

GAO

Briefing Report to the Ranking Minority
Member, Subcommittee on Oversight,
Committee on Ways and Means, House
of Representatives

November 1992

FIREARMS LICENSE APPLICATIONS

Processing Improvements Made But Applicant Qualification Checks Limited



147974





General Government Division

B-250864

November 2, 1992

The Honorable Richard T. Schulze
Ranking Minority Member, Subcommittee
on Oversight
Committee on Ways and Means
House of Representatives

Dear Mr. Schulze:

This briefing report responds to your request that we review the efficiency with which the Bureau of Alcohol, Tobacco and Firearms (ATF) processes firearms license applications. To address this issue, we examined whether (1) ATF met the 45-day statutory time requirement for approving license applications and (2) the application review process could be made more efficient. We also examined how ATF ensured that applicants met prescribed qualifications.

On October 9, 1992, and October 30, 1992, we briefed you on the results of our work. This briefing report summarizes the information provided at those briefings (see app. II).

RESULTS IN BRIEF

First, 10 percent of the firearms license applications submitted during our survey week of November 18, 1991, were not approved by ATF within the statutorily mandated 45-day period. Those approved late were processed on average in 52 days, and their processing times ranged from 46 to 71 days. In addition, ATF's method of tracking and reporting late applications was inaccurate. Applications the area offices asked application examiners to hold were not being counted as late. Based on our finding, ATF revised its application tracking and reporting procedures to more accurately reflect applications that are late.

Second, the licensing process could be made more efficient and most license issuances could be accelerated. License applications that ATF's area offices decided not to inspect sat in suspense files and were not acted upon until pre-established target approval dates were reached. Further, application examiners, who are responsible for monitoring the application progress, used target approval dates that varied and resulted in some applications being approved late. ATF has since made changes that, if

properly implemented, should make the process more efficient and accelerate application approvals.

Third, because of (1) weaknesses in the completeness and currency of state and federal criminal history record systems and (2) difficulty in verifying other applicant qualifiers, ATF was unable to ensure that firearms applicants met all qualifications.

BACKGROUND

Under authority granted by title I of the Gun Control Act of 1968, as amended, the Secretary of the Treasury has delegated to ATF the authority to approve or deny firearms license applications. If applicants file proper applications, pay the prescribed fees, and meet certain qualifications, ATF is required to issue them licenses.

Briefly, the act requires that to be qualified an applicant be at least 21 years of age and must not be or, in some instances, must not have been (1) convicted of a crime punishable by imprisonment for a term exceeding 1 year, (2) a fugitive from justice, (3) an unlawful user of or addicted to any controlled substance, (4) adjudicated as a mental defective or committed to a mental institution, (5) illegally or unlawfully in the United States, (6) dishonorably discharged from the armed forces or (7) a person who has renounced U.S. citizenship. In addition, an applicant must have premises from which to do business or from which he/she intends to do business within a reasonable period of time.

The act requires ATF to approve or deny an application for a license within 45 days from the date it is received. Applications for licenses are processed at ATF's Firearms and Explosives Licensing Center (FELC) in Atlanta, Georgia, and at 37 area offices. FELC employs 25 application examiners who review applications for completeness and accuracy, submit copies of applications to the appropriate area offices, and make the licensing decision. The area offices decide which applicants they will inspect, and they report the inspection results to the examiners. Between fiscal years 1987 and 1991, the number of new firearms license applications processed annually averaged about 34,600, and the number of applicants inspected averaged about 2,700.

SCOPE AND METHODOLOGY

To determine the time it took ATF to process firearms license applications and the efficiency of the process, we (1) observed and reviewed pertinent procedures at FELC and selected area

offices and discussed them with ATF officials and (2) tracked and analyzed all firearms license applications processed by ATF during a 1-week period in fiscal year 1992. To determine how ATF ensures that applicants are qualified, we reviewed ATF's process for checking information provided by applicants and discussed the process with FELC and area office officials.

We made our review from October 1991 through August 1992 in accordance with generally accepted government auditing standards. ATF officials reviewed a draft of our briefing report and agreed with the information presented. They also provided us with documentation of the actions they have taken to improve the efficiency of the firearms applications approval process. Our scope and methodology are discussed in greater detail in appendix I.

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As arranged with you, we are sending copies of this briefing report to interested parties and will make copies available to others upon request.

The major contributors to this report are listed in appendix III. If you or your staff have any questions about this report, please call me on (202) 566-0026.

Sincerely yours,



Harold A. Valentine
Associate Director, Administration of
Justice Issues

C O N T E N T S

	<u>Page</u>
LETTER	1
APPENDIXES	
I	5
II	6
III	48

ABBREVIATIONS

AO	area office
ATF	Bureau of Alcohol, Tobacco and Firearms
FELC	Firearms and Explosives Licensing Center

OBJECTIVES, SCOPE, AND METHODOLOGY

At the request of Congressman Richard T. Schulze, we reviewed the efficiency with which ATF processes firearms license applications. Specifically, our objectives were to determine whether (1) federal firearms license applications were being approved within the 45-day time limit required by title I of the Gun Control Act of 1968, as amended, and (2) ATF's licensing process could be made more efficient. We also examined whether ATF's application review process ensured that firearms license applicants met qualifications prescribed by the act.

To determine whether ATF met the 45-day statutory time requirement for approving applications, we developed a survey instrument to track and record the amount of time and the steps required to process applications. We tracked all applications received during two 1-week periods, a week in November 1991 and a week in January 1992--622 applications and 746 applications, respectively. The November results were analyzed in detail; however, the January results subsequently were rendered invalid because of actions taken by FELC officials to speed that week's processing time. Although the two weeks selected were not based on a random sample, the FELC Chief said that they should be considered typical in terms of number of applications received. However, because of our methodology, the results are not projectable.

To determine whether the process used by ATF to review firearms license applications could be made more efficient, we observed and reviewed pertinent procedures at FELC and at area offices. We discussed those procedures with FELC officials and staff, including the FELC Chief, application examiners, and FELC support staff. We also reviewed the license application review process with supervisors and other officials at 4 of 37 ATF area offices--New York, Miami, Dallas, and Los Angeles. These offices were selected for geographical diversity and because they are located in four of ATF's five regional offices.

To determine how ATF ensured applicant qualifications, we discussed this issue with FELC officials and reviewed ATF's process for ensuring applicant qualifications. We also obtained and reviewed previous reports and congressional testimony relating to this issue.

We did our work from October 1991 through August 1992 in accordance with generally accepted government auditing standards. ATF headquarters and FELC officials reviewed a draft of this briefing report and agreed with the information presented. FELC officials also provided us with documentation of the actions they have taken to improve the processing of firearms applications.

REVIEW OF ATF'S PROCESSING
OF FIREARMS LICENSE APPLICATIONS

Objectives

1. Are firearms licenses processed within the 45-day statutory time requirement?
 2. Can ATF process firearms licenses more efficiently?
 3. How does ATF ensure that firearms license applicants are qualified?
-

Scope

- ATF's Firearms and Explosives Licensing Center (FELC)
 - ATF's New York, Miami, Dallas, and Los Angeles Area Offices (AO)
-

Methodology

- Interviewed FELC and AO officials
 - Reviewed FELC firearms application processing steps
 - Developed survey to record and analyze the time it took to process applications during two typical 1-week periods in fiscal year 1992
-

Methodology (Cont'd)

- Results of the second 1-week period rendered invalid due to FELC actions to timely approve that week's applications
- Reviewed relevant sections of the Gun Control Act of 1968

Background: ATF Licensing Authority and Responsibilities

Under title I of the Gun Control Act of 1968, as amended, ATF:

- Has authority to approve or deny license applications
- Is required to approve or deny license applications within 45 days of receipt

Background: ATF's Processing Workload

FELC processes applications and AOs inspect applicants

Between FYs 1987 and 1991:

- FELC processed an average of 34,600 new applications annually
 - AOs inspected an average of 2,700 applicants annually (about 8 %)
-

Background: ATF'S Processing Workload (Cont'd)

As of August 1992, FELC reported that there were about 283,600 firearms licensees nationally

Background: Application Processing Steps

Application approval process consists of four steps:

1) FELC - Receipt and Preparation

- Mailroom counts applications and ensures proper fee
 - Document control section enters application information into license database
-

Background: Application Processing Steps (Cont'd)

2) FELC - Criminal History Query

- Program assistants query law enforcement databases for criminal records
-

Background: Application Processing Steps (Cont'd)

3) FELC - Examiner Review

Examiner:

- Ensures that applications and applicant criminal history data are complete and correct
 - Sends copies of applications to the appropriate AO and sets a target approval date
 - Makes approval decision
-

Background: Application Processing Steps (Cont'd)

4) Area Office Review

- AO decides whether to inspect applicant
- AO inspects selected applicants and informs examiner of results

Objective 1

**Are federal firearms licenses
processed within the 45-day
statutory time requirement?**

Objective 1: Conclusions

- GAO survey of 1 week's data found that 10% of applications processed were approved late
 - FELC Chief agreed that FELC had underreported the number of applications approved late
-

Objective 1: Conclusions (Cont'd)

- Based on GAO's findings, FELC changed its method of accounting for late approvals to include all pending applications

ATF Method for Counting the Number of Days Until Approval

ATF regulations allow 45 days to approve or deny "properly executed" applications:

- Incomplete, incorrect, and problem criminal history applications are considered not properly executed
 - 45-day count stops when applications are identified as not properly executed
-

ATF Method for Counting Approval Days (Cont'd)

- Applicant, law enforcement agency, or court system contacted to obtain needed information
- When needed information is received, application is considered properly executed and 45-day count begins anew

FELC's Report of Late Application Approvals

- For FY 1991, FELC reports showed 2.5% of applications approved exceeded 45-day statutory time period and thus were issued late
 - For FY 1992 (through June), FELC reports showed 2.1% of applications approved were late
 - For both periods, 2.3% late
-

GAO's Survey of Application Processing Timeliness

Of 622 applications filed during the week of 11/18/91, GAO found:

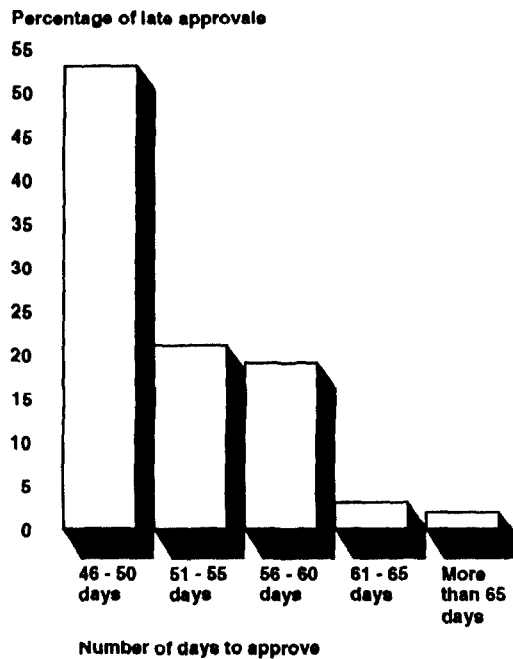
- 39 were dropped by applicants and had license fees refunded
- 583 were approved by FELC

GAO's Survey of Application Processing Timeliness (Cont'd)

Of the 583 approvals:

- 525 (90%) were approved within 45 days
- 58 (10%) were approved after days (late), averaging 52 days and ranging from 46 to 71 days

Processing Time for Applications Approved Late



Note: There were 58 late approvals of applications received at FELC during the week of November 18, 1991. Chart does not include one application that we considered late but that could not be accurately categorized by days.

Reasons for 58 Late Application Approvals

According to the FELC Chief:

- 7 applications were late, but for valid reasons, i.e., criminal history results confusing
- 51 applications were late due to examiner oversight, i.e., examiners failed to timely follow up on applications the AOs asked them to hold

FELC Response to GAO's Survey

- FELC Chief agreed FELC had underreported late approvals because its accounting method failed to include applications AOs had asked examiners to hold
- FELC changed its accounting method in August 1992 so that late approvals would include all pending applications

Objective 2

**Can ATF process firearms
licenses more efficiently?**

Objective 2: Conclusions

FELC changes should make the application approval process more efficient:

- Reduced dead time means faster approval for applications not inspected
 - Consistent approval target date for remaining applications should reduce late approvals
-

Application Review Process Inefficiencies GAO Found

Application dead time:

- Applies to applications that AOs decide not to inspect
- Is the time applications sit with examiner between AO's inspection decision and target approval date

Application Review Process Inefficiencies Found (Cont'd)

Different examiners applied different approaches to target approval date, resulting in some applications being approved late:

- FELC policy was to place properly executed applications into pending status for 40 days, allowing some leeway for achieving 45-day statutory time goal
-

Application Review Process Inefficiencies Found (Cont'd)

- When sent to AO, however, some applications were placed in suspense files with target approval dates of either 45 days from application receipt date or 30 days from date sent to AO

Improvements in the Process Since GAO'S Survey

To reduce dead time, FELC developed a process to speed approvals of applications that AOs will not inspect:

- AOs are to notify FELC examiners whether applications are to be inspected
 - Examiners immediately approve applications not selected for AO inspection
-

Improvements in the Process Since GAO'S Survey (Cont'd)

To reduce examiner target approval differences, FELC adopted a "42-day after receipt" target approval date policy and increased monitoring to ensure adherence to target

Expected Results of Improvements

Applications not inspected should be approved in less time:

- FELC Chief estimated that applications not inspected should now be approved within 21 days rather than sitting until set target approval dates
-

Expected Results of Improvements (Cont'd)

Fewer applications should be approved late due to examiner oversight if 42-day target date is adhered to consistently

Objective 3

**How does ATF ensure that
firearms license applicants
are qualified?**

Objective 3: Conclusions

ATF's licensing process is unable to ensure that applicants meet all qualifications:

- Criminal history checks limited by quality of records
 - Limited, if any, coverage for other qualifications
-

Firearms License Qualifications 18 U.S.C. section 923 d(1)

Among other things, a qualified applicant:

- Cannot have been convicted in any court for a crime punishable by imprisonment for a term exceeding 1 year
 - Cannot be a fugitive from justice
-

Firearms License Qualifications (Cont'd)

- Cannot be an unlawful user of any controlled substance
 - Cannot have been adjudicated as a mental defective or committed to a mental institution
 - Cannot be an alien illegally or unlawfully in the United States
-

Firearms License Qualifications (Cont'd)

- Cannot have been dishonorably discharged from the Armed Forces
 - Cannot have renounced citizenship of the United States
 - Must be at least 21 years of age
-

Firearms License Qualifications (Cont'd)

- Must have premises from which he/she conducts business or intends to conduct business within a reasonable period of time

Applicant Qualifications Checked by ATF

FELC checks all applicants' criminal histories to identify prior convictions or fugitives from justice:

- FELC queries the Treasury Enforcement Communication System, the National Crime Information Center, and the National Law Enforcement Telecommunications System law enforcement databases
-

Applicant Qualifications Checked by ATF (Cont'd)

ATF officials acknowledge problems with criminal history records

Historically, criminal records found to have completeness and currency problems:

- Office of Technology Assessment - 1991
 - Attorney General Task Force - 1989
-

Applicant Qualifications With Limited ATF Checks

FELC Chief said some qualifications can be checked only if applicant has criminal history:

- controlled substance use
 - mental disabilities
 - dishonorable discharge from Armed Forces
-

Applicant Qualifications With Limited ATF Checks (Cont'd)

- FELC Chief and AO officials said qualifications such as business premises, applicant age, and alien residency status can be checked if the applicant is inspected

Qualifications Not Checked by ATF

FELC Chief said some qualifications are not checked by ATF:

- Renouncement of citizenship
- Involuntary noncriminal commitment to mental institution

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