

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

313



FROM: Auditor-Controller

SUBMITTAL DATE:
March 24, 2014

SUBJECT: Internal Audit Report: 2014-001 Social Security Number Truncation Program [All Districts] [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file Internal Audit Report: 2014-001 Social Security Number Truncation Program

BACKGROUND:

Summary

Pursuant to Government Codes 27361(d) (4), the Auditor-Controller conducted a review to verify fees generated by the fund were used only for the purpose of the Truncation Program. In addition, the status of truncated and un-truncated documents as well as an estimate of ongoing costs was obtained.

Based on our review, the Recorder has procedures in place to provide reasonable assurance that the fees generated are used only for the purpose of the Truncation Program and the progress in truncating recorded documents and estimated ongoing cost reported on the "Statement of Progress, Social Security Number Truncation Program" as of December 31, 2013 are reasonably stated.

Paul Angulo

Paul Angulo, CPA, MA
County Auditor-Controller

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	

SOURCE OF FUNDS: N/A

Budget Adjustment: No
For Fiscal Year: n/a

C.E.O. RECOMMENDATION:

APPROVE

BY:

Karen L. Johnson

Karen L. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

Departmental Concurrence

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.:

District: ALL

Agenda Number:

2-1

DATE: March 24, 2014

PAGE: Page 2 of 2

BACKGROUND:

Impact on Citizens and Businesses

Provide an assessment of the status of the Social Security Number Truncation Program as of December 31, 2013.

SUPPLEMENTAL:

Additional Fiscal Information

Not applicable

ATTACHMENTS:

A: Internal Audit Report: 2014-001 Social Security Number Truncation Program

Internal Audit Report 2014-001

Office of the Assessor-County Clerk-Recorder

Social Security Truncation Program Review

Report Date: December 31, 2013



**Office of Paul Angulo, CPA, MA
County of Riverside Auditor-Controller
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Riverside, CA 92509
(951) 955-3800**

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Social Security Number Truncation Program: Recorder Division

Background

Assembly Bill 1168, which included the Social Security Number Truncation Program ("Truncation Program"), was approved on October 13, 2007 to protect against the risk of identity theft for all official records recorded on or after January 1, 1980. Effective January 1, 2009, the law required a county recorder to create a copy of each official record in electronic format and truncate all social security numbers ("SSN"). The created truncated record would then become the official record for public inspection.

The adoption of Resolution 2008-093 and County Ordinance 877 authorized the County-Assessor Clerk-Recorder ("Recorder") to collect a dollar fee for the first page of every instrument, paper, or notice that is recorded in Riverside County. Use of the recording fee is restricted to the truncation program and the Auditor-Controller reviews adherence to the restriction per Government Code Section 27361(d) (4). The review covers the progress of the county recorder in truncating recorded documents and includes any ongoing costs projections the county recorder will incur to comply with the code.

Revenue and expenditures for the program are accounted for in sub-General Fund 11128, Social Security Truncation Fund. Pursuant to GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, the restricted fund balance category contains amounts that can only be spent for specific purposes required by constitution, external resource providers or through enabling legislation. Since Government Code Section 27361(d) (1) stipulates that Truncation Program revenues can only be spent on the Truncation Program, excess revenues should be classified as restricted fund balance. The following revenues and expenditures were reported in Fund 11128 for the SSN truncation program:

Fiscal Year	Revenues	Expenditures	Excess (Deficiency) of Revenue over Expenditures
FY2007/08	\$168,579	\$48,400	\$120,179
FY2008/09	\$609,135	\$166,210	\$442,925
FY2009/10	\$604,767	\$833,819	\$(229,052)
FY2010/11	\$582,126	\$436,574	\$145,552
FY2011/12	\$561,695	\$444,106	\$117,589
FY2012/13	\$555,298	\$179,046	\$376,252
Totals	\$3,081,600	\$2,108,155	\$973,445

Internal Audit Report: Report Social Security Number Truncation Program

Pursuant to Government Codes 27361(d)(4), the Auditor-Controller shall conduct two reviews to verify fees generated by the fund would be used only for the purpose of the Truncation Program. In addition, the review shall state the progress in truncating recorded documents and provide an estimate of ongoing costs.

Review Objective

Our review objective is to provide management and the Board of Supervisors with an independent assessment of the progress of the Truncation Program by:

- Verifying that the funds generated by this fee are used only for the purpose of the program and for conducting the review;
- Obtaining the Recorder's statement of progress in truncating recorded documents; and
- Obtaining the Recorder's estimate of any ongoing costs to the county recorder to comply with the Truncation Program.

Review Methodology

To accomplish our objectives, we:

- Identified and reviewed policies, applicable laws, codes, regulations, and board ordinances
- Conducted interviews and performed walk-throughs with Recorder personnel
- Utilized PeopleSoft queries to identify truncation program fees and expenditures transactions
- Obtain management's written representation of progress and an estimate of ongoing costs.
- Selected samples of truncation program fees and expenditure transactions to perform detailed testing

Based on our review, the Recorder has procedures in place to provide reasonable assurance that the fees generated are used only for the purpose of the Truncation Program and the progress in truncating recorded documents and estimated ongoing cost reported on the "Statement of Progress, Social Security Number Truncation Program" as of December 31, 2013 are reasonably stated.

Internal Audit Report: Report Social Security Number Truncation Program

Paul Angulo, CPA, MA
County Auditor-Controller

Mark W. Cousineau

By: Mark Cousineau, CPA, CIA, CFE
Chief Internal Auditor

cc: Jay Orr, County Executive Officer

Internal Audit Report: Report Social Security Number Truncation Program



LARRY W. WARD
Assessor-County Clerk-Recorder

**COUNTY OF RIVERSIDE
ASSESSOR-COUNTY CLERK-RECORDER
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(951) 486-7450**

Peter Aldana
Assistant
Assessor Division
Tauna Mallis
Assistant
County Clerk-Recorder Division
Bobbi Schutte
Assistant
Administration Division

March 5, 2014

Mr. Paul Angulo
Auditor-Controller
County of Riverside

Subject: Statement of Progress, Social Security Number Truncation Program

Dear Mr. Angulo:

In accordance with Government Code 27301, the County Recorder's Office (Recorder) established a social security number truncation program in order to create a public record version of official records recorded from 1980 through 2008, and all recordings starting January 1, 2009. The status of this program as of December 31, 2013 is as follows:

1980 - 2008

This office identified 1,764,903 official records as social security truncation candidates, consisting of sixteen document types. The Recorder's social security truncation program processed and created 1,643,381 public records, and has 121,522 official records remaining to process through its social security truncation program. Estimated ongoing costs of the Recorder's social security number truncation program are \$13,373.

2009 - Present

Beginning January 1, 2009, all documents are redacted of social security numbers as part of the recording process, and public version of official records are made available in 24 hours. Estimated ongoing costs of the Recorder's social security number truncation program are \$306,654 per year.

Sincerely,

Larry W. Ward
Assessor-County Clerk-Recorder