



# AUDIT OF THE SOCIAL SECURITY NUMBER TRUNCATION PROGRAM – PHASE II

*FINAL REPORT*

Chief of Audits: Juan R. Perez  
Audit Manager: Laura R. Flores, CIA, CFE, CGAP  
Auditor II: Ida Miclat, CPA

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# County of San Diego

**TRACY M. SANDOVAL**  
DEPUTY CHIEF ADMINISTRATIVE OFFICER/  
AUDITOR AND CONTROLLER

AUDITOR AND CONTROLLER  
OFFICE OF AUDITS & ADVISORY SERVICES  
5530 OVERLAND AVENUE, SUITE 330, SAN DIEGO, CA 92123-1261  
Phone: (858) 495-5991

**JUAN R. PEREZ**  
CHIEF OF AUDITS

October 9, 2017

TO: Ernest J. Dronenburg, Jr., Assessor/Recorder/County Clerk  
Assessor/Recorder/County Clerk

FROM: Juan R. Perez  
Chief of Audits

FINAL REPORT: AUDIT OF THE SOCIAL SECURITY NUMBER TRUNCATION PROGRAM –  
PHASE II

Enclosed is our report on the Audit of the Social Security Number Truncation Program – Phase II. As there are no findings and recommendations in the report, no audit response is required.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

If you have any questions, please contact me at (858) 495-5661.

JUAN R. PEREZ  
Chief of Audits

AUD:IM:nb

Enclosure

c: Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller  
Damien Quinn, Group Finance Director, Finance and General Government Group

## INTRODUCTION

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**Audit Objective** The Office of Audits & Advisory Services (OAAS) completed an audit of the Social Security Number Truncation Program – Phase II (Program). The objective of the audit was to conduct a review of Social Security Number Truncation Program expenditures to assess compliance with legal requirements.

**Background** The Recorder Division of the Assessor/Recorder/County Clerk (ARCC) is responsible for examining and recording legal instruments (documents) authorized or required by law upon payment of fees and taxes. These documents become public records and may contain social security numbers (SSNs).

On October 12, 2007, the Governor signed Assembly Bill 1168, referenced in California Government Code Sections 27301-27305, requiring county recorders to establish a program for the truncation of SSNs in recorded documents. The bill requires retrospective truncation of all, but the last four digits of the SSN, back to 1980 and prospective truncation beginning January 1, 2009.

Government Code Section 27361(d) authorized counties to impose an additional \$1 fee for the first page of each recorded document to fund implementation of the Program. On December 4, 2007, the County Board of Supervisors adopted a resolution that authorized the fee which became effective on January 3, 2008.

The ARCC established the Recording Redaction Trust Fund to account for funds generated by the collection of the fee. This is an agency trust fund; therefore, expenditures related to the Program are initially paid by ARCC General Fund. These expenditures are reimbursed by transferring funds from the Recording Redaction Trust Fund to ARCC General Fund.

The legislation requires the county auditors to conduct two reviews: one between June 1, 2012 and December 31, 2013 and one between June 1, 2017 and December 31, 2017, to verify that the funds generated by this fee are only used for the purpose set forth in the Program.

**Audit Scope & Limitations** The scope of the audit included the Program's activities and related expenditures from FY 2013-14 through FY 2016-17.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.

**Methodology** OAAS performed the audit using the following methods:

- Interviewed ARCC's staff to determine the progress in truncating recorded documents and the estimated ongoing cost in complying with the requirements of California Government Code Section 27301

subdivisions (a) and (b).

- Validated the progress in truncating recorded documents and the estimated ongoing cost of the Program.
- Determined whether ARCC has adequate controls in place to ensure that collected fees are recorded accurately and completely in the Recording Redaction Trust Fund.
- Reviewed supporting documentation for a judgmental sample of the Program's expenditures to ensure that these expenditures were incurred for the purpose of the Program.
- Reconciled the Program's expenditures to the Recording Redaction Trust Fund transfers.

## AUDIT RESULTS

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### Summary

Within the scope of the audit, there is reasonable assurance that the Social Security Number Truncation Program expenditures were in compliance with legal requirements.

OAAS identified the following information related to the Program:

#### **Progress in Truncating Recorded Documents**

In 2012, the truncation of SSNs for documents recorded between 1980 and 1989 was completed and images were stored in digital reel. The stored images can only be viewed with use of the digital reel software. However, in December 2015 it was noted that, when staff accessed these files they had the ability to remove the redaction since the truncation was not permanent.

As such, ARCC management decided to re-truncate and store the 1980 to 1989 images in the same system as other permanently truncated images (1990 to present) using the Acclaim Integrated Recording & Vitals System.<sup>1</sup> The cost of truncating documents recorded between 1980 and 1989 in 2012 was \$478,094 and additional cost to complete the re-truncation of these documents in 2017 will total \$503,161. These costs were paid out of the Recording Redaction Trust Fund.

The truncation of SSNs for documents recorded between 1990 and 2008 was completed in February 2016; truncation of documents recorded between 2009 and 2014 was completed in December 2014.

On December 15, 2014, ARCC implemented the new integrated system that allowed automated redaction of SSNs.

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<sup>1</sup> The Acclaim Integrated Recording & Vitals System manages real estate, vital records and County Clerk records and integrates with the associated business processes and related systems.

### Program Expenditures

The expenditures related to the implementation of the Program reported per fiscal year are shown in Table 1:

**Table 1. SSN's Truncation Cost**

Documents Recorded Between	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	Total
1980-1989	\$478,094	-	-	-	\$462,661	\$40,500	\$981,255
1990-2008	-	\$220,118	\$541,413	\$131,108	-	-	\$892,639
2009-2014	-	\$93,703	-	-	-	-	\$93,703
December 2014-date	-	-	\$9,697	\$9,579	\$9,979	-	\$29,255
<b>Total</b>							<b>\$1,996,852</b>

The Program's expenditures were paid out of the Recording Redaction Trust Fund.

### Estimated Ongoing Cost

The Program incurs annual cost for maintenance of the integrated system. This ongoing cost of complying with the Program is estimated at \$10,095 per year.

## Office of Audits & Advisory Services

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