



**U.S. Department of Justice**

Criminal Division

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Money Laundering and Asset Recovery Section

Washington, D.C. 20530

October 2, 2020

Sheriff Charles Noblin  
Granville County Sheriff's Office  
143 Williamsboro Street  
Oxford, NC 27565

**Re: Granville County Sheriff's Office Equitable Sharing Compliance Review  
NCIC: NC0390000**

Dear Sheriff Noblin:

The Money Laundering and Asset Recovery Section has completed its compliance review of the Granville County Sheriff Office's Equitable Sharing Program activities. Please provide a response to the findings identified in the compliance review report within 30 days of this correspondence, along with any supporting documentation, policies, or procedures. If you have any questions, please contact Brian Boykin, Equitable Sharing Program Manager, at 202-598-2306.

Sincerely,

Alice W. Dery, Chief  
Program Management and Training Unit  
Money Laundering and Asset  
Recovery Section

cc: Steve McNally, Finance Director  
The County of Granville

Jennifer Bickford, Deputy Chief  
Program Management and Training Unit  
Money Laundering and Asset Recovery Section

Jackie Jackson, Program Manager  
Treasury Executive Office for Asset Forfeiture  
Department of the Treasury



**Money Laundering and Asset Recovery Section**  
U.S. Department of Justice  
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# **Granville County Sheriff's Office**

## **Equitable Sharing Compliance Review**

September 2020



## U.S. Department of Justice

### Criminal Division

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Money Laundering and Asset Recovery Section

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On February 10-11, 2020, the Money Laundering and Asset Recovery Section (MLARS) conducted a compliance review of the Granville County Sheriff's Office (GCSO) to ensure adherence with the requirements of the Department of Justice (DOJ) Equitable Sharing Program (Program) as set forth in the *Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies* (July 2018) (*Guide*)<sup>1</sup> and with Granville County's (County) policies and procedures. The objectives, approach, findings, and conclusion of the compliance review are set forth below.

#### **I. Review Objectives**

1. Identify and assess the effects of any significant noncompliance with the *Guide* policies, laws, regulations, and agreements related to the Program.
2. Identify and assess GCSO's internal controls over Program-related transactions and balances, including conditions that are individually or cumulatively significant deficiencies or material weaknesses.
3. Examine GCSO's Program expenditures, identify impermissible expenditures, and assess the prevalence and consequences of improper expenditures.
4. Review GCSO's management practices and procedures to ensure the prevention of fraud, waste, and abuse and the promotion of public confidence in the integrity of the Program.

#### **II. Review Approach**

The review covered operating practices, transactions, and balances pertaining to GCSO's Program account ledgers for Fiscal Years 2018 through 2019. The review team conducted on-site interviews, observed internal controls, tested samples of GCSO's Program receipts and expenditures, and reviewed Equitable Sharing Agreements and Certification (ESAC) forms.

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<sup>1</sup> All transactions prior to July 23, 2018, were tested in accordance with the *Guide to Equitable Sharing for State and Local Law Enforcement Agencies* (April 2009) and subsequent updates. Requirements in this report will reference the July 2018 *Guide* unless otherwise noted.

### **III. Findings and Requirements**

#### **A. Office of Management and Budget (OMB) Single Audit Non-Reporting**

**Finding:** GCSO Program expenditures were not reported on the Schedule of Expenditures of Federal Awards (SEFA) for Fiscal Year 2019.

**Requirement:** Pursuant to Section VII.C of the *Guide*, state and local law enforcement agencies that receive equitable sharing funds must comply with the applicable Single Audit Act Amendments of 1996 and *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* or any subsequent updates to this guidance.

GCSO, in conjunction with the County, must obtain a letter from its independent auditor stating the impact resulting from the County excluding GCSO's DOJ equitable sharing funds from the SEFA for Fiscal Year 2019 and the corrective actions deemed necessary. In the future, all Program activity must be included in the County's SEFA. Program expenditures must be reported under the Catalog of Federal Domestic Assistance program number 16.922. GCSO must update and implement procedures to address compliance with Section VII.C of the *Guide*.

#### **B. Commingling of Program Funds**

**Finding:** GCSO's equitable sharing account was commingled with non-DOJ funds during Fiscal Years 2018 and 2019.

**Requirement:** Pursuant to Section VI.A.2 of the *Guide*, the agency's jurisdiction must establish a separate account or accounting code to track both revenues and expenditures for DOJ equitable sharing funds. No other funds may be commingled in these accounts or with these accounting codes.

GCSO must create a separate DOJ bank account or account ledger at the jurisdiction level to track DOJ Program fund activities. GCSO must update and implement procedures to address compliance with Section VI.A.2 of the *Guide*.

#### **C. No Jurisdiction Oversight**

**Finding:** GCSO's Program funds were maintained and administered by GCSO and not by the jurisdiction.

**Requirement:** Pursuant to Section VI.A.1 of the *Guide*, the agency must maintain equitable sharing funds with the same entity that maintains the agency's appropriated funds and administers the procurement actions.

GCSO's DOJ equitable sharing account must be maintained and administered with the jurisdiction that administers its appropriated funds. In addition, GCSO must update and implement procedures to address compliance with Section VI.A.1 of the *Guide*.

#### **D. Account Ledger of Program Funds Not Maintained**

**Finding:** GCSO did not maintain a Program-specific account ledger for its DOJ equitable sharing account to track Program revenues, interest, and expenditures. As a result, MLARS was unable to reconcile information reported in the ESAC forms for fiscal years 2018 and 2019.

**Requirement:** Pursuant to Section VI.A.6 of the *Guide*, agencies must maintain records of all revenue and expenditures posted to the account or accounting code to include bank and ledger statements, invoices, receipts, required jurisdiction approvals, and any other documents used or created during the procurement process.

GCSO must develop a DOJ Program-specific account ledger that accounts for all Program transactions, including any adjustments and reconciliations to the information reported on the ESAC forms. In addition, GCSO must update and implement procedures to address compliance with Section VI.A.6 of the *Guide*.

#### **E. Questionable Program Expenditures**

**Finding:** MLARS was unable to determine the permissibility of equitable sharing funds because GCSO's bookkeeping system did not include detailed entries for DOJ Program revenues, income, and expenditures. In addition, GCSO's DOJ Program expenditures could not be reconciled to the accounting records due to commingling of Program funds and the lack of a separate accounting ledger.

**Requirements:** Pursuant to Section VI of the *Guide*, all participating state and local law enforcement agencies must implement standard accounting procedures and internal controls to track equitably shared funds and tangible property.

GCSO must reimburse its DOJ equitable sharing account a total of \$135,305.63 and provide MLARS supporting documentation of the reimbursement of funds into GCSO's equitable sharing account. In the future, GCSO must ensure that all expenditures are tracked in accordance with the *Guide* and entered into the correct account. GCSO must update and implement procedures to address compliance with Section VI of the *Guide*.

GCSO must report \$135,305.63 on its Fiscal Year 2020 ESAC submission. This amount represents the total DOJ equitable sharing funds distributed to GCSO from July 5, 2014 through January 24, 2020.

#### **F. Asset Tracking System Not Maintained**

**Finding:** GCSO did not maintain an asset tracking system for inventory of property purchased with Program funds.

**Requirement:** Pursuant to Section VI of the *Guide*, agencies must implement standard accounting procedures and internal controls to track equitably shared funds and tangible property.

GCSO must implement a tracking system for items or equipment purchased with Program funds or obtained for official use. The system should include a description of the item, the serial number, name of the custodian, date of assignment, and location. GCSO must update and implement procedures to address compliance with Section VI of the *Guide*.

#### **G. Internal Control Deficiencies**

**Finding:** The following internal control deficiencies were identified:

- GCSO did not follow its jurisdiction policies and procedures for procurement actions.
- GCSO's record retention policy was not in accordance with the *Guide*.
- GCSO's expenditures reported on the Fiscal Year 2018 SEFA could not be reconciled to the agency account ledger or the Fiscal Year 2018 ESAC form.

**Requirement:** Pursuant to Section VI.A of the *Guide*, agencies must implement standard accounting procedures and internal controls that are consistent with the *Guide*.

GCSO must update and implement procedures to address compliance with Section VI.A of the *Guide*.

#### **IV. Conclusion**

GCSO must provide the supporting documentation for Findings A, B, C, D, E, F, and G. In addition, GCSO must provide MLARS its updated standard operating procedures (SOPs) addressed in Findings A, B, C, D, E, F and G. The SOPs must be approved and signed by the Sheriff or designee. The *Standards for Internal Control in Federal Government* issued by the Government Accountability Office may be used as guidance to update the SOPs.