

# Granville County ABC Board

## Performance Audit Report



Alcoholic Beverage Control Commission  
400 East Tryon Road, Raleigh, NC 27610  
p: 919-779-0700 | f: 919-661-5927 | <http://abc.nc.gov>



**ABC**  
COMMISSION  
NORTH CAROLINA

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# ABC

COMMISSION  
NORTH CAROLINA

## Alcoholic Beverage Control

September 3, 2024

CHAIRMAN:  
Hank Bauer

Granville County ABC Board  
Robert Williford III, Chair  
118 E. McClanahan St.  
Oxford, NC 27565

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

David Sherlin  
Raleigh

Chairperson Williford III,

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 Granville County 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.

LOCATION:  
400 East Tryon Road  
Raleigh NC 27610

MAILING:  
4307 Mail Service Center  
Raleigh NC 27699-4307

PHONE: (919) 779-0700  
<http://abc.nc.gov/>

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, and Administrative Policies
- Review applicable reports
- 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

Granville County is in the north-central part of the North Carolina and borders Virginia. The county is most known for its history, agriculture, lake access, and Camp Butner. The county's population per the 2020 Census was approximately 60,992 residents which was approximately a two percent (2%) population increase since 2010. The county is forecasted to have continual population growth with a current estimated three percent (3%) population growth since the 2020 census.

Granville County was authorized to hold a referendum for the creation of an ABC Board by the 1937 act. A referendum was held February 16, 1963, and this passed 1,898 votes for and 1,749 votes against. The first county retail sales occurred July 19, 1963. A mixed beverage referendum was held November 8, 2005, and this passed 2,804 votes for and 1,406 votes against. *Currently, the Granville County board of county commissioners appoints a chairperson and two (2) additional board members to serve on the ABC board.* Current board members include Robert Williford II (Chair), William Crosby, and Mike Smith.

The Granville County Board operates two (2) retail stores. The Board Administration and a retail store are in Oxford and a second store is in Butner. The board currently staffs twenty (20) total employees. They have nine (9) full time and eleven (11) part time employees with some additional contract employees and three board members also receiving compensation. The general manager is responsible for all board operations including ordering, scheduling, budget officer, various retail functions, Human Resources, mixed beverages, and many other projects. The finance officer is responsible for everything accounting to include payroll, payables, calendar maintenance, mixed beverage, and other administrative duties. Each store has a manager who operates the daily store functions to include scheduling, damage, and deposits. The board has a warehouse manager, and all other staff are engaged in customer service, daily operations, floor upkeep, and sales. The board utilizes some contract employees for trucks deliveries.

*The last performance audit for the Granville County ABC Board occurred in 2013.* 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, May 8, 2024, ABC Board Program Analyst Edwin Strickland visited the Granville County ABC Board and interviewed Connie Smith (General Manager) and Ruth Carraway (Finance Officer). Board Chairperson, Robert Williford, also stopped by for a friendly introduction and expressed his availability. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



## 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 Granville County ABC Board received shipments 2 or 3 times a month. The inventory rate in (FY) 2022-2023 was 4.5, somewhat less than the goal.

## **PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO**

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In fiscal year (FY) 2022-2023, the Granville County ABC Board had a profit percentage to sales of 8.7%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%. The Granville County ABC Board's gross sales totaled \$6,656,251, which was a 7.0% increase from the previous fiscal year.

Granville County ABC Board operates two (2) 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 two stores and mixed beverage sales is .73 or less.

Thus, the Granville County ABC Board met 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.

	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
<b>Gross Profit on Sales</b>	\$1,635,565	\$1,536,025
<b>Income from Operations</b>	\$579,933	\$665,664

*Factors affecting profitability and cost include:*

- Surrounding areas with other ABC Boards operating stores within an approximate thirty (30) mile range of Granville County ABC: Person County, Durham County, Wake County, Warren County, Vance County, Youngsville, Franklinton, and Louisburg.
- An ABC Board's average cost of goods sold (COGS) is between 52% & 54% per year. The Granville County ABC Board's cost of goods sold was approximately **52.6%** in FY 2022-2023.
  - *The board has seven (16) mixed beverage accounted which account for 5.5% of sales in FY 2022-2023.*

## BUDGET ANALYSIS

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	FY 2022-2023 Budget Projections	FY2022-2023 Actual	Variance	Variance %
<b>Sales</b>	\$6,597,000	\$6,656,251	(59,251)	(0.9%)
<b>Revenue over or (under)</b>				
<b>Expenditures</b>		\$82,724		

In reviewing the budget to actual analysis of the FY 2022-2023 financial audit, actual sales revenues were .09% below forecast. In addition, the net income change during the fiscal year was \$354,269. *The board's collective net position on June 30, 2023, was \$3,122,017; the net position has steadily increased each year since at least FY-2020.*

## 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, Granville County ABC made other statutory distributions totaling \$249,481 (Net profit distribution recipients received \$197,437 of this). The amount of \$1,513,523 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Granville County.

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

- Granville County 64.86%
- City of Oxford 14.12%
- City of Creedmoor 6.88%
- Town of Butner 12.67%
- Town of Stem 0.77%
- Town of Stovall 0.70%



## DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions - The Granville County ABC board has made net profit distributions over the last four (4) fiscal years, exceeding the minimum mandatory distribution those years 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. *Since the FY 22-23 CPA Audit the board has switched contributions to Alcohol Law Enforcement (ALE).*
- Alcohol Education Distributions: Have been properly 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>Granville County 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	\$188,831	FY-2023	<b>\$197,437</b>
FY-2022	\$176,756	FY-2022	<b>\$196,990</b>
FY-2021	\$172,850	FY-2021	<b>\$197,282</b>
FY-2020	\$152,801	FY-2020	<b>\$166,419</b>
FY-2019	\$136,249	FY-2019	<b>\$135,499</b>

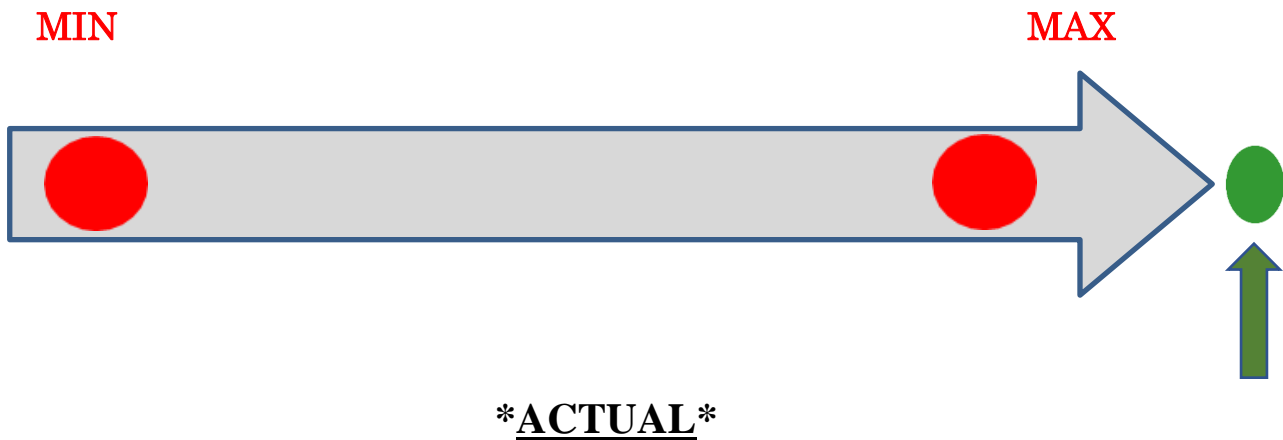
## WORKING CAPITAL

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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 standard for boards with annual gross sales greater than \$1.5M but less than \$50M as an amount equal to three (3) months of sales revenue.

Based upon the existing rules, as of June 30, 2023, the Granville County ABC Board is required to maintain a minimum working capital of \$197,797 with a maximum working capital amount of \$1,285,682. The Granville County ABC Board had a working capital balance of \$2,087,905, which is greater than the maximum Commission requirements for this section (\*). *In FY 23/24 the board has expended a portion of their excess working capital previously approved by the appointing authority and designated as a capital improvement plan. At the conclusion of the FY 23/24 year, if the board's working capital exceeds the maximum amount allowed, please consult the board's appointing authority for an updated capital improvement plan authorization.*

### **\* 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

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

- The board holds board meetings at least monthly with additional meetings held for circumstances. They record regular meeting minutes and provide public notification and awareness of these meetings. The meeting minutes are organized by session for review. *The minutes provided do not have the conflict-of-interest disclosure statements referenced but did clarify new and old business, have signatures, and copies are available.*
  - Training records review: Board members and board personnel are compliant on ethics training referencing NCGS 18B-706(b). *One board member's term ended in March 2024 and the board has not received notice from the board of county commissioners about reinstatement. Should the board member be reappointed or if another board member is appointed, they should complete ethics training in the coming months.*
  - Board member compensation & General Manager (GM) salary: Board members receive compensation for their services for the maximum \$150.00 per meeting. The Chairperson receives an additional \$450.00 quarterly which is not always correlated with extra meetings. The General Manager's salary will be updated on the Commission website. *The board should obtain approval by the appointing authority for the increase in Chairperson compensation. Any future salary changes should be relayed to the ABC Commission for record retention.*
  - 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.*
    - *Commission staff will update the Butner store's pictures. Please update the Oxford store pictures and address when upfit is complete.*
  - Board Personnel & Board Members: The general manager provides board members with sales information, profit and loss statements, and previous year's applicable sales and operational concerns. The finance officer and general manager provide various financial reports for the board's review including monthly profit & loss statements, budget comparison, and mixed beverage sales chart. 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. Board members have an array of experience in professional services and business and have very long tenured memberships with the board.
- POLICIES: The board has a personnel policy, and the Commission has a copy for retention records. Additional policies should be provided to the Commission for record. General Manager keeps personnel file with employee social security numbers in a separate, locked box for their security. For travel policy, the board chooses to adhere to the state travel policy. *General manager indicates a new personnel policy is being considered.*

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

- **BUDGETS:** In FY-2023, the board’s actual sales were \$59,251 less than budgeted sales. A budget amendment was submitted in June of 2023 to accommodate changes in revenue and expenditures. *Based on sales trajectory for the current fiscal year with ten months (83%) of the budget year completed, the board is tracking along very well at 77% of annual budgeted sales. If summer sales are generally lower than average month sales may consider a budget amendment. (Tracking rough (.5M)*
- **FINANCIAL INSIGHT:** The finance officer is signing checks as required per statute with the General Manager countersigning and the board chairperson is a third alternat. Invoice records for recent liquor purchases reflect them as being paid routinely within thirty (30) days. Taxes and distributions are paid in a routine and timely manner. General Manager and Finance Officer keep separate deposit spreadsheets and the Finance Officer cross references at reconciliation.
  - Bank deposits are routinely made each morning the previous business day. Per discussion with the General Manager, the Oxford store makes night deposits on Friday and Saturday with Police escort. The Butner Store has a fireproof safe and the Oxford store has a lock box. *For safeguard measures and adherence to Commission rule 15A .0905 (d) Daily Deposits, the board should utilize their locked fireproof safe for integrity of funds that remain at the board at any given time.*
  - Payroll is processed twice monthly, the fifteenth and thirtieth, by the finance officer. The General Manager is the only staff member who does not clock in on main system.
  - Board members will review financial records at board meeting. Comprehensive data is supplied and board signs as having reviewed.
  - The pre-audit certificate is not stamped on the orders at the time they are placed. board’s checks do not bear the NCGS 18B-702 disbursement certificate statement. *Please follow statute 18B-702(m)(q) for guidance on statutory requirements for disbursements and payments.*
  - All board members and the General Manager, Store Manager(s) and Finance Officer are each bonded for \$50,000 per G.S. 18B-700(i).
  - Unsaleable merchandise reports are sent quarterly. Finance Officer accounts has detailed records for credits from unsaleable.
  - The annual CPA audit was received and logged by the Commission on August 28, 2023.
- **LAW ENFORCEMENT (LE) REPORTS:** Reports are being submitted routinely, and they are current to date as well. Submitted reports come from NCALE A-SAC T. Wiggs.
- **LAW ENFORCEMENT (LE) CONTRACT:** The board has a law enforcement contract with Alcohol Law Enforcement on file with the Commission.
- **INVENTORY:** Full store inventory is thoroughly conducted monthly. In addition, staff scans warehouse. The inventory turns over at a 4.5 turnover ratio during the last fiscal year.
  - Butner store has a “last chance” shelf for items that are no longer being ordered to help counter dead stock.
  - General Manager monitors store trends to move product between retail spaces.
  - Board has not done a recent price reduction but has in years past.

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

### ➤ INTERNAL CONTROLS:

- The general manager has approximately twenty-four (24) years of experience in the ABC system with multiple boards and has been in the current role since 2015.
- Finance officer has been with the board for thirty (30) years and has performed all duties within the board beyond those of a financial officer.
- The Board members and Chairperson have extensive professional experience. The board members cumulatively have about forty (40) years of membership on the Granville County ABC Board. Board Chairperson Williford also serves on the board's appointing authority, the Granville County Board of Commissioners.
- All employees are subject to training and various behavioral standards. General manager currently utilizes some product knowledge training and plans to increase in this area.
- Deliveries from central warehouse are monitored and balanced by the bottle and case. Debits and credits to invoices are sent and total invoices are run twice for back up. Orders are changed to reflect actual delivered merchandise and credits or debits are included in invoices provided by LB&B. Invoices are paid via countersigned checks.
- Board currently utilizes ACH payment for most goods and services purchased except liquor and checks issued for supplier payment. *Board could also consider ACH payments for supplier payment as an additional tool for fraud prevention.*

### ➤ EXPENSES:

- Total expenses increased over forty-eight percent (48%) from the last fiscal year and are roughly twenty percent (20%) of total annual sales.
- Board payroll was roughly six percent (6%) of total annual sales. Payroll increased by roughly twenty six percent (26%) from the previous fiscal year.
- Cost of Goods Sold (COGS) was roughly 52.6% for the fiscal year with a normal range being 52% to 54%. The board could explore more buy-ins to keep the COGS low.

## STORE INSIGHT & OVERVIEW

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*The findings for store insight & overview are as follows:*

- Board location store in Oxford is nearing completion on a major upgrade and expansion. A new retail space and store front has been constructed and is slated to open May 28, 2024. The new retail space has a very modern and professional retail atmosphere. Shelving is spacious and aesthetically pleasant. Retail space will expand by approximately 1,000 sq. ft. and the warehouse will double in size expanding approximately 2,000 sq. ft. The construction included a new parking lot and a full bay for truck deliveries. *As physical address for board and store is planned to change, please update Commission when officially for web-site and other records retention.*
- The Butner store is a new free-standing building owned by the board. The retail space is very modern, and products are displayed in category with professional signage and labels. Warehouse is spacious and neatly organized.
- The board does not currently have a website.
- Sales associate interactions with customers are attentive, courteous, and all are eager to meet the needs of the customers. *An excellent source for increased sales and customer relations is product knowledge. Recommend the adoption of a product knowledge book or other sources for sales associates.*
- Special requests from customers are ordered if item is listed and inquiries are made if the item is not.
- The board has sixteen (16) mixed beverage (MXB) customers according to Commission permittee and board records. Board has detailed invoice files for permittee record retention and well-maintained archived records.
- 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. All shelf management practices were being utilized. *The board has very professional labels and bright color sticker system to indicate special priced items.*
- Products are placed within the designated categories; premium products are found at eye-level or top shelf. Bottles were fronted and dusted.
- The board is generally open from 10:00 am until 9:00 pm. At both locations. They are closed every Sunday and the five (5) required annual holidays. In addition, the board closes Martin Luther King Jr. Day, Memorial Day, Easter Monday, Boxing Day (Dec. 26), and they close early on Thanksgiving and Christmas Eves.
- Both stores display the required Fetal Alcohol Syndrome poster required by General Statute 18B-808.
- Outside area surrounding the store is well-maintained and free of debris or trash. New landscaping is being established at the Oxford store to include well-manicured lawn and mulch areas.
- Security systems are in place and functional in all designated areas.
  - *New system for the Oxford store and board will have Thirty-two (32) cameras work to cover the property footprint and sales area, rotating on the office monitor.*

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

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- ABC Boards are required to operate within a balanced budget each fiscal year. Budget amendments must be approved by the board before any funds are transferred between accounts and utilized, occurring at the actual point of time an adjustment of funds is necessary. This would include the point in time during the fiscal year when the board will exceed its annual forecasted sales budget. *Ensure budget amendment copies are submitted to the ABC Commission as required per NCGS 18B-702(h), to include a final reconciliation budget amendment for the fiscal year end.*
- The recipient(s) (*Granville County*) 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)*. *General Manger indicates the county is aware they should provide documentation but has not. The board may want to consider obtaining documentation before the funds are officially awarded / transmitted to any recipients.*
- Board meeting minutes must have a conflict-of-interest disclosure statement, for proper adherence to G.S. 18B-201 (f)(k) and referencing G.S. 18B-700(h).
- In accordance with *G.S. 18B-700(g)*, the board needs to provide documentation to the Commission from the appointing authority approving and specifying the per board meeting compensation amount for the Chairperson (or any other applicable board members) being greater than \$150 per meeting. *ABC Commission can reach out to the appointing authority if the ABC Board prefers.*
- Ensure all purchase orders to include obligations evidenced by a contract or agreement requiring the payment of money, shall include or bear a certificate stating that the instrument (or order) has been pre-audited to ensure compliance with *G.S. 18B-702(m)* with a signature by the finance officer. The specific statement should read, *“This instrument has been pre audited in the manner required by G.S. 18B-702.”*  
*Special note:* This could be most reasonably accomplished by signing & stamping the summary total of the Order Edit List from inventory system before any liquor orders are placed with state warehouse.
- Continue with the following to ensure inventory turnover is reaching the goal of 5-5.5 times (3 monthly deliveries) per year. Analyzing sales and history reports to determine the bestselling products needed in each store and to avoid overstock, transferring slow movers between stores, watching customer shopping patterns and using the information to optimize product placement.
- New personnel manual should be considered and adopted to include, but not limited to, use of property, consumption of alcoholic beverages, employment age requirements, warehouse authorized persons, employment qualifications, compensation, benefits, hours/days of work, holidays, vacation, sick leave, promotion, transfer, demotion, suspension, separation or termination of employees, salary increases, and employee grievances. Please consult 14B 15A .1000-1006 for guidance. Sample policy provided.
- Consider adopting or updating any policies to include, but not limited to, tastings, credit card, mixed beverage and delivery, store policies, social media, code of ethics, vehicle, or personnel manual. *Update any policies to include current administration where applicable.*
- 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.

## Previous Performance Audit Findings and Actions (2013)

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- Continue providing additional training that will include alcohol education, customer service, and product knowledge. *Discussed at interview with expectation to explore more product knowledge opportunities.*
- Provide each employee a copy of the employee handbook and have all employees sign an acknowledgement stating they have received and reviewed the current handbook. *Personnel manual previously addressed.*
- Adopt a travel policy. *Board has chosen to follow state travel policy.*
- Create a written price discrepancy policy. *On file with Commission and being utilized.*
- Credit Card Policy creation. On file with Commission. *Suggest updates to include current administration.*
- If board members are going to accept mileage reimbursement for attending meetings, formally adopt a policy and record in minutes of meeting. *If this has been completed, please provide copy to the Commission.*
- Place the pre-audit certificate with the finance officer's signature on the order to LB&B. Authorization should occur before the transaction takes place. *See previous recommendation.*
- Place the approved certificate on all checks. *See previous recommendation.*
- OP 4.19.4 states, "In an effort to avoid possible conflicts of interest it is recommended at the beginning of each meeting the Chairman ask fellow board members if there are any potential conflicts of interest. This can be done by reading the following ethics reminder: 'In accordance with GS 18B-201, it is the duty of every Board member to avoid both conflicts of interest and appearances of conflicts. Does any member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter involved.'" *See previous recommendation.*

## 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.*
- 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.*



- ABC boards are encouraged to closely review financial statements monthly, comparing with the annual budget forecast, approving budget amendments when necessary and submitting copies to the Commission for anticipated sales increases as well as other adjustments for budgeted accounts.
- Law enforcement reports must be submitted on the Commission's board website by the 7<sup>th</sup> of each month referencing G.S. 18B-501(f1). *In cases where law enforcement provides no information in any given month, simply enter "No data provided by law enforcement" in narrative of report. ABC Boards should make sure reports are in a "Final Submitted" status and not just in saved status. For any saved reports, the only transaction necessary to finalize them is to click the preview button and then click the submit button.*
- Ensure each check or draft on an official depository shall bear on its face a certificate signed by the finance officer or a deputy finance officer approved for this purpose by the local board (or signed by the chairman or some other member of the board pursuant to subsection (o) of this section). The certificate shall take substantially the following form "This disbursement has been approved in the manner required by G.S. 18B-702. \_\_\_\_\_ (Signature of finance officer)." No certificate is required on payroll checks or drafts on an imprest account in an official depository if the check or draft depositing the funds in the imprest account carried a signed certificate. No certificate is required for expenditures of fifty dollars (\$50.00) or less from a petty cash fund, provided the expenditure is accounted for by a receipt for the expended item.
- Boards must keep full and accurate minutes of all official meetings, including all closed sessions, *referencing G.S. 143-318.10*. Regular minutes should make a general reference to the reason for closed session occurring. Closed sessions minutes could either be kept at the board location secured under lock and key, or with board attorney (or appointing authority attorney) for proper stewardship.
- 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.
- NCAC Rule 15A .1701 requires quarterly reports be submitted for any unsaleable merchandise (breakage) and retain original copies for three (3) years. ***All breakage reports should only be transmitted via email submission to Commission staff; copies should not be mailed.***
- 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.
- ABC boards can explore additional training opportunities periodically available through the ABC Commission as well as partnering with other ABC boards on specific areas such as best retail and marketing practices.

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

# Appendix A

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## **Program Analyst's Summary**

The performance audit recommendations and findings were presented to the Granville County ABC Board on May 21, 2024. The board agrees to the recommendations as presented and attests to their implementation. The board will continue to be vigilant with profitability enhancement and expense reduction while operating modern stores with a robust customer service focus.