



**Mecklenburg County
Department of Internal Audit**

Mecklenburg County Sheriff's Office
Gun Permitting Audit
Report 1969

December 11, 2019

Internal Audit's Mission

To support key stakeholders in cultivating an environment of accountability, transparency, and good governance.

Internal Audit Contacts

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Staff**Acknowledgements**

Frank Crutchfield, CIA, CISA, CRMA, Auditor-in-Charge

**Obtaining Copies of
Internal Audit Reports**

This report can be found in electronic format at
<https://www.mecknc.gov/audit/reports/pages/default.aspx>



MECKLENBURG COUNTY
Department of Internal Audit

To: Garry L. McFadden, Sheriff
Mecklenburg County Sheriff's Office

From: Joanne Prakapas, Director
Department of Internal Audit

Date: December 11, 2019

Subject: Sheriff's Office Gun Permitting Audit Report 1969

The Department of Internal Audit has completed its audit of the Sheriff's Office Gun Permitting process to determine whether internal controls effectively manage key business risks inherent to this activity. Internal Audit interviewed key personnel; reviewed and evaluated policies, procedures, and other documents; observed operations; and tested various gun permitting activities from July 1, 2015 through September 30, 2018.

This audit was conducted in conformance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

OVERALL EVALUATION

Overall, the management of key risks inherent to the gun permitting processes were managed to an acceptable level; however, opportunities exist to improve the design and operation of some control activities.

RISK OBSERVATION SUMMARY

The table below summarizes the risk observations identified during the audit, grouped by the associated risk factor, and defined in Appendix A. The criticality or significance of each risk factor, as well as Internal Audit’s assessment of the design and operation of key controls to effectively mitigate the risks, are indicated by the color codes described in Appendix B.

RISK OBSERVATION SUMMARY			
Risk Factors and Observations	Criticality	Design	Operation
1. Policies and Procedures Risk	●	●	●
1.1 Formal Documentation			
2. Compliance Risk	●	●	●
2.1 Notification Timeliness 2.2 Two-level Review			
3. Segregation of Duties	●	●	●
No risk observations noted			
4. Documentation Risk	●	●	●
No risk observations noted			
5. Human Resources Risk	●	●	●
No risk observations noted			

The risk observations and management’s risk mitigation strategies defined in Appendix C are discussed in detail in the attached document. Internal Audit will conduct a follow-up review to verify management’s action plans have been implemented and are working as expected.

We appreciate the cooperation you and your staff provided during this audit. Please feel free to contact me at 980-314-2889 if you have any questions or concerns.

C: County Manager
 Assistant County Managers
 County Attorney
 Deputy County Attorney
 Board of County Commissioners
 Audit Review Committee

BACKGROUND

The Sheriff's Office mission is "to protect the citizens of Mecklenburg County by operating professional and secure rehabilitative detention facilities; enforcing civil and criminal laws; providing outstanding public service with integrity; and upholding the constitutionality of the Sheriff's Office." The Sheriff's Office vision is to be "recognized as a leading and professional organization committed to customer service and improving the quality of life in our community." The Permits and Registration Services Division (the Division) operates in accordance with the mission and vision of the Sheriff's Office.

Organization

The Permit and Registration Services Division is responsible for administering gun permits and revocations. The Division is managed by the senior fiscal administrator and permits and registration services manager. They ensure all federal- and State-mandated procedures have been conducted in accordance with North Carolina General Statutes (NCGS). The gun permitting processing activity objectives are to:

- Timely process gun permits
- Ensure permits are given to eligible applicants only
- Comply with federal, State, and/or County permitting process requirements
- Provide excellent customer service

Permit Processing

County residents can apply to the Sheriff's Office for two types of gun permits: a pistol purchase permit (PPP) and a concealed handgun permit (CHP). A PPP enables a resident to purchase a handgun, whereas a CHP enables a resident to carry and conceal a handgun on their person.

In order to initiate a gun permit application, the applicant submits the application online into the Sheriff's data management system. The applicant then physically signs an Administrative Order of Court (AOC) authorization form allowing the Clerk of Court to release mental health findings.

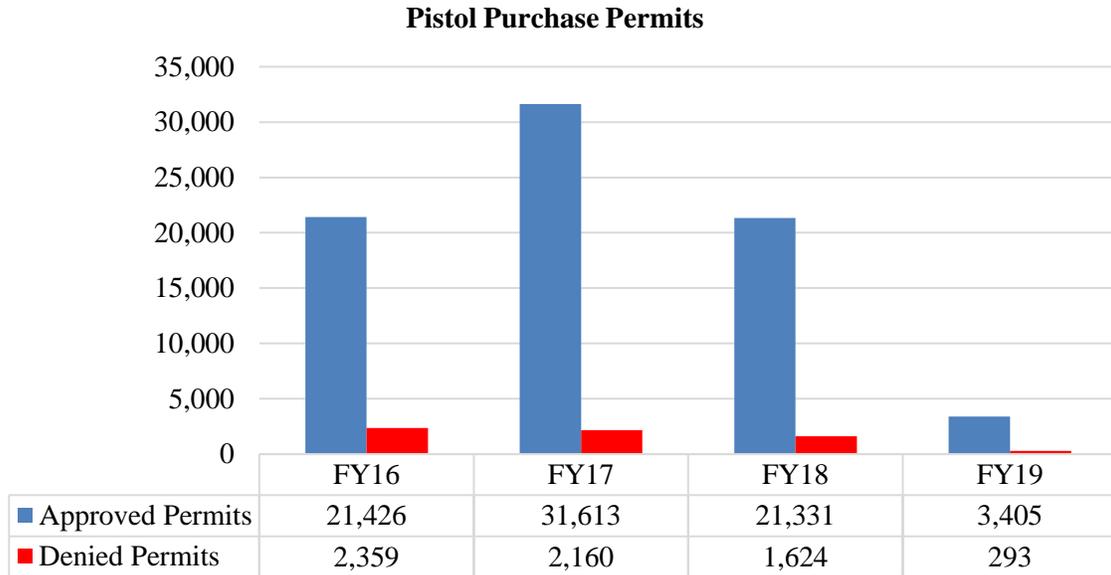
The background check is conducted at the federal, State, and local levels to ensure there is nothing that would make the applicant ineligible for a permit. Both PPP and CHP applications are forwarded to the Clerk of Superior Court, and CHP applications are also sent to third-party mental health providers to supply any mental health assessments.

Division staff conducts a second local background check. They also review all submitted permit applications and background checks to verify applicant data is accurate, and confirm the initial decision to accept or deny a permit application.

The second reviewer contacts the PPP applicant via a system-generated email to provide him or her of the decision to approve or deny the gun permit request. The second reviewer sends CHP approved permits to the State of North Carolina so the permit can be printed and returned to the Division. Once the permit is received, staff contacts the CHP applicant to pick up their permit. If a CHP application is not approved, the second reviewer sends a system-generated email of the decision, the reason for denial, and the information source upon which the decision for denial was made.

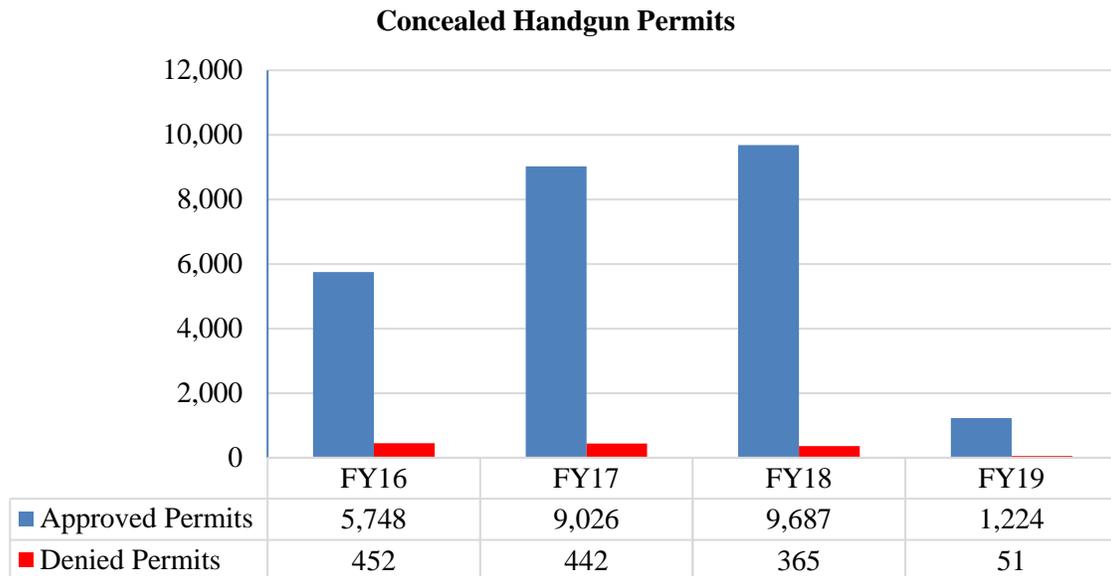
Per NCGS §14-404, the PPP applicant must be notified of the final gun permitting decision within 14 days of the application date. Per NCGS §14-415, the CHP applicant must be notified within 45 days from the time the Division receives all application materials.

The following chart shows the number of pistol purchase permits approved and denied by fiscal year.¹



Source: Permits & Registration Reports by Fiscal Year, unaudited

The following chart shows the number of concealed handgun permits approved and denied by fiscal year.¹



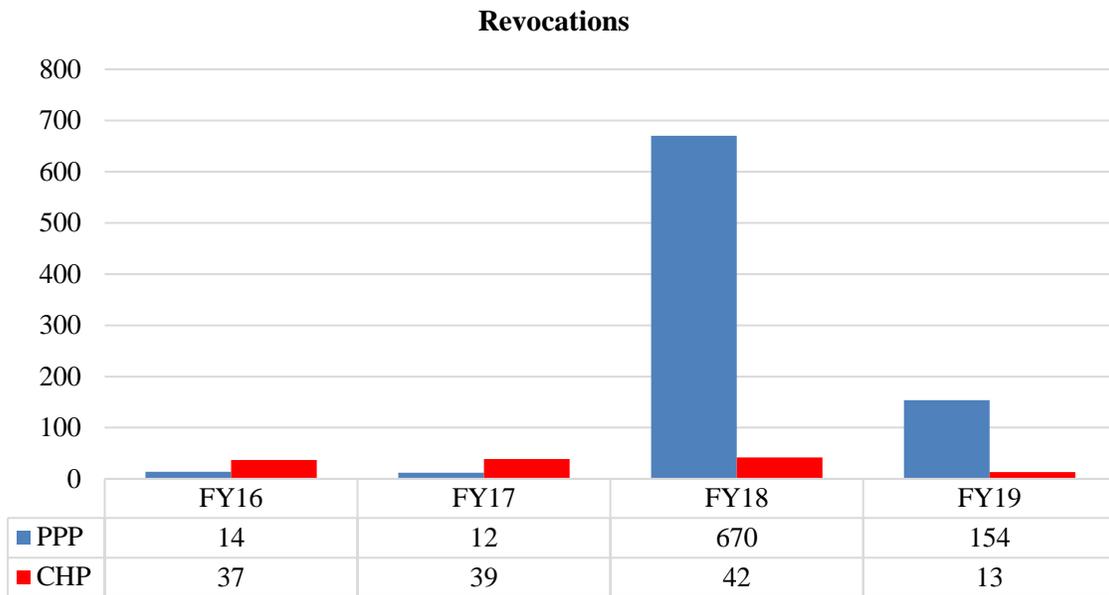
Source: Permits & Registration Reports by Fiscal Year, unaudited

¹ Fiscal Year 2019 data is for the period of July 1, 2018 through September 30, 2018 only.

Revocations

Division staff compares existing gun permit holders against new offender lists generated daily by a third-party to determine if any event or condition occurred that now disqualifies them from having a permit. Under NCGS §14-404, the Sheriff's Office must provide written notice to the gun permit holder that the permit is revoked upon notice. Division staff typically delivers the revocation letter via a deputy sheriff. Permits surrendered to the deputy sheriff or returned by the permit holder are recorded in the Sheriff's data management system.

The following chart shows the number of permits revoked by fiscal year and type.²



Source: Permits & Registration Reports by Fiscal Year, unaudited

Staff Training

Division training officers train new staff on gun permitting activities. Training documentation is maintained in each employee's file, indicating the gun permitting activity reviewed and the employee and trainer signatures. The permits and registration services manager monitors and maintains the training to ensure new hires complete the required training.

² Fiscal Year 2019 data is for the period of July 1, 2018 through September 30, 2018 only.

COUNTY MANAGER’S OVERALL RESPONSE

The County Manager concurs with all risk mitigation strategies and timeframes for implementation.

RISK OBSERVATIONS AND MITIGATION STRATEGIES

Risk Factor	Criticality	Design	Operation
1. Policies and Procedures Risk	●	●	●

Risk Observation

1.1 Formal Documentation—While the Division has formal, documented policies and procedures for the gun permitting process, some procedures did not always reflect current and/or best practices. Yet, policies and procedures are important control activities to help ensure management’s directives are carried out while mitigating risks that may prevent the organization from achieving its objectives.

Recommendation

1.1 Internal Audit recommends management update the Division’s procedures, and train staff accordingly. The updates should include at a minimum:

- Policy and procedure review frequency
- Communication of procedural updates
- Staff roles and responsibilities
- Segregation of duties
- Staff training requirements
- Applicable federal and State requirements

Management’s Response

1.1 **Risk Mitigation Strategy:** Reduce **Implementation Date:** November 2019

Action Plan: The Sheriff’s Office will refine procedures accordingly including documenting review frequency and communicate to staff.

Risk Factor	Criticality	Design	Operation
2. Compliance Risk	●	●	●

Risk Observations

2.1 Notification Timeliness—The Division did not have a process to ensure that PPP and CHP applicants were notified within 14 and 45 days respectively, as required by State statute. As a result, 13 out of 33 or 39% of PPP applicants sampled received notification in excess of 14 days of the permit application date. In addition, 11 out of 39 or 28% of CHP applicants sampled had received

notification in excess of 45 days from the date all application materials, including the mental health assessments, were received by the Division.

- 2.2 Two-level Review—Four out of 39 or 10% of CHP applications sampled did not have a two-level review to ensure all applications are correct and final permit application decisions are confirmed by a second reviewer. As a result, gun permits could be inappropriately provided.

Recommendations

- 2.1 Internal Audit recommends management reemphasize to staff, including external parties involved in the process, the importance of notifying permit applicants in a timely manner. In addition, management should continue to seek strategies that will increase the timeliness of notifications to the permit applicants, and formally assess the permit notification process, identifying and documenting root causes for notification delays, and developing improvement action plans.
- 2.2 Internal Audit recommends management implement a process to ensure all permit applications have a two-level review.

Management's Responses

- 2.1 **Risk Mitigation Strategy:** Reduce **Implementation Date:** November 2019

Action Plan: The Sheriff's Office has procedures in place to ensure applications are processed timely and accurately. We will continue to review processes to determine root causes for processing delays as this has a direct impact on timely notification. We are dependent on other agencies to ensure timeliness as well and will continue to work with those entities if delays occur. Since June of 2016 we have communicated with the Clerk of Courts Office to advise when processing times negatively impacted the Sheriff's Office ability to comply with the 14-day requirement. Since September 5, 2017, a weekly notification has been sent to the Clerk's Office with a status update of applications pending their review. We will continue to refine our processes working with our partners to emphasize statutory requirements. If we determine a systemic issue, working together, we will implement an action plan to address.

- 2.2 **Risk Mitigation Strategy:** Reduce **Implementation Date:** November 2019

Action Plan: The Sheriff's Office, working with our vendor, will do periodic reviews of the data to ensure the two-level review process is followed.

APPENDIX A—Risk Factor Definitions

Risk Factor	Definition
Compliance Risk	Failure to comply with established policies, procedures, and/or statutory requirements may result in unacceptable performance that impacts financial, operational, or customer objectives.
Documentation Risk	Failure to adequately collect, file, and retain key documentation may result in lack of accountability and /or evidence of inspection information and support.
Policies and Procedures Risk	Failure to have formal, documented, clearly stated, and updated policies and procedures may result in poorly executed processes and/or increased operating costs.
Human Resource Risk	Failure to attract, train, develop, deploy, and/or empower competent personnel may inhibit the organization's ability to execute, manage, and monitor key business activities.
Segregation of Duties Risk	Failure to adequately segregate duties may allow an employee or group of employees to perpetrate and conceal errors or irregularities without timely detection.

APPENDIX B—Color Code Definitions

The criticality of a risk factor represents the level of potential exposure to the organization and/or to the achievement of process-level objectives before consideration of any controls in place (inherent risk).

Criticality	Significance and Priority of Action
	The inherent risk poses or could pose a significant level of exposure to the organization and/or to the achievement of process level objectives. Therefore, management should take immediate action to address risk observations related to this risk factor.
	The inherent risk poses or could pose a moderate level of exposure to the organization and/or to the achievement of process level objectives. Therefore, management should take prompt action to address risk observations related to this risk factor.
	The inherent risk poses or could pose a minimal level of exposure to the organization and/or to the achievement of process level objectives. Risk observations related to this risk factor, however, may provide opportunities to further reduce the risk to a more desirable level.

The assessment of the design and operation of key controls indicates Internal Audit’s judgment of the process and system design to mitigate risks to an acceptable level.

Assessment	Design of Key Controls	Operation of Key Controls
	The process and system designs do not appear to be adequate to manage the risk to an acceptable level.	The operation of the process’ risk management capabilities is not consistently effective to manage the risk to an acceptable level.
	The process and system designs appear to be adequate to manage the risk to an acceptable level. Failure to consistently perform key risk management activities may, however, result in some exposure even if other tasks are completed as designed.	The operation of the process’ risk management capabilities is only partially sufficient to manage the risk to an acceptable level.
	The process and system designs appear to be adequate to manage the risk to an acceptable level.	The operation of the process’ risk management capabilities appears to be sufficient to manage the risk to an acceptable level.

APPENDIX C—Risk Mitigation Strategy Definitions

Risk Mitigation Strategy	Definition
Reduce	Risk response where actions are taken to reduce a risk or its consequences.
Accept	Risk response where no action is taken to affect the risk.
Transfer	Risk response where a portion of the risk is transferred to other parties.
Avoid	Risk response to eliminate the risk by avoiding or withdrawing from the activity giving rise to the risk.