

Sonoma County

Auditor-Controller-Treasurer-Tax Collector

Internal Audit Report

# Contract Compliance Audit: Sonoma County Sheriff's Office Concealed Carry Weapon Licenses

For the Fiscal Year Ended  
June 30, 2023

Engagement No: 3467  
Report Date: March 28, 2024



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Auditor-Controller-Treasurer-Tax Collector

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## Executive Summary

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The Internal Audit Division of the Sonoma County Auditor-Controller-Treasurer-Tax Collector's Office (Internal Audit) audited fees charged for the Sonoma County Sheriff's Office Concealed Carry Weapon (CCW) licenses.

The Sheriff's Office has an operating agreement (Agreement) with Permitium (the Vendor), to host and maintain PermitDirector, an online CCW license application, payment, and processing system. The Vendor collects all fees, from individuals applying for a CCW license and remits the fees to the Sheriff's Office, less Vendor and credit card processing fees.

The objectives of this audit were to determine whether:

- Amounts remitted to the Sheriff's Office are in accordance with the Agreement between the County of Sonoma and the Vendor, and
- CCW license fees charged by the Vendor agree with the Sheriff's Office CCW fee schedule.

Internal Audit found that the CCW fees, for the fiscal year 2022-2023, remitted to the Sheriff's Office by the Vendor, complied with the Agreement. The CCW fees, specifically amounts remitted to the Sheriff's Office, Vendor processing fees and credit card fees, were calculated accurately and supported by the Vendor's database.

CCW fees were generally charged in accordance with the Sheriff's Office CCW fee schedule, except for a final application fee which was not updated in PermitDirector at the start of the fiscal year 2022-2023. The final application fee increased from \$290.40 in the fiscal year 2021-2022 to \$293.60 in the fiscal year 2022-2023 fee schedule. The impact of the final application fee error was small. We tested 6 months of transactions and identified approximately \$700 in undercharged CCW fees. The final application fee was corrected in PermitDirector in February 2023, hence a recommendation was not considered necessary.

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## Introduction and Background

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### Introduction

We audited the fees charged for the Sonoma County Sheriff's Office Concealed Carry Weapon (CCW) licenses. We conducted the audit in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*. These standards require that we identify, analyze, evaluate, and document sufficient information and evidence to achieve our audit objectives. We believe that the evidence obtained during this audit provides a reasonable basis for the results contained in our report.

The primary purpose of our engagement is to furnish management with independent and objective analyses, recommendations, and other information concerning the activities reviewed. The audit report is a tool to help management identify areas that do not meet the Standards and implement improvements.

### Background

Section 21150 and 26155 of the California Penal Code authorizes the Sheriff to issue CCW licenses. Sheriff's Office Policy 207 provides a written process for the application and issuance of CCW licenses. The CCW license application process consists of two phases, applicants must successfully complete the first phase of the process before advancing to the second phase. The Sheriff's Office engaged Permittium (Vendor) to host and maintain PermitDirector, an online CCW permit application, payment, and processing system. The Vendor has configured PermitDirector to meet the Sheriff's Office's unique requirements. The Vendor provides training and ongoing system support as well as collects CCW application fees, Vendor fees, and credit card processing fees according to the CCW fee schedule and the Agreement.

Vendor fees and credit card fees are established by the Agreement and are generally modified when a new Agreement is reached. A new Agreement went into effect March 2023. CCW application fees are generally updated annually and become effective on July 1<sup>st</sup> of each fiscal year. Applicants are required to pay 20% of the Sheriff's portion of the CCW fee for the first phase and the remaining 80% for the second and final phase. The fees for the CCW licenses are listed below:

#### **Sheriff's Office and Department of Justice Fees**

- a.) For the period July 1, 2022 through June 30, 2023 the Sheriff's Office portion of the CCW application fee was \$367. The Department of Justice live scan fingerprint fee was \$117.

#### **Vendor and Credit Card Fees**

- b.) For the period July 2022 through February 2023 the Vendor fee was \$3 per transaction. The credit card fee was \$0.30 per transaction plus 2.9% of the total transaction.
- c.) For the period March 2023 through July 2023 the Vendor fee was \$4 per transaction. The credit card fee was \$0.30 per transaction plus 3.3% of the total transaction.

A statement detailing all credit/debit card transactions, along with a check for the Sheriff's Office and Department of Justice fees, is remitted to the Sheriff's Office by the 15<sup>th</sup> of the following month.

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## Objectives, Scope and Methodology

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### Objectives

The objectives of this audit were to determine whether:

- Amounts remitted to the Sheriff's Office are in accordance with the Agreement between the County of Sonoma and the Vendor, and
- CCW license fees charged by the Vendor agree with the Sheriff's Office CCW fee schedule.

### Scope

- A review of the Sheriff's Office CCW licensing policy, the Agreement, and CCW fee schedule, to update our knowledge of the operating environment and to identify changes in CCW fees, credit card fees and vendor fees.
- A risk analysis to identify significant risks of noncompliance with policies, procedures, or laws; loss or misuse of assets; and inefficiencies in processes.
- A review and evaluation of internal controls designed to ensure compliance with the above requirements and to adequately reduce the risks identified.
- Tests of compliance to gain assurance that the internal control system is functioning as intended and is achieving its design objectives.

### Methodology

For July 1, 2022 through June 30, 2023, we tested CCW fees, credit card fees, and Vendor fees for compliance with the Agreement and the CCW fee schedule. We performed walkthroughs and reviews of key internal controls. The walkthroughs included reviewing relevant documentation and interviews of Sheriff's Office staff involved in the processes under audit. In addition, we tested a sample of refunds to determine whether appropriate Sheriff's Office approval was obtained for refunds issued by the Vendor.

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## Results

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### Results

**The CCW fees remitted to the Sheriff's Office in 2023 by the Vendor, were in accordance with the Agreement between the Sheriff's Office and the Vendor.**

Documented guidelines are in place for the CCW fees and charges. The Sheriff's office reviews monthly Vendor statements for accuracy. The CCW refunds processed by the Vendor were in accordance with the CCW guidelines, and the Sheriff's Office provided proper documentation and approvals for refunds tested during the audit. There were no material exceptions in the sample of transactions we tested.

**CCW fees charged by the Vendor, generally agreed with the Sheriff's Office CCW fee schedule, except for a final application fee that was updated in PermitDirector, 8 months after the CCW fees increased.**

CCW license applicants who paid a final application fee after July 1, 2022 were undercharged by approximately \$3. The final application fee was not updated in PermitDirector at the start of fiscal year 2023. The final application fee increased from \$290.40 in the fiscal year 2022 fee schedule to \$293.60 in the fiscal year 2023 CCW fee schedule. The impact of the final application fee error was small. We tested 6 months of transactions and identified approximately \$700 in undercharged CCW fees. The final application fee was corrected in PermitDirector in February 2023, hence a recommendation was not considered necessary.

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## Appendix A – Report Item Risk Classification

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For purposes of reporting our audit findings and recommendations, we classify audit report items into four distinct categories to identify the perceived risk exposure:

- **Risk Classification A: Critical Control Weakness:**  
Serious audit findings or a combination of Significant Control Weaknesses that represent critical exceptions to the audit objective(s), policies, and/or business goals of a department/agency or the County as a whole. Management is expected to address Critical Control Weaknesses brought to their attention immediately.
- **Risk Classification B: Significant Control Weakness:**  
Audit findings or a combination of Control Weaknesses that represent a significant deficiency in the design or operation of internal controls. Significant Control Weaknesses generally will require prompt corrective actions.
- **Risk Classification C: Control Weakness:**  
Audit findings concerning internal controls, or compliance issues that require management's corrective action to implement or enhance processes and internal controls. Control Weaknesses are expected to be addressed within our follow-up process.
- **Risk Classification D: Opportunity for Improvement:**  
Audit findings concerning opportunities for improvement or efficiency/effectiveness issues that require management's consideration to implement or enhance processes. Opportunities for improvement are expected to be addressed within our follow-up process.

The current status of implementation of recommendations will be followed up no later than the end of the second fiscal year after the report has been issued. Critical control weakness findings will be followed up between six months and one year of the date of the report.