



County of Yolo

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DEPARTMENT OF FINANCIAL SERVICES

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- Financial Strategy Leadership
- Budget & Financial Planning
- Treasury & Finance
- Tax & Fee Collection
- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit
- Procurement

December 21, 2017

Jesse Salinas, Assessor/Clerk-Recorder/Registrar of Voters
625 Court Street, Room B01
Woodland, CA 95695

Re: Social Security Number Truncation Program Review

Dear Mr. Salinas:

We have performed the procedures as agreed upon in our engagement to assist the County with respect to compliance with Government Code Section 27361 (d) (4) for the review of the social security number (SSN) truncation program for the period of December 1, 2013 to September 30, 2017.

The Clerk-Recorder is responsible for compliance with the above noted Government Code section. The agreed upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified user of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

1. Document the Clerk-Recorder's progress in truncating SSNs on recorded documents.

Results: On July 15, 2008, the Clerk-Recorder entered into a contract agreement with AtPac to perform the truncation of social security numbers for documents recorded between January 1980 and December 2008 and to provide an imaging software server to redact documents going forward. In March 2017, AtPac sold their corporation's assets and assigned all software licenses and service agreements to SouthTech Systems, Inc. (SouthTech).

Day forward redaction (documents recorded after December 2008)

"ID Shield" is the automated redaction server provided by AtPac that redacts documents at the time of recording. The documents recorded are sent through the redaction server to identify social security numbers. The Clerk-Recorder's staff reviews the documents, confirms redaction, and indexes the document to be integrated into the Clerk-Recorder's Imaging Information System (CRiis) to become a public record.

Backfile Redaction (documents recorded between January 1980 and December 2008)

Approximately 1.08 million documents were submitted to AtPac for backfile redaction. The documents were converted to an electronic version and processed through an automatic redaction. AtPac identified 13 document types with a high error rate (approximately 98,000 documents). These documents were submitted to Computing System Innovations (CSI) for a second redaction. Furthermore, the Clerk-Recorder voluntarily entered into a quality control project among staff to help AtPac review 100% of the error type documents to produce a higher level of accuracy. However, the project was suspended by both the Clerk-Recorder and AtPac in late year 2013 without retention of supporting documentation of the results and procedures performed.

As of December 7, 2017, there were 25,867 remaining documents that were not processed by AtPac and that are pending for staff quality control review.

Considerations: The Clerk-Recorder should consider completing the truncation of the documents that were unprocessed by AtPac for the backfile redaction. Quality control review should also be performed and documented to ensure that the redaction has a high rate of accuracy.

2. Verify that the fee collected for the SSN truncation program has been properly accounted for in the Clerk-Recorder's accounting records and deposited properly within the County treasury.

Results: The Clerk-Recorder has an established special revenue fund for the accounting of the truncation program fiscal activity. During the audit period, SSN truncation fees collected were \$139,786 and interest earned totaled \$2,666. The auditors traced the fees collected to the Clerk-Recorder's recording and accounting records. Procedure performed with no exception.

Considerations: None.

3. Select a sample of expenditure transactions during the audit period and determine that expenditures are for the sole purpose of the SSN truncation program.

Results: The auditors reviewed the expenditure transactions recorded for the SSN truncation program during the audit period and noted that the invoices for the redaction server license were approved by staff instead of an authorized official on file with the Department of Financial Services records. In addition, salaries and employee benefits were not properly allocated to the program. The Chief Deputy Clerk-Recorder performed a salary fee study and estimated salaries to be \$61,156 during the 4-year audit period, but only charged the program \$27,500 for fiscal years 2013-14 and 2014-15.

The auditors also performed a review of the payments made to AtPac to determine that the deliverables were received from the contractor as in accordance with the contract provisions. The total amount paid to AtPac for redaction services and licensing from July 1, 2008 to September 30, 2017 was \$187,676 as stated below:

Project Name	Description	Fiscal Years	Total Amount Paid
Backfile Redaction	Redaction of sensitive personal information from Official Records that have been digitized for documents recorded between 1/1/1980 to 12/19/2008	2008-09 and 2009-10	\$97,903
Day Forward Redaction	License of redaction server to automatically redact documents recorded after 12/19/2008	2008-09 to 2017-18 (as of 9/30/2017)	\$89,773
Total			\$187,676

However, services for the backfile redaction were paid in full before the project was completed. In addition, the total image pages that were billed by the vendor did not agree to the Clerk-Recorder records.

Considerations: The Clerk-Recorder should consider reviewing their process over the contract monitoring and payment of invoices to ensure that the deliverables are received from the contractor and an invoice review is properly documented. The Clerk-Recorder should also consider reviewing their records for the total image pages submitted for redaction, confirm the deliverables received and reconcile to the payments made to AtPac. Salaries and employee benefits should also be recorded for the actual time spent on the program.

4. Select a sample of recorded documents that would have had social security numbers and determine if the SSN truncation was performed in accordance with code.

Results: The Clerk-Recorder had 2,277 documents redacted during the audit period from December 2013 to September 2017. The auditors selected 30 documents and traced them to the public access point of the electronic documents and determined that social security numbers contained in the records were truncated as required by law.

The auditors also selected a sample of documents recorded between January 1980 and December 2008 and found that social security numbers had not been truncated. Out of 189 documents reviewed that contained social security numbers, only 73% of the documents were properly truncated, 24% of the documents were not truncated, and 3% were incorrectly truncated. Also, the sample included document types that did not go through the quality control project because AtPac considered them to have a high accuracy rate.

Considerations: The Clerk-Recorder should consider reviewing the documents recorded during the period of January 1980 to December 2008 and continue its efforts to truncate social security numbers included in those documents as required by law. The Clerk-Recorder should also consider reviewing the accuracy of other document types that were not included on the quality control project.

5. Review and document the Clerk-Recorder's estimated ongoing costs for the SSN truncation program to comply with GC27301.

Results: The expenditures related to the SSN truncation program from January 2008 to September 2017 were \$246,080 for redaction services, audit fees, salaries, and software licensing.

On December 12, 2017, the Clerk-Recorder received reauthorization by the Board of Supervisors to continue collecting the additional fee of one dollar (\$1.00) for the first page of every recorded document. The fee is to be used for the implementation of Senate Bill 184 to redact documents prior to January 1, 1980. The estimated ongoing costs of complying with the program is undetermined.

Considerations: None.

We were not engaged to, and did not; conduct an audit, the object of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such as opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is prepared for use by the Assessor/Clerk-Recorder/Registrar of Voters department and management, Department of Financial Services and Yolo County Board of Supervisors. However, it may be distributed to other interested parties.

We appreciate the timely and professional responses provided by the Clerk-Recorder management and staff to our requests for information.

Sincerely,



Mary E. Khoshmashrab, MSBA, CPA
Internal Audit Manager
County of Yolo

cc: Patrick Blacklock, Yolo County Administrator
Howard Newens, CIA, CPA, Yolo County, Chief Financial Officer

Schedule of Prior Report Findings

Summarized below is the current status of all audit findings reported in the Clerk-Recorder Social Security Number Truncation Program Review report dated December 27, 2013:

Finding Title	Finding Description	Status of Corrective Action
Un-truncated social security numbers	Review the documents that have been redacted for the period of January 1, 1980 through December 19, 2008; continue its efforts to truncate social security numbers included in those documents as required by law; and complete the review of the 26,000 documents that are pending in the quality control project.	<p>Not Implemented.</p> <p>According to the Chief Deputy Clerk-Recorder, the backfile redaction was completed sometime in 2014.</p> <p>As of December 7, 2017, there were unprocessed documents for the backfile redaction</p>
Program expenditures	Record salaries and services for the actual time spent on the program; make an adjustment in the general ledger for contracted information technology services recorded under the incorrect fund; and obtain reimbursement from AtPac for the amount paid for sales tax on automatic data processing services.	<p>Not Implemented.</p> <p>The Chief Deputy Clerk-Recorder developed a salary fee study to factor salary expenditures based on the average time spent in the redaction process.</p> <p>The amount charged to the program for salaries and services was based on an estimate instead of the amount calculated on the salary fee study.</p> <p>An adjustment in the general ledger of \$36,363 for program expenditures recorded under the Clerk-Recorder's general fund instead of the SSN truncation fund was not performed.</p> <p>A reimbursement from AtPac for sales tax on automatic data processing services was not obtained.</p>



Yolo County Clerk/Recorder

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MEMORANDUM

TO: Mary E. Khoshmashrab, MSBA, CPA
Internal Audit Manager
County of Yolo Department of Financial Services

FROM: Jesse Salinas Assessor/Clerk-Recorder/Registrar of Voters

DATE: December 21, 2017

AUDIT Work: Social Security Number Truncation Program Review for the period of
December 1, 2013 to September 30, 2017

SUBJECT: Responses to Audit Report

In response to the Social Security Number Truncation Program Review for the period of December 1, 2013 to September 30, 2017, our comments are provided below:

Procedure 1: Document the Clerk-Recorder's progress in truncating SSNs on recorded documents.

Results: On July 15, 2008, the Clerk-Recorder entered into a contract agreement with AtPac to perform the truncation of social security numbers for documents recorded between January 1980 and December 2008 and to provide an imaging software server to redact documents going forward. In March 2017, AtPac sold their corporation's assets and assigned all software licenses and service agreements to SouthTech Systems, Inc. (SouthTech).

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Backfile Redaction (documents recorded between January 1980 and December 2008)

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As of December 7, 2017, there were 25,867 remaining documents that were not processed by AtPac and that are pending for staff quality control review.

- a. Management position concerning the results:

Concur Do not concur

- b. Management comments:

We agree with the results. We would like to stipulate that QC program was not completed due to lack of follow through on both parties involved.

Considerations: The Clerk-Recorder should consider completing the truncation of the documents that were unprocessed by AtPac for the backfile redaction. Quality control review should also be performed and documented to ensure that the redaction has a high rate of accuracy.

- a. Management position concerning the consideration:

Concur Do not concur

- b. Management comments:

The vendor has recently transferred the remaining documents to be reviewed from the old system server to the current one. Staff will coordinate with vendor to ensure that the documents are able to be reviewed and the proper procedure to use if documents need to be processed further.

- c. Actual / estimated Date of Corrective Action: Depending on staff availability to work on this side project, June 30, 2018.

Procedure 3: Select a sample of expenditure transactions during the audit period and determine that expenditures are for the sole purpose of the SSN truncation program.

Results: The auditors reviewed the expenditure transactions recorded for the SSN truncation program during the audit period and noted that the invoices for the redaction server license were approved by staff instead of an authorized official on file with the Department of Financial Services records. In addition, salaries and employee benefits were not properly allocated to the program. The Chief Deputy Clerk-Recorder performed a salary fee study and estimated salaries to be \$61,156 during the 4-year audit period, but only charged the program \$27,500 for fiscal years 2013-14 and 2014-15.

The auditors also performed a review of the payments made to AtPac to determine that the deliverables were received from the contractor as in accordance with the contract provisions. The total amount paid to AtPac for redaction services and licensing from July 1, 2008 to September 30, 2017 was \$187,676 as stated below:

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Total			\$187,676

However, services for the backfile redaction were paid in full before the project was completed. In addition, the total image pages that were billed by the vendor did not agree to the Clerk-Recorder records.

a. Management position concerning the results:

Concur Do not concur

b. Management comments:

We agree with the figures stated above.

Considerations: The Clerk-Recorder should consider reviewing their process over the contract monitoring and payment of invoices to ensure that the deliverables are received from the contractor and an invoice review is properly documented. The Clerk-Recorder should also consider reviewing their records for the total image pages submitted for redaction, confirm the deliverables received and reconcile to the payments made to AtPac. Salaries and employee benefits should also be recorded for the actual time spent on the program.

a. Management position concerning the consideration:

Concur Do not concur

b. Management comments:

Following issuance of the "Final" report, ACE will reach out to the vendor to confirm the correct document counts, verify the billing, and seek a refund if one is due. ACE is also aware of the need to establish an effective policy to implement item G-11 "Contract Monitoring and Reporting" stated in the Administrative Policies and Procedures Manual, Number 74, "Contracting & Purchasing Policies". In the past ACE has not fully used allocated funds from the SSN Trust Fund. They were determined to be not needed due increased received revenue into the department. Management acknowledges that the funds are expressly for this program

and should be used to in order for the accounting of the program cost to be as accurate as possible.

- c. Actual / estimated Date of Corrective Action: March 30, 2018

Procedure 4: Select a sample of recorded documents that would have had social security numbers and determine if the SSN truncation was performed in accordance with code.

Results: The Clerk-Recorder had 2,277 documents redacted during the audit period from December 2013 to September 2017. The auditors selected 30 documents and traced them to the public access point of the electronic documents and determined that social security numbers contained in the records were truncated as required by law.

The auditors also selected a sample of documents recorded between January 1980 and December 2008 and found that social security numbers had not been truncated. Out of 189 documents reviewed that contained social security numbers, only 73% of the documents were properly truncated, 24% of the documents were not truncated, and 3% were incorrectly truncated. Also, the sample included document types that did not go through the quality control project because AtPac considered them to have a high accuracy rate.

- a. Management position concerning the results:

Concur Do not concur

- b. Management comments:

We agree with the findings above. We would very much like to see a higher truncation rate of success.

Considerations: The Clerk-Recorder should consider reviewing the documents recorded during the period of January 1980 to December 2008 and continue its efforts to truncate social security numbers included in those documents as required by law. The Clerk-Recorder should also consider reviewing the accuracy of other document types that were not included on the quality control project.

- a. Management position concerning the consideration:

Concur Do not concur

- b. Management comments:

This will be considered an "extra project" to done by staff as time permits. Staff would use a time accounting to track how long they are on the project. This would be used at the end of the fiscal year to determine costs out of the SSN Trust Fund. Staff should also re-examine which documents typically have SSN's and seek to review different document types outside of the range initially used in the QC project. When the Recorder moves to a new system for document management, it

should consider the redaction system used and if it can be implemented to easily sample and fix any documents.

- c. Actual / estimated Date of Corrective Action: Staff could begin sampling documents following the QC of the Backfile. A procedure would need to be established with the vendor in order to address and documents found to need redaction. The department expects to seek a RPF for a new system to in January 2018. Estimated implementation would be 6-8 months. Any new project in a new system would not occur until then.