

# Eden ABC Board

## Performance Audit Report



Alcoholic Beverage Control Commission  
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**ABC**  
COMMISSION  
NORTH CAROLINA

## **TABLE OF CONTENTS**

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ABC Commission Statement .....	3
Objective, Purpose & Background Information .....	4
Financial Analysis, Observations & Findings .....	6
Recommended Actions & Additional Considerations .....	15-17
Appendix A- Eden ABC Board Response Letter .....	18



# ABC

COMMISSION  
NORTH CAROLINA

## Alcoholic Beverage Control

November 22, 2024

CHAIRMAN:  
Hank Bauer

Eden ABC Board  
Thomas Flynt, Chair  
318 N. Pierce St.  
Eden, NC 27288

COMMISSIONERS:  
La'Tanta (L.T.) McCrimmon  
Raleigh

David Sherlin  
Raleigh

Chairperson Flynt,

DEPUTY COMMISSIONER:  
Mike DeSilva

On the following pages, you will find the performance audit report conducted by the staff of the ABC Commission reviewing the operations of the Eden ABC Board. The report consists of an overview of the objectives & background summary, financial analysis and findings, and a summary of actions recommended based upon your board's performance and related findings. Additional considerations are listed as well to provide further guidance and enhance awareness to promote ABC board success.

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Please reach out if you have any questions or require assistance in implementing any of the statute requirements, Commission rules, or other recommendations included in the report. On behalf of the North Carolina ABC Commission, I thank you and your staff for your assistance and cooperation in conducting this periodic review. We appreciate the continued efforts by your board to comply with the performance standards, as well as the board's commitment to increase profitability and reduce expenses.

If we can be of assistance in the future, please do not hesitate to reach out to the Commission staff.

Respectfully,

Michael DeSilva  
Deputy Commissioner

## **OBJECTIVE, PURPOSE & BACKGROUND INFORMATION**

In addition to regular and special financial audits, G.S. 18B-705(a) authorizes the NC ABC Commission to conduct performance audits of all local ABC boards in the state. Performance audits are examinations of existing operating policies, practices, controls, and activities to determine those areas in which there may be a need for improvement.

The audits are designed to ensure that all local ABC Boards comply with established performance standards pursuant to G.S. 18B-203(a)(20). The audit's scope addresses compliance with ABC laws and rules, store appearance, operating efficiency, solvency, and customer service.

To achieve the objectives of the audit, auditors:

- Review applicable General Statutes, ABC Commission Rules, Reports, and Administrative Policies
- Verify compliance with Commission and Board policies
- Verify results of previous performance audit recommendations
- Review ABC Board annual independent financial audits
- Review ABC Board reporting and documentation reports
- Visit the store(s)
- Interview key ABC Board personnel

Eden is a city in the north-central part of North Carolina and is the largest populated community in Rockingham County. The city, which borders Virginia, was incorporated in 1967 from the combination of three previous towns: Draper, Spray, and Leakesville. The city's population per the 2020 Census was 15,421 residents which was approximately a seven-tenths (.7%) percent decrease since 2010. Rockingham County's population per the 2020 census was 91,096 residents down approximately three (3%) percent from 2010.

G.S. 18B-601 (c) authorized the town of Eden to hold an election for an ABC store. The referendum was held on November 8, 1983, and passed 2,287 to 2,272. The first retail sale occurred on April 2, 1984. Special legislation allowed the board to sell mixed beverages and in May of 2014 mixed beverage sales were approved for Rockingham County. Upon election of an ABC store, the town was authorized to create an ABC board consisting of a chairperson and two board members to serve for three-year terms. Current board members are Thomas Flynt (Chair), Lisa Duncan, and Thomas Barbour.

The Eden ABC Board operates one (1) retail store and is one of three (3) boards with stores in Rockingham County. The board currently staffs six (6) total employees, with five (5) full time and one (1) part time employees. The general manager is full time and responsible for the oversight of all daily operations pertaining to the store, inventory management, human resources, and implementation of other administrative decisions for the board. He also currently serves the dual role of finance officer with an approval through September 2024. Store employees are primarily responsible for providing friendly customer service, general store upkeep, and stock maintenance. The board's accounting service assists with quarterly statement preparation, annual independent audit, and as a guide for accounting questions.

*The last performance audit for the Eden ABC Board occurred in 2015.* The Commission audit serves as a continuous way to provide local boards with information and best practices that target areas for improvement.

## **OPERATIONAL OBSERVATIONS, FINDINGS, REQUIRED ACTIONS, & RECOMMENDATIONS**

On Wednesday, September 4, 2024, ABC Board Program Analyst Edwin Strickland visited the Eden ABC Board and interviewed the General Manager, Gary Robinette, and spoke with other board personnel. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



**318 N. Pierce St. Eden, NC.**

## FINANCIAL ANALYSIS

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### INVENTORY TURNOVER

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The inventory turnover rate is calculated by dividing the cost of liquor by the average inventory in the system (Cost of Liquor/Average Inventory). The Commission has set goals for determining an effective rate based on the frequency of deliveries. Below are the turnover rates based upon the delivery schedule:

- Once a week deliveries target at 6 times or more per year
- Twice a month deliveries target at 5 times or more per year
- Monthly deliveries target at 4.5 times or more per year

The Eden ABC Board received shipments 2 times a month with a target inventory turnover rate of approximately 5. The inventory rate in (FY) 2022-2023 was 7.6, which is above the goal.

### PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

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In fiscal year (FY) 2022-2023, the Eden ABC Board had a profit percentage to sales of 8.87%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%. The Eden ABC Board's gross sales totaled \$2,812,654, which was an approximate 4.6% increase from the previous fiscal year. The board's sales have grown an impressive 43% over the last five completed fiscal years.

Eden ABC Board operates one retail stores with mixed beverage sales. The operating cost ratio for the board was .62 in FY 2022-2023. The NC ABC Commission standard for ABC Boards with one or two stores and mixed beverage sales is .73 or less.

Thus, the Eden ABC Board meets both the profitability standard and the operating cost standard set by the NC ABC Commission. Below is a chart showing gross profit on sales and income from operations for the previous two years.

	FY 2022-2023	FY 2021-2022
<b>Gross Profit on Sales</b>	\$691,173	\$674,451
<b>Income from Operations</b>	\$249,591	\$271,779

➤ *Factors affecting profitability and cost include:*

- Surrounding areas with other ABC Boards operating stores within an approximate thirty (30) mile range of Eden ABC: Madison, Reidsville, Caswell County, Stokes County, Greensboro, and Virginia ABC.
- A 4.2% unemployment rate in Rockingham County in June of 2023 with a .3% decrease from the previous year.
- An ABC Board’s average cost of goods sold (COGS) is between 52% & 54% per year. The Eden ABC Board’s cost of goods sold was approximately **52.5%** in FY 2022-2023.
- The board currently has twelve (12) active mixed beverage customers, although two have never placed an order. *In FY 2022/2023 mixed beverage accounted for approximately eight (8%) percent of sales.*

## BUDGET ANALYSIS

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	FY 2022-2023 Budget Projections	FY2022-2023 Actual	Variance	Variance %
<b>Sales</b>	\$2,804,000	\$2,812,654	\$8,654	.3%
<b>Revenue over or (under)</b>				
<b>Expenditures</b>		\$19,652		

In reviewing the budget to actual analysis of the FY 2022-2023 financial audit, actual sales revenues were .3% above final budget amendment. In addition, the net income change during the fiscal year was \$5,561. *The board’s collective net position on June 30, 2023, was \$591,950; the net position has increased approximately 27% in the last five (5) fiscal years.*

## DISTRIBUTIONS

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G.S. 18B-805 (b) requires the board to pay from gross receipts, all expenses, excise, and rehabilitation taxes. G.S. 18B-805(c)(2) requires the board to *typically* distribute at least five percent (5%) of applicable gross receipts to law enforcement and *typically* at least seven percent (7%) for alcohol education. *Before assigning these percentage distributions, G.S. 18B-805(c)(1) requires the board to first make a minimum quarterly distribution of the 3.5% markup & relevant bottle charges to certain county/municipal recipients. **Some of these distribution percentages are designated by an official local enabling act (and thus distribution requirements and recipients are subject to vary).***

In FY 2022-2023, Eden ABC made other statutory distributions totaling \$246,429 (Net profit distribution recipients received \$225,726 of this). The amount of \$644,551 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Rockingham County.

*Per the local enabling act, the distribution formula for recipients of net profits is as follows:*

- 100% to Eden General Fund



**DISTRIBUTIONS (cont.)**

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➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions - The Eden ABC board has made robust net profit distributions over the last five (5) fiscal years above the minimum mandatory distribution in reference to NCGS 18B-805(c)(1). **The table below references distributions calculated on the left and total distributions made by the ABC Board for the last five (5) years on the right.**
- Law Enforcement Distributions: Have been properly disbursed at or above the standard 5% statute amount for the last five (5) FYs.
- Alcohol Education Distributions: Have been disbursed at or above the standard 7% statute amount for the last five (5) FYs.

<b>NC GENERAL STATUTE: 18B-805 (c)(1)</b>			
<b>Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients</b>		<b>Eden ABC Board Net profit distribution made annually by fiscal year</b>	
<i>Note: Referencing CPA Audit Reports</i>			
<b>Calculated Amount</b>		<b>Total paid to recipient(s)</b>	
FY-2023	\$79,461	FY-2023	<b>\$225,726</b>
FY-2022	\$76,604	FY-2022	<b>\$214,986</b>
FY-2021	\$74,909	FY-2021	<b>\$195,988</b>
FY-2020	\$66,766	FY-2020	<b>\$127,631</b>
FY-2019	\$57,060	FY-2019	<b>\$113,349</b>

## WORKING CAPITAL

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G.S. 18B-805(d) allows the board to set aside a portion of the remaining gross receipts, within the limits set by the rules of the Commission, as cash to operate the ABC system. The NC ABC Commission has set a working capital maximum standard for boards with annual gross sales greater than \$1.5M as an amount equal to three (3) months of sales revenue.

Based upon the existing rules, as of June 30, 2023, the Eden ABC Board is required to maintain a minimum working capital of \$83,251 with a maximum working capital amount of \$541,134. The Eden ABC Board had a working capital balance of \$450,945 which is greater than the minimum and less than the maximum Commission requirements for this section (\*).

### **\* FY 2022-2023: Working Capital (WC) graphic**



Under 18B-805(d), with approval of the appointing authority for the board, the local board may set aside a portion of the remaining gross receipts as a fund for specific capital improvements whenever working capital is exceeded.

## **PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE**

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*The findings for personnel, operational & administrative compliance are as follows:*

- The board generally holds meetings quarterly or for other occasions. They record regular meeting minutes and provide public notification and awareness of these meetings. The meeting minutes are organized by session and kept in files. Board meeting minutes were viewed and followed the order of proceedings, providing sufficient detail that a reasonable person would be able to follow what transpired. Board meeting minutes included a certificate of accountability statement.
- Oaths of Office: Board members take an oath before taking office or before the execution of the office per G.S. 11-7. *Written copies of oaths are available at the board's administrative office.*
- Training records review: Board members and board personnel are compliant on ethics training referencing NCGS 18B-706(b).
- Board member compensation & General Manager (GM) salary: Board members receive compensation for their services at the maximum \$150.00 per meeting. The General Manager has updated their salary for Commission records. *Any future salary changes should be relayed to the ABC Commission for record retention. Board members terms are appropriately staggered with one term ending date annually.*
- Board website review: The board's login website was updated by the Commission in 2022 for board member term tenure information (*begin dates & end dates*). **Special note**: As part of a revalidation effort, the Commission has worked to revalidate term tenure information for all ABC boards across the state, working directly with the appointing authorities. As a value-added measure for all ABC boards and Commission records tracking in summer 2022, the term begin dates as well as term end dates were entered on all individual ABC board websites.
  - *The expectation going forward is that ABC boards will routinely manage this information online, and work to communicate with the Commission particularly when new members are added, or whenever any current serving members resign before a term has ended.*
- Board Personnel & Board Members: Board personnel provide each board member financial reports, generated by their CPA, for the board's review at meetings including sales comparisons, operating expenses, and mixed beverage. Board members are heavily encouraged by the Commission to use checks and balances to ensure that cash management practices are upheld especially on payroll; also, boards should routinely review any notes and recommendations provided by the CPA firm on annual audits.
- POLICIES: The board has a robust personnel policy and has provided an updated copy to the Commission. Board has a mixed beverage sales and delivery policy in Commission records. Additional policies could be considered and provided to the Commission for record keeping including but not limited to, tastings, overage and shorts, social media, lotteries, or any others. *Board's personnel policy may cover many afore mentioned items.* For travel policy, the board chooses to adhere to their appointing authority's travel policy. *Board will need to supply Commission a copy of their appointing authorities' minutes allowing them to continue with the municipal travel policy.*
- BUDGETS: In FY 22/23, the board's actual sales were .3% more than the final amended budgeted sales. *The board has submitted a final budget amendment for FY-23/24.*

## **PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)**

- **FINANCIAL INSIGHT:** Invoices for liquor are processed by board personnel per delivery. Copies of the invoices are retained at the board's administrative office. Invoice records for recent liquor purchases reflect them as being paid within 30 days. Other payments, taxes and distributions are paid either monthly or quarterly by the general manager and other board personnel with some guidance from a third-party accounting service. Full bank reconciliation is completed monthly by a board member and the general manager/finance officer.
  - All checks have the required disbursement approval and are signed by the general manager and a board member with all board members as bank registered signees.
  - Pre-audit stamp verification is not being properly documented. *Dual role position for GM/FO relieves this requirement with all payments being made via check and board members counter signing checks.*
  - Bank deposits are made each day by the general manager. Personnel review deposits and general manager compares deposit slips with bank statements and a board member reviews at monthly reconciliation. *For safeguard measures and adherence to Commission rule 15A0905 Daily Deposits, the board utilizes a locked fireproof safe for integrity of funds that remain at the board at any given time.*
  - Tills start with \$100.00, and loans are given from change fund. Each clerk is responsible for register report and overages/shortages.
  - Payroll is twice monthly and processed by the general manager using QuickBooks. All full-time employees are salary and adjustments are made when different hours are worked. Part time employee's hours are input and reviewed by general manager.
  - Employee files are kept in a locked portion of their administrative office and include application, retirement information, disciplinary actions, and tax information.
  - All board members, General Manager - Finance Officer are each bonded for \$50,000 per G.S. 18B-700(i). *Board could consider insuring bonds cover other applicable staff to include other employees per G.S. 18B-803(b)(c).*
  - Board keeps thorough records for unsaleable merchandise reports but does not send reports to the Commission. *Commission requests unsaleable reports be sent quarterly and by email.*
  - The annual CPA audit was received and logged by the Commission on August 24, 2023.
- **LAW ENFORCEMENT (LE) REPORTS:** Reports are being submitted routinely but contain no data. General manager indicates law enforcement has ceased supplying reports. *Board should consult police to try and reestablish reporting data submission.*
- **LAW ENFORCEMENT (LE) CONTRACT:** The board has a law enforcement contract with the Eden Police Department on file with the Commission from 1984.
- **INVENTORY:** Full inventory is conducted quarterly with one annual inventory during non-business hours. Multiple staff members participate, and recounts are conducted. Final discrepancies are reviewed by general manager and adjustments are made. Additional spot checks are conducted regularly. General manager has strategies for slow moving stock to include moving around in store, moving to front displays, and they have done price reductions in the past.

## **PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)**

### ➤ **INTERNAL CONTROLS:**

- The general manager has worked for the board for nearly forty years becoming the General Manager in 1987. Mr. Robinette serves as the dual role of general manager and finance officer. *The current approval will expire on September 16, 2024. Board should consider requesting an additional approval or establishing an official finance officer.*
- The Board members and Chairperson have extensive professional experience in business, finance, and community relations. All members have solid tenures, and one serves a role similar to a deputy finance officer.
- The board does not receive an annual report describing expenditure of funds from their alcohol education and rehabilitation recipients.
- All employees are subject to training and various behavioral standards. *Commission recommends RASP training for all staff members.*
- Full time employees are enrolled in LGERS.
- General manager makes liquor order by analyzing recent sales, historical data, SPAs, and current inventory.
- Board receives two deliveries monthly. Counts are made using scanners and any variances are recounted, and actual discrepancies are reported to LB&B.
- Board does not have a credit card.
- Stores have pens used to prevent counterfeit bills.
- No conflicts pertaining to nepotism found and per discussion with general manager.
- Board has a code of ethics policy on file with the Commission.

### ➤ **EXPENSES:**

- Total operating expenses increased around ten percent (10%) from the last fiscal year and are roughly sixteen percent (16%) of total annual sales in FY-22/23.
- Board salaries were approximately eight percent (8%) of total annual sales. Salaries and benefits increased by around eight percent (8%) from the previous fiscal year.
- Cost of Goods Sold (COGS) was roughly 52.5% for the fiscal year with a normal range being 52% to 54%.

## STORE INSIGHT & OVERVIEW

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- Board's store is a free-standing building owned by the board. The store has good exterior signs, ample parking, well maintained exterior, and the interior is well lit. Retail space is approximately 1,800 sq. ft. The warehouse area is large, well organized, and provides easy access for deliveries. The space is approximately 1,100 sq. ft. and stock was high with Commission visit a few days after truck delivery.
- Deliveries from LB&B are usually the first and third Mondays of each month.
- Outside area surrounding the store is well-maintained and free of debris or trash.
- The store displays the required Fetal Alcohol Syndrome poster required by G.S. 18B-808, and the quarterly price book is available.
- Sales associate interactions with customers are attentive, courteous, welcoming, and all are eager to meet the needs of the customers.
- Product knowledge growth is accomplished through the broker reps or independently.
- General manager indicates the board tries to order most customer requests.
- General manager reserves portions of limited or allocated products for their mixed beverage customers, employees, and shelves the remainder. The board has one lottery each year around the Holidays.
- The board does not have a web page.
- The board has twelve (12) mixed beverage (MXB) customers according to board records. Board provides an invoice to customer at transaction and retains an invoice on file in a folder for each account.
- A mixed beverage delivery policy is on file with Commission, but board has had no requests.
- A random sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, all items reflected the current quarterly or monthly SPA price. *The board has professional labels, stickers, and utilizes supplier displays to indicate special priced items.*
- A random sample of approximately 20 items was selected to verify accurate current inventory. All items actual quantities matched with system data correctly except for possibly one.
- Products are placed within the designated categories; premium products are generally found at eye-level or top shelf. Bottles were fronted and dusted, and shelf space is maximized. *Shelf management guidelines were mostly followed at time of Commission visit with a few instances of larger size bottles on the left and decreasing in size to the right. Please consult NCAC .1708 for full shelf management guidelines.*
- General manager indicates price discrepancies are handled in the customers favor if the shelf price is lower than the cash register and the customer objects. *Price discrepancy policy is on file with the Commission.*
- The board's store is generally open from 10:00 am until 7:00 pm Monday through Saturday. They are currently closed every Sunday, the five (5) previously required annual holidays, and Memorial Day.
- Board does conduct tasting and could consider a tasting policy.
- Security systems are in place and functional in all designated areas.
  - *Currently four cameras operating and panic buttons behind the registers.*

## **RECOMMENDED ACTIONS (PER STATUTES OR COMMISSION RULES)**

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- The recipient(s) of alcoholism fund or education distributions must provide annual documentation to the board describing the activity for which these awarded funds are spent *per G.S. 18B-805(h). The board may want to consider obtaining documentation before the funds are officially awarded / transmitted to any recipients.*
- The board must annually obtain approval from the appointing authority to adhere to their local government travel policy and annually provide the Commission a copy of this approval per G.S. 18B-700(g2). *NOTE: As another option the board can alternately adopt the official State of NC government travel policy referenced under G.S. 138-6. This would allow the board an option to eliminate the annual travel policy update requirement by instead formally adopting the state government travel policy at an official board meeting and providing a copy of minutes to the Commission.*
- When applicable, ensure unsaleable merchandise (breakage) reports are submitted to the Commission quarterly. NCAC Rule 15A .1701(c) requires quarterly reports be submitted for any unsaleable merchandise and retain original copies for three (3) years.
- In compliance with 18B-702(j) the board should consider designating an employee as their finance officer, request approval to utilize their appointing authorities finance officer, or request a waiver from the Commission to have the general manager continue the dual role of finance officer.
- To comply with 18B-501(f1), board should reestablish their law enforcement contract to ensure reports with accurate data are being submitted to the Commission monthly. *Current law enforcement contract is from 1984 and board could consider a new signed contract.*
- In connection with the periodic audit, a Certificate of Accountability attestation form should be reviewed and signed by board members and applicable personnel. A signed copy would then only need to be emailed to Commission personnel for recordkeeping.

## ADDITIONAL CONSIDERATIONS & GUIDANCE ....

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- The Commission's primary focus for ABC board members:
  - ABC board members are highly encouraged to meet monthly for the best formal oversight and review of board operations, routinely recording meeting minutes (*adhering to closed meeting requirements where applicable*) and ensuring either no conflicts of interest are present or that they are addressed appropriately when presented. Monthly sales should be reported to the Commission at beginning of next month, providing annual budgets, budget amendments, miscellaneous financial reporting to Commission following timelines, and ensuring Commission has annual CPA audits by Oct 1<sup>st</sup>.
  - ABC boards are highly encouraged to keep term begin dates & term end dates updated on the Commission's board login website for all ABC board members and other information such as store hour changes, pictures, email updates, etc. *Moreover, liaising with the Commission when new members are appointed or when member resign early before term has ended is very important for recordkeeping efforts of the Commission.*
- The board could consider additional contributions to their working capital fund as distributions far exceed the minimum mandatory requirement. Additionally, the board could consider requesting approval from their appointing authority to set aside additional funds for specific capital improvements.
- Board could consider adopting or updating any policies to include, but not limited to, tastings, employee tastings, credit card, store policies, social media, vehicle, or others. *Personnel manual may cover some of the afore mentioned suggested policies or could be updated to include.*
- ABC boards are highly encouraged to find straightforward ways to lower any recurring expenses. *A very tangible way to lower operating costs is to fully maximize monthly special purchase allowance (SPA) liquor products that routinely sell well in the store to lower cost of goods sold (COGS).* ABC Boards can limit the number of personnel travelling to conference and convention events across the state. Other ways to try to improve expenses include requesting bids annually from various vendors to get the best rates possible on financial audits, various utilities, maintenance contracts, and credit card processing companies. *Board could also consider ACH payments as a means of reducing expenses and eliminating fraud.*
- As a reminder, remove all faded posters and replace with new ones when applicable. Reach out to the Commission to provide fetal alcohol syndrome posters, NC Dept of Labor can provide wage & hour posters, and OSHA can provide some applicable federal posters if any are needed.
- Cross training opportunities for personnel should be maximized to ensure solid continuity of operations occurs for ABC boards. Also, training opportunities can work well to develop store employees for increased responsibility roles and serving to make both the routine operations and employee morale stronger.
- ABC boards can explore additional training opportunities periodically available through the ABC Commission Education Outreach as well as partnering with other ABC boards or the Association of ABC Boards on specific areas such as best retail and marketing practices.



## **PREVIOUS PERFORMANCE AUDIT RECOMMENDATIONS (2015)**

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- Have all reappointed board members complete the ethics requirement within 12 months of reappointment.
  - *All board members and personnel are compliant with ethics training.*
- Consider cross training by designating certain duties to other employees.
  - *Board could still consider.*
- Update employee handbook to incorporate current practices. Once updated, submit a copy to the Commission for approval.
  - *Board has supplied an updated personnel manual to the Commission.*
- Forward breakage forms to the Commission quarterly after the distiller representative signs and disposes of the product.
  - *Board should reestablish this process as discussed in recommended actions.*
- To ensure correct pricing on the store shelves and in the computer system, audit shelf tags on a regular basis by incorporating this practice during or in between the regularly schedule inventory counts. When requesting to reduce prices, request approval from the Commission.
  - *Board demonstrates accurate pricing.*
- Begin to work on a plan to designate someone other than the general manager as finance officer. The intent is to generate stronger internal controls and checks and balances.
  - *Board should still consider the designation of a finance officer or deputy finance officer.*

**Please network with the ABC Commission whenever needed for guidance and assistance to support local ABC board mission and success.**

Eden ABC Board  
318 N. Pierce St.  
Eden, NC 27288

November 20, 2024

Edwin Strickland  
NC ABC Commission  
4307 Mail Service Center  
Raleigh, NC 27699-8365

Dear Mr Strickland

Thank you for your visit to our store on September 04, 2024 to perform our Performance Audit Review , and your follow up visit on September 11, 2024 to review your recommendations with our Board of Directors. We have reviewed the recommendations and are taking the following actions to comply.

**Item #1** The recipient of our alcoholism and education distributions, The Rockingham County School System, has been notified as to their requirement to provide documentation describing the activity for which these funds are spent per G.S 18B-805(h). As of this date we have yet to receive this documentation. No distributions have been required so far this fiscal year.

**Item #2** The board obtained our annual approval from the appointing authority to adhere to their travel policy on September 17, 2024

**Item #3** The board has purchased a scanner and the unsaleable merchandise reports for the previous quarter were submitted to Greg Stallings on October 01, 2024. And will continue to be submitted quarterly

**Item #4** The board has received permission from the ABC Commission on October 22, 2024 for our General Manager to serve as Finance Officer thru December 31, 2027.

**Item #5** The Law Enforcement contract has been reestablished with emphasis placed on the Monthly L.E. reports be submitted on time.

**Item #6** A certificate of Accountability was been signed and sent to Mr. Woolard on 09/13/2024, and will be sent annually.

Again, thank your for your recommendations, as we will be looking forward to working with you in the future.

Sincerely,



W. Thomas Flynt  
Chairman  
Eden ABC Board