

**County of Ventura**  
**AUDITOR-CONTROLLER**  
**MEMORANDUM**

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**To:** Honorable Mark A. Lunn, County Clerk and Recorder

**Date:** December 26, 2017

**From:** Jeffery S. Burgh

**Subject: AUDIT OF THE SOCIAL SECURITY NUMBER TRUNCATION PROGRAM  
FOR THE PERIOD JULY 1, 2013, THROUGH NOVEMBER 30, 2017**

In accordance with California Government Code Section ("GC §") 27361(d)(4) and Resolution No. 209 of the Board of Supervisors ("BOS"), we have completed our second and final audit of the Social Security Number Truncation Program (or "program") implemented by the County Clerk and Recorder ("CCR"). The results of our audit are summarized below.

#### **BACKGROUND**

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Assembly Bill 1168 was signed into law on October 13, 2007, to protect the public against the risk of identity theft by requiring local agencies to truncate social security numbers before disclosing records to the public. The law required the recorder of each county to establish a Social Security Number Truncation Program to create a "public record" version of each "official record" that contains a social security number. The "public record" is in electronic format and is an exact copy of the "official record" except that any social security number is truncated to display no more than the last four digits. These provisions apply to all documents recorded since January 1, 1980.

GC § 27301(a) required the recorder to create a public record version of each official record recorded between January 1, 1980, and December 31, 2008. GC § 27301(b) required the recorder to create a public record version of each official record recorded on or after January 1, 2009.

As allowed by GC § 27361(d)(1), the BOS authorized a \$1 increase in recording fees to fund the program with Resolution No. 209 on May 20, 2008. The recording fee increase became effective on July 2, 2008. According to GC § 27361(d)(3), the fee must not be charged beyond the term of repayment of a loan secured for implementation of the program. In any event, according to GC § 27361(d)(2), the fee must not continue after December 31, 2017, unless reauthorization is obtained by the BOS. To account for the fee, CCR established the Social Security Truncation Program Trust Fund (account N702-732N).

CCR was authorized by the BOS on July 22, 2008, to borrow \$1,204,056 from the Recorder's Automation Trust Fund (account N702-732J) to pay the approved vendor contract to truncate social security numbers in electronic official records back to 1935. The loan was to be repaid with interest over an estimated 6-year period from the proceeds of the fee.

The \$1 fee was discontinued by order of the BOS effective January 1, 2015.

## **SCOPE**

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Our overall audit objective was to determine whether CCR complied with GC § 27361(d) and accordingly with GC §§ 27300 through 27307 to fund and implement the Social Security Number Truncation Program for the period July 1, 2013, through November 30, 2017. Specifically, GC § 27361(d)(4) required that our review:

- verify that the funds generated by the fee were used only for the purpose of the program, as described in GC §§ 27300 through 27307, and for conducting our review;
- estimate any ongoing costs to CCR of complying with GC §§ 27301(a) and (b) for creating public record versions of documents recorded since January 1, 1980.

As our prior audit report dated December 30, 2013, for the period July 1, 2008, through June 30, 2013, confirmed that social security numbers were truncated in all electronic official records recorded between January 1, 1980, and December 31, 2008, no objective for this topic is required in the current audit.

We performed audit tests and evaluations using documents and records provided by CCR for the period July 2013 through December 2017. The audit was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by The Institute of Internal Auditors.

## **FINDINGS**

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Overall, we found that CCR complied with GC § 27361(d) and accordingly with GC §§ 27300 through 27307 to fund and implement the Social Security Number Truncation Program for the period July 1, 2013, through November 30, 2017. Specifically:

- We verified that the funds generated by the fee were used only to repay principal and interest on the loan from the Recorder's Automation Trust Fund for the purpose of the program. CCR collected \$1,190,957 in fees between July 2, 2008, and December 31, 2014, and we confirmed that CCR discontinued the fee effective January 1, 2015.

CCR repaid \$1,188,793 to the Recorder's Automation Trust Fund as of July 15, 2015, which was the amount invoiced by and paid to the vendor upon completion of the social security number truncation contract in September 2008. The remaining \$2,164 in fees was transferred to the Recorder's Automation Trust Fund in partial repayment of interest on the loan as of November 29, 2017.

- Our discussions with CCR management disclosed no ongoing costs of complying with GC § 27301(a) because this portion of the program has been completed. Ongoing costs of complying with GC § 27301(b) consisted solely of minimal staff time for redacting the limited number of newly recorded documents with social security numbers that are not already truncated. We estimated this ongoing cost at approximately \$100 annually.

This report does not contain findings requiring corrective action by CCR management.

Honorable Mark A. Lunn, County Clerk and Recorder

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We appreciate the cooperation and assistance extended by you and your staff during this audit.

cc: Honorable John C. Zaragoza, Chair, Board of Supervisors  
Honorable Peter C. Foy, Vice Chair, Board of Supervisors  
Honorable Steve Bennett, Board of Supervisors  
Honorable Linda Parks, Board of Supervisors  
Honorable Kelly Long, Board of Supervisors  
Michael Powers, County Executive Officer