



NORTH CAROLINA SHERIFFS' ASSOCIATION

LAW ENFORCEMENT OFFICERS AND STATE OFFICIALS OF NORTH CAROLINA

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First Vice President
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MEMORANDUM

TO: Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety; Chairs of the Senate Appropriations Committee on Justice and Public Safety; Chairs of the House Appropriations Committee on Justice and Public Safety; and Fiscal Research Division Staff

FROM: Eddie Caldwell
Executive Vice President and General Counsel
North Carolina Sheriffs' Association

DATE: September 26, 2023

RE: Internet Crimes Against Children Investigations Grants

The 2021 Appropriations Act (Session Law 2021-180, at p. 368) enacted on November 18, 2021, allocated \$3 million to the North Carolina Sheriffs' Association (Association) to administer and distribute grants to sheriffs' offices and other local law enforcement agencies to investigate reports of internet crimes against children (ICAC).

This report is being provided pursuant to Budget Technical Corrections (Session Law 2021-189, at p. 21) enacted on December 6, 2021, which requires the Association to report by October 1, 2023 on grant funds distributed.

Process

On December 20, 2021, Association staff met with Kevin Roughton, Special Agent in Charge (SAC) and Commander, NC ICAC Task Force, NC State Bureau of Investigation (SBI) to better understand the NC ICAC Task Force and how the NC ICAC Task Force could be enhanced by distribution of these grant funds across the state.

The Association also planned an information gathering meeting to further generate information and ideas to make this grant as useful as possible to offices and agencies across the state. With assistance from SAC Roughton, the Association identified sheriffs' offices and local law enforcement agencies across the state to invite to the meeting.

Those sheriffs' offices and local law enforcement agencies sent personnel with knowledge of ICAC investigations to an information gathering meeting in Burlington. Attendees came prepared to discuss the needs of their office or agency and assisted the Association in generating criteria for this grant.

Association staff compiled and analyzed the information received at the meeting and utilized that information to develop the guidelines for these grant funds. The Association also consulted with the North Carolina Association of Chiefs of Police (NCACP) on the guidelines before finalizing details of the grant. Based on information received at this meeting and input received from NCACP, it was clear that there were two consistent needs that often arise related to investigation of ICAC cases:

1. training of personnel; and
2. various types of equipment, software, data access and maintenance.

With those two identified needs in mind, the Association developed an Information Sheet, Grant Guidelines and Instructions and Grant Application for applicants.

Announcement of Grant, Statement of Need and Guidelines

On February 21, 2022, the Association sent an email to all sheriffs' offices and all local law enforcement agencies announcing the grant, outlining grant deadlines and containing details related to requirements of the grant. The same day, the Association posted this information on the Association website at: <https://ncsheriffs.org/publicationslinks>. The Association also created a dedicated email address for submission of grant applications.

The guidelines and procedures developed by the Association included the statutory requirements of Session Law 2021-180 that:

1. the maximum grant amount shall not exceed \$75,000 per recipient per fiscal year; and
2. recipient agencies shall be required to enter into a memorandum of agreement with the SBI governing the investigation of internet crimes against children.

Status of Applications, Awards, and Distribution of Funds

In total, the Association received 120 applications requesting a total of \$6,889,349.67. 69 applications were from sheriffs' offices and 51 were from police departments.

Using the criteria announced in the grant and after consultation with Kevin Roughton, NC SBI, Association staff determined the types of equipment and training requested that was specifically related to ICAC cases. With those items in mind, staff then reviewed and analyzed the grant requests to determine if they aligned with the grant guidelines. After a thorough review:

Items requested by grantees which were approved include but are not limited to:

- Large capacity storage devices;
- Computers and servers;
- Secure storage for electronic devices;
- Data extraction devices, software and training for the same;
- Firewall software; and
- Tracking devices.

Items requested by grantees which were not approved include but are not limited to:

- Vehicles;
- Drones;
- Multiple laptop computers for mobile data terminal (MDT) use;
- Cameras;
- Cell phones;
- Tactical gear;
- Camcorders; and
- iPads.

On April 22, 2022, the North Carolina Sheriffs' Association Executive Committee approved a blind list of grant recipients (i.e., a list without office or agency names included), which included 35 sheriffs' offices and 26 police departments. The total amount requested by these 61 offices and agencies was \$2,968,723.30.

On May 9, 2022, eligible grant recipients were notified of their selection. One sheriff's office and one police department declined the grant funds after determining the items they intended to purchase with grant funds required multi-year financial commitments which they had not considered when making application. The remaining 59 recipient agencies chose to accept the grant funds awarded.

Recipients were notified that all grant funds must be spent and satisfactory documentation of use of those funds provided to the Association by December 1, 2022 in order to receive reimbursement for expenditures. Recipient agencies were notified that any reimbursement requests not received by the deadline would not be paid.

As requests for reimbursement were received, Association staff evaluated the documentation provided and began the process of reimbursement. Of the 59 recipient agencies, 2 did not comply with grant guidelines by failing to submit reimbursement requests and ultimately, 2 others did not use the grant funds. Therefore, in the third quarter of FY 2022-2023, the Association made payments to a total of 55 recipient agencies, of which 31 were sheriffs' offices and 24 were police departments. (Attachment A).

The Association did not make any further reimbursements to grant recipients. In total, the Association disbursed \$2,417,628.58 to grant recipients. After all the documentation was received and grant funds awarded, the Association re-evaluated whether a second round of grant disbursements should be conducted prior to the end of fiscal year 2022-2023. The Association decided not to conduct a second round of disbursements due to time constraints related to the fiscal year.

In accordance with 09 NCAC 03M .0205, MINIMUM REPORTING REQUIREMENTS FOR RECIPIENTS AND SUBRECIPIENTS, subparagraph (e), the Association used \$11,500.00 of the ICAC grant to pay Norton Collar Lund Lilley, PLLC Certified Public Accounts to conduct an audit of the ICAC grant funds. A copy of the audit reports for the six months ending on December 31, 2022 and the six months ending on June 30, 2023 are included as attachments to this report. (Attachments B and C).

In total, the Association expended \$2,429,128.58 of which \$2,417,628.58 was awarded to 55 recipient agencies and \$11,500.00 was paid to Norton Collar Lund Lilley, PLLC Certified Public Accountants (check # 6079, dated 6/15/2023) to conduct an audit of all ICAC grant funds. On Thursday, June 22, 2023, the Association returned \$570,871.42 (check # 6078, dated 6/15/2023) to the North Carolina Department of Public Safety (DPS) and provided DPS with a check for \$54.21 (check # 6076, dated 6/15/2023) for the accrued interest while the grant money was in the Association's bank account.

Use of Grant Funds

Since the distribution of grant funds to recipients in January 2023 to present date, recipients report using the funds for equipment and training which led to:

- over 1,000 criminal investigations;
- the issuance of at least 700 search warrants, subpoenas and court orders;
- the examination of almost 2,500 hard drives, cell phones, thumb drives and other electronic storage devices;
- the examination of at least 153 terabytes of material stored on electronic devices;
- over 200 criminal cases being brought in both state and federal courts; and
- the arrest of over 200 criminal defendants.

It has been an honor and a privilege to administer this grant that has provided local law enforcement with new technology and resources to protect children within their jurisdictions and help bring swift justice to those who prey on the most vulnerable members of our communities.

Additional Information

If you have any questions, please do not hesitate to contact me at (919) 810-6333 or ecaldwell@ncsheriffs.net.

EWC:mhe
Attachments

NC Sheriffs' Association, Inc.
ICAC Grant Disbursements

Attachment A

Recipient Agency Name	Amount Reimbursed
Alamance County Sheriff's Office	\$66,669.20
Ashe County Sheriff's Office	32,064.14
Blowing Rock Police Department	71,928.50
Boone Police Department	16,600.54
Brunswick County Sheriff's Office	72,312.01
Carolina Beach Police Department	18,940.24
Catawba County Sheriff's Office	54,235.51
Cherokee County Sheriff's Office	73,313.30
Cleveland County Sheriff's Office	73,114.34
Cramerton Police Department	74,318.63
Craven County Sheriff's Office	47,422.02
Davidson County Sheriff's Office	54,107.98
Davie County Sheriff's Office	70,938.00
Edgecombe County Sheriff's Office	5,152.36
Gaston County Police Department	42,470.69
Graham County Sheriff's Office	71,888.08
Haw River Police Department	24,807.75
Haywood County Sheriff's Office	31,637.79
Hoke County Sheriff's Office	57,500.00
Huntersville Police Department	23,378.47
Hyde County Sheriff's Office	40,686.95
Iredell County Sheriff's Office	54,949.99
Kannapolis Police Department	74,990.75
King Police Department	54,186.75
Lee County Sheriff's Office	73,885.74
Lexington Police Department	58,187.93
Liberty Police Department	70,270.63
Macon County Sheriff's Office	10,576.81
Martin County Sheriff's Office	48,739.28
Mitchell County Sheriff's Office	23,934.50
Nashville Police Department	28,878.72
New Bern Police Department	53,585.03
Onslow County Sheriff's Office	54,108.04
Orange County Sheriff's Office	60,524.56
Pasquotank County Sheriff's Office	47,788.52
Perquimans County Sheriff's Office	32,874.82
Randolph County Sheriff's Office	70,551.94
Reidsville Police Department	55,874.88
Rockingham County Sheriff's Office	25,012.00
Rockingham Police Department	7,615.88
Sampson County Sheriff's Office	58,493.00
Sanford Police Department	27,352.99

NC Sheriffs' Association, Inc.
ICAC Grant Disbursements

Attachment A

Recipient Agency Name	Amount Reimbursed
Siler City Police Department	15,673.83
Surf City Police Department	33,616.51
Swain County Sheriff's Office	46,070.00
Wake Forest Police Department	23,929.00
Washington County Sheriff's Office	18,683.73
Watauga County Sheriff's Office	32,828.84
Wilmington Police Department	45,032.12
Wilson County Sheriff's Office	45,770.64
Wilson's Mills Police Department	18,619.78
Winterville Police Department	48,525.29
Woodfin Police Department	29,112.25
Woodland Police Department	20,508.33
Yadkin County Sheriff's Office	23,389.00
	<u>\$ 2,417,628.58</u>

NORTH CAROLINA SHERIFFS' ASSOCIATION, INC.
Raleigh, North Carolina

Program-Specific Audit of
Internet Crimes Against Children Grant
Six Months Ended December 31, 2022



**North Carolina
Sheriffs' Association**

Proudly Serving the Sheriffs and Citizens of North Carolina since 1922

North Carolina Sheriffs' Association, Inc.**Six Months Ended December 31, 2022****Index to Program-Specific Audit**

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Norton Collar Lund Lilley, PLLC

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF
FEDERAL AND STATE AWARDS ISSUED IN A PROGRAM-SPECIFIC AUDIT**

To the Executive Committee
North Carolina Sheriffs' Association, Inc.
Raleigh, NC

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the schedule of receipts and expenditures of federal and state awards for the Internet Crimes Against Children Grant of North Carolina Sheriffs' Association, Inc. for the six months ended December 31, 2022, and the related notes (the schedule).

In our opinion, the accompanying schedule of receipts and expenditures of federal and state awards presents fairly, in all material respects, the receipts and expenditures of federal awards for the Internet Crimes Against Children Grant of North Carolina Sheriffs' Association, Inc. for the six months ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of North Carolina Sheriffs' Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

Attachment B

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud, or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Carolina Sheriffs' Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Norton Collar Lund Lilley, PLLC

August 6, 2023

North Carolina Sheriffs' Association, Inc.
Schedule of Receipts and Expenditures of Federal and State Awards
Six Months Ended December 31, 2022

SCHEDULE 1

<u>Federal/State Grantor/Pass-through Grantor/Program</u>	<u>Contract Number</u>	<u>Receipts</u>	<u>Expenditures</u>
Federal Awards:			
No Federal Awards	N/A	\$ -	\$ -
Total Federal Awards		<u>-</u>	<u>-</u>
State Awards:			
<i>NC Office of State Budget and Management - Special Appropriations</i>			
General Assembly Session Law 2021-180 (SB-105)	NCSHERIFFSASSOCIATIONICAC 2021-2023		
Internet Crimes Against Children Pass-through Grant		<u>3,000,000</u>	<u>-</u>
Total State Awards		<u>3,000,000</u>	<u>-</u>
Total Awards		<u><u>\$ 3,000,000</u></u>	<u><u>\$ -</u></u>

North Carolina Sheriffs' Association, Inc.
Notes to the Schedule of Receipts and Expenditures of Federal and State Awards
Six Months Ended December 31, 2022

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE SCHEDULE RECEIPTS AND EXPENDITURES OF FEDERAL AND STATE AWARDS:

BASIS OF PRESENTATION

The accompanying schedule of receipts and expenditures of state awards (the "Schedule") includes the state award activity of the North Carolina Sheriffs' Association, Inc. under programs of the State of North Carolina for the six months ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the North Carolina Sheriffs' Association, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the North Carolina Sheriffs' Association, Inc.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Receipts and expenditures reported on the Schedule are reported on the accrual basis of accounting. Such receipts and expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDIRECT COST RATE

The Association has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

COMMITMENT AND CONTINGENCIES

Federal and state grants received by the Association are subject to review and audit by grantor agencies. The Association's management believes that the results of such audits will not have a material effect on the Schedule.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



Norton Collar Lund Lilley, PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR A FEDERAL OR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Executive Committee
North Carolina Sheriffs' Association, Inc.
Raleigh, NC

Report on Compliance for Internet Crimes Against Children Grant

Opinion on Compliance for Internet Crimes Against Children Grant

We have audited North Carolina Sheriffs' Association, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on its Internet Crimes Against Children Grant for the six months ended December 31, 2022.

In our opinion, North Carolina Sheriffs' Association, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Internet Crimes Against Children for the six months ended December 31, 2022.

Basis for Opinion on Internet Crimes Against Children Grant

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of North Carolina Sheriffs' Association, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for Internet Crimes Against Children Grant. Our audit does not provide a legal determination of North Carolina Sheriffs' Association, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Internet Crimes Against Children Grant.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on North Carolina Sheriffs' Association, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about North Carolina Sheriffs' Association, Inc.'s compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding North Carolina Sheriffs' Association, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of North Carolina Sheriffs' Association, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of North Carolina Sheriffs' Association, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Norton Collar Lund Lilley, PLLC

August 6, 2023

North Carolina Sheriffs' Association, Inc.
Schedule of Findings and Questioned Costs
Six Months Ended December 31, 2022

PART I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENT SECTION

- | | |
|--|------------|
| 1. Type of Auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified that is not considered to be a material weakness? | No |
| c. Noncompliance material to the financial statements noted? | No |

STATE AWARDS SECTION

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified that is not considered to be a material weakness? | No |
| 2. Type of auditor's report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed, which are required to be reported in accordance with 2 CFR section 200.516(a)? | No |
| 4. Identification of major programs: | |
| <u> Name of State Program </u> | |
| ICAC Grant - State of North Carolina Department of Public Safety | |
| 5. Dollar threshold used to determine program-specific audit was required per State of North Carolina: | \$500,000 |
| 6. Auditee qualified as low-risk auditee? | No |

North Carolina Sheriffs' Association, Inc.
Schedule of Findings and Questioned Costs
Six Months Ended December 31, 2022

PART II - FINDINGS AND QUESTIONED COSTS- STATE AWARD PROGRAMS

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any abuse findings involving state awards that are material to a major program.

	<u>Questioned Cost</u>
None noted	\$0

North Carolina Sheriffs' Association, Inc.
Schedule of Prior Year Findings and Questioned Costs
Six Months Ended December 31, 2022

PART III - STATUS OF PRIOR YEAR FINDINGS

None noted.

NORTH CAROLINA SHERIFFS' ASSOCIATION, INC.
Raleigh, North Carolina

Program-Specific Audit of
Internet Crimes Against Children Grant
Six Months Ended June 30, 2023



**North Carolina
Sheriffs' Association**

Proudly Serving the Sheriffs and Citizens of North Carolina since 1922

North Carolina Sheriffs' Association, Inc.**Six Months Ended June 30, 2023****Index to Program-Specific Audit**

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AND STATE AWARDS ISSUED IN A PROGRAM-SPECIFIC AUDIT

To the Executive Committee
North Carolina Sheriffs' Association, Inc.
Raleigh, NC

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the schedule of receipts and expenditures of federal and state awards for the Internet Crimes Against Children Grant of North Carolina Sheriffs' Association, Inc. for the six months ended June 30, 2023, and the related notes (the schedule).

In our opinion, the accompanying schedule of receipts and expenditures of federal and state awards presents fairly, in all material respects, the receipts and expenditures of federal awards for the Internet Crimes Against Children Grant of North Carolina Sheriffs' Association, Inc. for the six months ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of North Carolina Sheriffs' Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

Attachment C

- Identify and assess the risks of material misstatement of the schedule, whether due to fraud, or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Carolina Sheriffs' Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Norton Collar Lund Lilley, PLLC

August 6, 2023

North Carolina Sheriffs' Association, Inc.
Schedule of Receipts and Expenditures of Federal and State Awards
Six Months Ended June 30, 2023

SCHEDULE 1

Federal/State Grantor/Pass-through Grantor/Program	Contract Number	Receipts	Expenditures
Federal Awards:			
No Federal Awards	N/A	\$ -	\$ -
Total Federal Awards		-	-
State Awards:			
<i>NC Department of Public Safety</i>			
General Assembly Session Law 2021-180 (SB-105)	NCSHERIFFSASSOCIATIONICAC 2021-2023		
Internet Crimes Against Children Pass-through Grant			
Paid to agencies applying for grant			
Alamance County Sheriff's Office		\$ -	\$ 66,669
Ashe County Sheriff's Office		-	32,064
Blowing Rock Police Department		-	71,929
Boone Police Department		-	16,601
Brunswick County Sheriff's Office		-	72,312
Carolina Beach Police Department		-	18,940
Catawba County Sheriff's Office		-	54,236
Cherokee County Sheriff's Office		-	73,313
City of King Police Department		-	54,187
Cleveland County Sheriff's Office		-	73,114
Cramerton Police Department		-	74,319
Craven County Sheriff's Office		-	47,422
Davidson County Sheriff's Office		-	54,108
Davie County Sheriff's Office		-	70,938
Edgecombe County Sheriff's Office		-	5,152
Gaston County Police Department		-	42,471
Graham County Sheriff's Office		-	71,888
Haw River Police Department		-	24,807
Haywood County Sheriff's Office		-	31,638
Hoke County Sheriff's Office		-	57,500
Huntersville Police Department		-	23,377
Hyde County Sheriff's Office		-	40,687
Iredell County Sheriff's Office		-	54,950
Kannapolis Police Department		-	74,991
Lee County Sheriff's Office		-	73,886
Lexington Police Department		-	58,188
Liberty Police Department		-	70,271
Macon County Sheriff's Office		-	10,577
Martin County Sheriff's Office		-	48,739
Mitchell County Sheriff's Office		-	23,935
Nashville Police Department		-	28,878
New Bern Police Department		-	53,585
Onslow County Sheriff's Office		-	54,108
Orange County Sheriff's Office		-	60,525
Pasquotank County Sheriff's Office		-	47,789
Perquimans County Sheriff's Office		-	32,875
Randolph County Sheriff's Office		-	70,551
Reidsville Police Department		-	55,875
Rockingham County Sheriff's Office		-	25,012
Rockingham Police Department		-	7,616
Sampson County Sheriff's Office		-	58,493
Sanford Police Department		-	27,353
Siler City Police Department		-	15,674
Surf City Police Department		-	33,617
Swain County Sheriff's Office		-	46,070
Wake Forest Police Department		-	23,929
Washington County Sheriff's Office		-	18,684
Watauga County Sheriff's Office		-	32,829
Wilmington Police Department		-	45,032
Wilson County Sheriff's Office		-	45,771
Wilson's Mills Police Department		-	18,620
Winterville Police Department		-	48,525
Woodfin Police Department		-	29,112
Woodland Police Department		-	20,508
Yadkin County Sheriff's Office		-	23,389
Paid for administrative costs		-	11,500
Remaining funds paid back to Department of Public Safety		-	570,871
Total State Awards		-	3,000,000
Total Awards		\$ -	\$ 3,000,000

See accompanying notes to financial statements

North Carolina Sheriffs' Association, Inc.
Notes to the Schedule of Receipts and Expenditures of Federal and State Awards
Six Months Ended June 30, 2023

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE SCHEDULE RECEIPTS AND EXPENDITURES OF FEDERAL AND STATE AWARDS:

BASIS OF PRESENTATION

The accompanying schedule of receipts and expenditures of state awards (the "Schedule") includes the state award activity of the North Carolina Sheriffs' Association, Inc. under programs of the State of North Carolina for the six months ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the North Carolina Sheriffs' Association, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the North Carolina Sheriffs' Association, Inc.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Receipts and expenditures reported on the Schedule are reported on the accrual basis of accounting. Such receipts and expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDIRECT COST RATE

The Association has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

COMMITMENT AND CONTINGENCIES

Federal and state grants received by the Association are subject to review and audit by grantor agencies. The Association's management believes that the results of such audits will not have a material effect on the Schedule.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



Norton Collar Lund Lilley, PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR A FEDERAL OR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Executive Committee
North Carolina Sheriffs' Association, Inc.
Raleigh, NC

Report on Compliance for Internet Crimes Against Children Grant

Opinion on Compliance for Internet Crimes Against Children Grant

We have audited North Carolina Sheriffs' Association, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on its Internet Crimes Against Children Grant for the six months ended June 30, 2023.

In our opinion, North Carolina Sheriffs' Association, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Internet Crimes Against Children for the six months ended June 30, 2023.

Basis for Opinion on Internet Crimes Against Children Grant

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of North Carolina Sheriffs' Association, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for Internet Crimes Against Children Grant. Our audit does not provide a legal determination of North Carolina Sheriffs' Association, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Internet Crimes Against Children Grant.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on North Carolina Sheriffs' Association, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about North Carolina Sheriffs' Association, Inc.'s compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding North Carolina Sheriffs' Association, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of North Carolina Sheriffs' Association, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of North Carolina Sheriffs' Association, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Norton Collar Lund Lilley, PLLC

August 6, 2023

North Carolina Sheriffs' Association, Inc.
Schedule of Findings and Questioned Costs
Six Months Ended June 30, 2023

PART I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENT SECTION

- | | |
|--|------------|
| 1. Type of Auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified that is not considered to be a material weakness? | No |
| c. Noncompliance material to the financial statements noted? | No |

STATE AWARDS SECTION

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified that is not considered to be a material weakness? | No |
| 2. Type of auditor's report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed, which are required to be reported in accordance with 2 CFR section 200.516(a)? | No |
| 4. Identification of major programs: | |
| <u> Name of State Program </u> | |
| ICAC Grant - State of North Carolina Department of Public Safety | |
| 5. Dollar threshold used to determine program-specific audit was required per State of North Carolina: | \$500,000 |
| 6. Auditee qualified as low-risk auditee? | No |

North Carolina Sheriffs' Association, Inc.
Schedule of Findings and Questioned Costs
Six Months Ended June 30, 2023

PART II - FINDINGS AND QUESTIONED COSTS- STATE AWARD PROGRAMS

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any abuse findings involving state awards that are material to a major program.

None noted	<u>Questioned Cost</u>
	<u>\$0</u>

North Carolina Sheriffs' Association, Inc.
Schedule of Prior Year Findings and Questioned Costs
Six Months Ended June 30, 2023

PART III - STATUS OF PRIOR YEAR FINDINGS

None noted.