

**COUNTY OF SUTTER**  
**AUDITOR – CONTROLLER DEPARTMENT**  
**INTERNAL AUDIT DIVISION**  
**SOCIAL SECURITY NUMBER TRUNCATION PROGRAM REVIEW**



**County of Sutter**  
**Nathan M. Black – Auditor-Controller**  
**Judith Hartney – Internal Auditor**

**SUTTER COUNTY AUDITOR CONTROLLER**  
**INTERNAL AUDIT DIVISION**  
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**FOR THE PERIOD JULY 1, 2013 THROUGH DECEMBER 1, 2017**

**Executive Summary**

Background

Assembly Bill 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 (known as "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 Section 27300) and for conducting these reviews. The reviews shall state the progress of the county recorder in truncating recorded documents pursuant to subdivision (a) of Section 27301, and shall estimate any ongoing costs to the county recorder of complying with subdivisions (a) and (b) of 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 review results shall be made available to the public."

On May 20, 2008, the Sutter County Board of Supervisors, by resolution, authorized the collection of an additional \$1 in County Recorder fees for recording the first page of every instrument, pursuant to AB 1168, Chapter 627, Government Code Section 27361(d)(1), effective June 1, 2008. This additional \$1 fee collected is to be deposited into a special fund used solely by the County Recorder for the purpose of the Social Security Truncation Program. The fee collection will sunset after December 31, 2017, unless reauthorized by the Board.

By the same resolution, the Sutter County Board of Supervisors also requested the County Auditor-Controller to conduct two reviews to verify that the funds generated by this fee are used only for the purpose of the Social Security Truncation Program within the time frames provided under Government Code Section 27361(d)(4).

### Objective

The objective of this Agreed Upon Procedures review is to verify that the funds generated by this fee are used for the purpose of the program, as described in Article 3.5 (commencing with Section 27300) and for conducting these reviews. In addition, it will report on the progress of the County Recorder in truncating recorded documents pursuant to subdivision (a) of Section 27301, and will estimate any ongoing costs to the County Recorder of complying with subdivisions (a) and (b) of Section 27301.

### Scope

The second review covered the period from July 1, 2013 through December 1, 2017. This review period begins where the first review ended, June 30, 2013. The review indicated that the Recorder utilizes DFM Associates' Recorder Information and Image Management System (known as "RiiMS") software in collection of filing fees, which tabulates the fees and segregates the various fees. This system is a comprehensive and complex integrated suite of document recording and imaging tools aimed at County Recorders looking for streamlined and improved office workflow. The RiiMS system contains sufficient internal controls to access and prevent misapplications. Since we did not audit the RiiMS control environment, with inherent risk assessed at low, control risk at maximum, and low detection risk, 70 business days were randomly selected for review, with a zero error tolerance. Expenditures from funds collected for the SSNTP included payments for personnel. A summary report on expenditures was reviewed and both transactions were selected for review.

### Conclusion

Our review confirmed that all funds generated from the SSNTP have been used solely for the SSNTP. Between July 1, 2013 and December 1, 2017, \$88,707.15 was collected from the SSN Truncation Fee and all expenditures, totaling \$13,627.13, pertained solely to the program for personnel costs, treasury fees and mark to market adjustments.

The Clerk-Recorder has used DFM Associates RiiMS software for the County recording system. Documents recorded since January 1995 have been stored digitally using this software. The software

was upgraded to help recorder staff redact all records from January 1995 to present. However, documents recorded prior to January 1995 were stored on microfilm. In order to redact the social security numbers from these documents, the Clerk-Recorder is in the process of getting bids from several companies to put this film into redacted digital images. After imaging and redaction, staff will perform the required indexing to make the documents searchable and accessible.

The Recorder's office estimates total ongoing costs to complete the truncation project to be \$339,000 to cover the expenses of the social security number truncation for all documents recorded January 1980 to December 1994. This will be accomplished in four phases, with a third-party vendor performing the initial, second and third phases while staff will perform the fourth phase. The first phase will include scanning and imaging all 35mm and 16mm microfilm. The second phase will include automated and manual truncating of any social security numbers contained in the images. The third phase will be to index the now truncated images into a searchable database. The final stage will be staff reviewing and verifying truncated and indexed records are correct. Documents received that include social security numbers will be redacted on an ongoing basis. The cash balance as of December 1, 2017 was \$131,317.08 and must be used towards ongoing costs to complete the truncation project.

#### Distribution

Donna M. Johnston, County Clerk-Recorder

Marie Smart, Assistant County Clerk-Recorder

Audit Team:

Nathan M. Black, CPA, County Auditor-Controller

Judith Hartney, CFE, Internal Auditor

Issued this 28<sup>th</sup> day of December, 2017

Sincerely,

Nathan M. Black, CPA  
Sutter County Auditor-Controller