source documents.
- Testing a sample of recorded documents.



Finding and Recommendation

There are no findings for this audit.