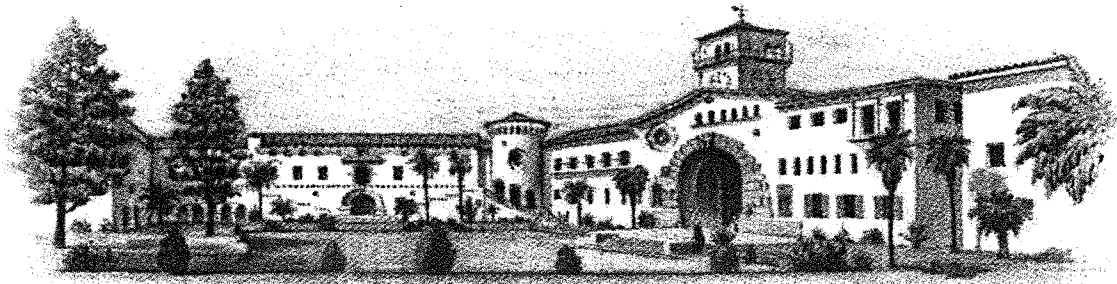


Attachment



SOCIAL SECURITY NUMBER TRUNCATION PROGRAM

Second Required Review

December 20, 2017



**INTERNAL AUDIT DIVISION
SANTA BARBARA COUNTY AUDITOR-CONTROLLER**

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Overview

Introduction

In accordance with California Government Code §27361, we completed an agreed-upon procedures review of the County of Santa Barbara Recorder Social Security Number Truncation Program (the Program). Our work was limited to the areas specified in the Objectives and Scope section of this report. We believe the evidence we obtained provides a reasonable basis for the results in this report.

Background

The Recorder's office records a number of documents that contain social security numbers (SSN). These documents can be accessed by the public. In order to protect against the risk of identity theft, California Assembly Bill 1168 was chartered on October 13, 2007. It required that the county recorder of each county establish a SSN truncation program in order to create a public record version of each official record recorded between January 1, 1980 and December 31, 2008 and truncate all SSNs contained in those records. For each official record recorded on or after January 1, 2009, it required that the recorder create a copy in electronic format and truncate any SSN contained in the record.

The law authorizes counties to charge an additional one dollar (\$1.00) fee for the first page of each recorded document to fund the Program. In accordance with Government Code §27304, in April 2008, the Santa Barbara County Board of Supervisors (the Board) approved this additional fee. The fee will sunset on December 31, 2017. The Board further directed the County Auditor-Controller to conduct two reviews, as required by Government Code §27361, to verify the funds generated by the fee are used only for the purpose of the Program.

The Recorder began collecting truncation fees on May 1, 2008 and established specific account coding to track revenues, expenditures, and fund balance related to the Program.

Objectives and Scope

Pursuant to Government Code §27361, we performed procedures (below) to: (1) verify that the funds generated by the fee are used only for the purpose of the Program and for conducting these reviews; (2) to state the progress of the county recorder in truncating recorded documents pursuant to subdivision (a) of Section 27301, and (3) to estimate any ongoing costs to the county recorder in complying with subdivisions (a) and (b) of Section 27301.

Our scope was limited to certain records and documents for the period of July 1, 2012 – June 30, 2017 and included inquiry, observation, and testing for compliance with relevant California Government Code Sections.

Overview

Procedures

We performed the following procedures in order to accomplish the objectives of our engagement:

1. Verify that the reported amount of truncation fees collected were recorded to the accounting records established for the Program per California Government Code §27361(d)(1). Assess the reasonableness of the reported amount of redaction fees collected each month. Select a sample of months during the review period and agree the total truncation fees collected per the Report of Fees to documentation supporting the total number of documents recorded during the month.
2. On a sample basis, verify that the employee timecard containing the hours charged to the Program is signed by both the employee and the supervisor. Assess the reasonableness of other line items that are recorded in the salaries and benefit object level for the Program.
3. On a sample basis, obtain supporting documentation to verify that the expenditures recorded to the Program were incurred for the purposes of the Program.
4. Verify that net revenues at fiscal year-end (if any) are recorded to restricted fund balance in the accounting records established for the Program.
5. Obtain Program status reports required pursuant to California Government Code §27305 to report the current status of the Program. On a sample basis, verify whether documents contain SSNs. For documents that contain SSNs verify appropriate truncation and existence of original documentation.
6. Evaluate the reasonableness of the Recorder's computation of the estimate of ongoing costs of the Program as required by California Government Code §27361(d)(4).

Results

Social Security Number Truncation Program

Objective 1 - Determine whether fees collected are only used for the purposes of the Program

The results of our procedures support that fees collected were only used for the purposes of the Program, or were otherwise restricted to fund balance. Total fees collected from July 1, 2012 through June 30, 2017 were \$398,936 and total expenditures for the same period were \$226,143. Total restricted fund balance for the Program as of June 30, 2017 was \$252,831.

Objective 2 - Report on the progress of the Recorder in truncating recorded documents

We inquired with Program staff, reviewed Program status reports, and also reviewed a sample of recorded documents, and determined that all official records recorded from January 1, 1980 to present have a copy of the record in electronic format and SSNs contained in the record are truncated as required by Government Code §27301. Creation of the truncated electronic copy of all records from January 1, 1980 to present was completed as of April 7, 2017.

Objective 3 - Estimate the ongoing costs of compliance

Recorder staff estimate annual ongoing costs of the Program to be \$45,595. The estimated ongoing costs are comprised of the salary and benefit costs (including overhead) as well as current software maintenance costs. We reviewed contracts and other relevant documentation, such as salary rates and the average number of documents reviewed annually, used in the development of the estimate.

In addition to the \$45,595 of ongoing annual costs, the Recorder plans to repay a loan of \$131,651 after December 31, 2017, but before June 30, 2018. This loan was made from the Recorder Automation Program to cover the start-up costs of the Program.

Acknowledgement

Social Security Number Truncation Program

We appreciate the courtesy extended to us by the Recorder-Assessor office. If we can be of further assistance, please contact us at 568-2100.

Respectfully Submitted,

A handwritten signature in black ink that reads "Theo Fallati". The signature is written in a cursive style with a long horizontal flourish extending from the end of the name.

Theodore A. Fallati, CPA, CPFO
Auditor-Controller