

Marion ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
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ABC
COMMISSION
NORTH CAROLINA

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ABC

COMMISSION
NORTH CAROLINA

Alcoholic Beverage Control

September 26, 2024

CHAIRMAN:
Hank Bauer

Marion ABC Board
Robert Ayers, Chair
2961 Hwy 221 North
Marion, NC 28752

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

David Sherlin
Raleigh

Chairperson Ayers,

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 Marion 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

Marion is a city in the western part of North Carolina and is the seat for McDowell County. The city is known as a gateway to the blue ridge mountains and its official motto is “Where Main Street meets the mountains”. The city’s population per the 2020 Census was 7,717 residents which was approximately a one- and one-half (1.5%) percent population decrease since 2010. McDowell county’s population per the 2020 census was 44,893 residents down approximately one (1) percent from 2010.

G.S. 18B-601 (c) authorized the City of Marion to hold an election for an ABC store. The referendum was held on April 3, 1984, and passed 859 to 827. The first sale occurred on August 1, 1984. A mixed beverage election was held on June 24, 2008, and passed 678 to 599. Upon election of an ABC store, the town was authorized to create an ABC board consisting of a chairman and two board members to serve for three-year terms. Current board members are Robert Ayers (Chair), Tommy Rockett, and Jacque Mentink.

The Marion ABC Board operates two (2) retail stores and is the only board with stores in McDowell County. The board currently staffs fifteen (15) total employees, with seven (7) full time and eight (8) part time employees. The general manager, Jayne Edwards, is full time and responsible for many board operations including ordering, deposits, inventory, scheduling, billing, and Human Resources. The finance officer, Harriett Thomas, is part time and works in conjunction with the city’s financial office to facilitate many accounting responsibilities. Both stores have a store manager responsible for ordering, inventory, shelving, and product placement in addition to regular store upkeep. All other staff are engaged in customer service, daily operations, floor upkeep, truck delivery, and sales.

The last performance audit for the Marion ABC Board occurred in 2014. 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, August 14, 2024, ABC Board Program Analyst Edwin Strickland visited the Marion ABC Board and interviewed the General Manager, Jayne Edwards, and other board personnel. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



2961 Hwy 221 N. Marion, NC.



484 E. Court St. Marion, NC.

FINANCIAL ANALYSIS

INVENTORY TURNOVER

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 Marion 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 4.5, which is somewhat below the goal.

PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

In fiscal year (FY) 2022-2023, the Marion ABC Board had a profit percentage to sales of 9.34%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%. The Marion ABC Board’s gross sales totaled \$4,650,247, which was an approximate 5.5% increase from the previous fiscal year. The board’s sales have grown an impressive 57% over the last five completed fiscal years.

Marion ABC Board operates two retail stores with mixed beverage sales. The operating cost ratio for the board was .58 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 Marion ABC Board meets 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
Gross Profit on Sales	\$1,157,013	\$1,092,641
Income from Operations	\$434,107	\$492,359

Factors affecting profitability and cost include:

- Surrounding counties with other ABC Boards operating stores within an approximate thirty (30) mile range of Marion ABC: Buncombe, Burke, Rutherford, and Mitchell.
- A 3.3% unemployment rate in McDowell County in June of 2023 with a .6% decrease from the previous year.
- An ABC Board’s average cost of goods sold (COGS) is between 52% & 54% per year. The Marion ABC Board’s cost of goods sold was approximately **52.3%** in FY 2022-2023.
 - *The board currently has twenty-one (21) mixed beverage customer. In FY 2022/2023 mixed beverage accounted for approximately ten (10%) percent of sales.*

BUDGET ANALYSIS

	FY 2022-2023 Budget Projections	FY2022-2023 Actual	Variance	Variance %
Sales	\$4,814,832	\$4,650,247	(\$164,585)	(3.5%)
Revenue over or (under) Expenditures		\$72,278		

In reviewing the budget to actual analysis of the FY 2022-2023 financial audit, actual sales revenues were 3.5% below final budget amendment. In addition, the net income change during the fiscal year was \$37,119. *The board’s collective net position on June 30, 2023, was \$519,294; the net position has increased 37% in the last five (5) fiscal years.*

DISTRIBUTIONS

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, Marion ABC made other statutory distributions totaling \$386,796 (Net profit distribution recipients received \$351,595 of this). The amount of \$1,065,952 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of McDowell County.

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

- 100% to Marion General Fund

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions - The Marion ABC board has made robust net profit distributions over the last five (5) 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.
- Alcohol Education Distributions: Have been disbursed at or above the standard 7% statute amount for the last five (5) FYs.

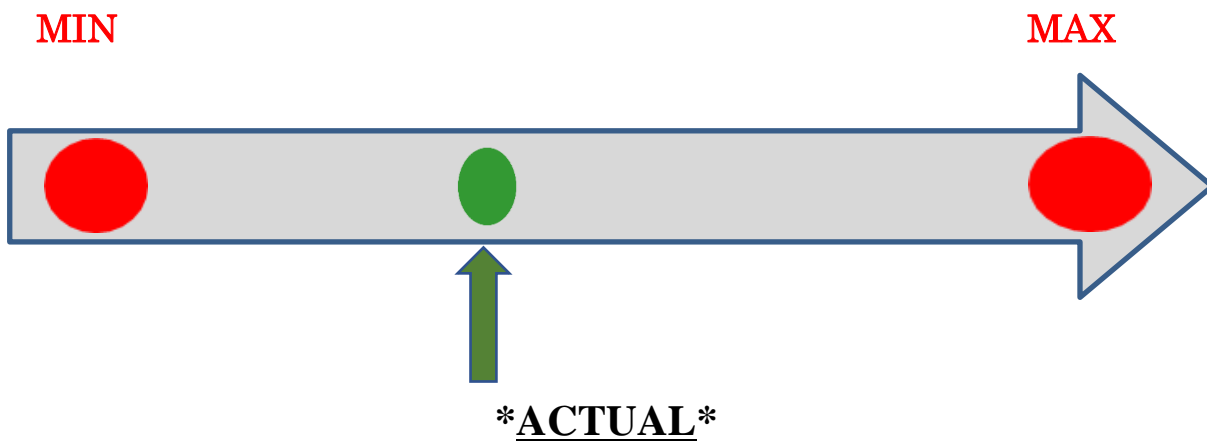
NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		Marion ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
Calculated Amount		Total paid to recipient(s)	
FY-2023	\$130,844	FY-2023	\$351,595
FY-2022	\$124,275	FY-2022	\$402,230
FY-2021	\$117,787	FY-2021	\$352,583
FY-2020	\$100,301	FY-2020	\$269,192
FY-2019	\$84,332	FY-2019	\$186,554

WORKING CAPITAL

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 Marion ABC Board is required to maintain a minimum working capital of \$137,500 with a maximum working capital amount of \$894,000. The Marion ABC Board had a working capital balance of \$427,922 which is 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

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

- The board generally holds board meetings on the fourth Wednesday of each month. 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 for review. The minutes reviewed did indicate the date and time, did review and approve old minutes, did include a conflict-of-interest statement, did distinguish new vs. old business, did discuss new policies and were signed by the Chairperson.
- Oaths of Office: Board members should take an oath before taking office or before the execution of the office per G.S. 11-7. *Board should consider a plan for administering oaths for current and future board members and retain a written copy at the board.*
- Training records review: Board members and board personnel are compliant on ethics training referencing NCGS 18B-706(b). *With pending reappointments, members will need to take ethics training in the coming months.*
- Board member compensation & General Manager (GM) salary: Board members receive compensation for their services above the maximum \$150.00 per meeting. Commission records indicate an approval from the appointing authority to exceed the maximum pay, however, pay rates discussed in the approval are below current board payrates. *The board should obtain approval from their appointing authority for the member pay increase and provide documentation to the Commission. 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 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: The general manager provides each board member a packet with financial reports for the board's review at meetings including balance sheets, sales and comparisons including mixed beverage and bottles, and new bids for consideration. 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 business, government, and finance.
- POLICIES: The board has a robust personnel policy and has provided a 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, Commission records indicate the board chooses to adhere to their appointing authority's travel policy. *Board will need an annual approval from the city and provide documentation to the Commission.*

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)

- **BUDGETS:** In FY 22/23, the board's actual sales were very a little less than the final amended budgeted sales. *Based on sales for the current fiscal year as reported, the board has somewhat less sales than budgeted. The board has submitted a final budget amendment for FY-23/24.*
- **FINANCIAL INSIGHT:** Invoices for liquor are processed by the general manager per delivery. The city financial department makes checks which are then signed by the finance officer and general manager with the chairperson as an alternat. Copies of the check stub and invoices are retained at the board's administrative office. Invoice records for recent liquor purchases reflect them as being paid inside of 30 days. Other payments, taxes and distributions are paid either monthly or quarterly by the city financial. The general manager provides distribution and tax forms to the service as a means of cross reference. Full bank reconciliation is completed monthly by the city financial office and reviewed by the finance officer.
 - All checks have the required disbursement approval, and all invoices and purchase orders are pre-audited.
 - Bank deposits are made each day except Saturday by the general manager and/or store managers. The general manager reviews deposits and compares deposit slips with bank statements and finance officer does 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 \$75.00, and loans are given from the change fund. Each clerk completes a close out report and a full store report at the end of business. An additional \$1,050.00 is kept in the administrative office as a supporting change fund. Different employees are involved in counts of board funds.
 - Payroll is bi-weekly and processed by the city's finance office. General manager provides hours, rates, and overtime report from timecards and spread sheet.
 - Employee files are kept in a locked portion of their administrative office and include application, driver's license copy, signature sheet for policies, and tax information.
 - All board members, General Manager and Finance Officer are each bonded for \$100,000 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 and routinely sends these reports to the Commission. *Commission requests unsaleable reports be sent quarterly and only by email.*
 - The annual CPA audit was received and logged by the Commission on September 30, 2023.
- **LAW ENFORCEMENT (LE) REPORTS:** Reports are being submitted routinely and are current to date. Submitted reports come from Marion Police Lt. S. R. Jenkins and are input by general manager.
- **LAW ENFORCEMENT (LE) CONTRACT:** The board has a law enforcement contract with the Marion Police Department on file with the Commission from 2014. *An updated version could be supplied for Commission records if officials are different.*

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)

- **INVENTORY:** Full inventory is conducted quarterly at both stores and reviewed by general manger. Scanners are used, and multiple staff members participate. Discrepancies are reviewed by general manager and adjustments are made. Additional spot checks are conducted monthly. General manager has strategies for slow moving stock to include moving between stores and moving around in store.
- **INTERNAL CONTROLS:**
 - The general manager has worked for the board for six years. She previously worked in the school system for over twenty years and has experience with policy and administrative controls.
 - The finance officer was formerly the city's finance officer and has served with the board since 2011. The board also has a deputy finance officer who is employed with the city and assists with accounting and other financial tasks.
 - The Board members and Chairperson have extensive professional experience in business, finance, and local government and have a good mixture of longer tenures and some more recent appointees.
 - The board receives an annual report describing expenditure of funds from their alcohol education and rehabilitation recipients.
 - All employees are subject to training and various behavioral standards and all employees receive RASP training.
 - Full time employees are enrolled in LGERS.
 - General manager makes final order by reviewing store manager's order, analyzing recent sales, historical data, and current inventory. General manager indicates she reviews SPA's and conducts buy ins for three-month supply when able.
 - Board receives two deliveries monthly, one at each store. Counts are made using scanners and any variances are recounted, and actual discrepancies are reported to LB&B.
 - Invoices for liquor are paid twice monthly and payments are reviewed, and checks are signed by both finance officers and the general manager.
 - Board does not have a credit card.
 - Board utilizes positive pay for protection against check fraud and general manager checks account(s) each morning for irregularities.
 - Stores have pens used to prevent counterfeit bills.
 - No compliance issues regarding board members or personnel related to nepotism or other professional conflicts per discussion with general manager.
 - Board has a code of ethics policy on file with the Commission.
- **EXPENSES:**
 - Total operating expenses increased around twenty percent (20%) from the last fiscal year and are roughly fifteen- and one-half percent (15.5%) 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 twenty-three percent (23%) from the previous fiscal year.
 - Cost of Goods Sold (COGS) was roughly 52.3% for the fiscal year with a normal range being 52% to 54%.
 - General manager indicates the board reviews contracts to reduce expenditures, noting they recently stopped using *Cintas* for rug, paper towel, and soap service.

STORE INSIGHT & OVERVIEW

The findings for store insight & overview are as follows:

- Board's store #1 (484 E Court St.) is a free-standing building owned by the board in the downtown area. The store has good exterior signs, ample parking, well maintained exterior, and the interior is well lit. Shelving is tight but allows for easy flow for patrons and staff and is overall aesthetically pleasant. The warehouse area is small and there is a second suit the board leases to another business next door.
- Board's store #2 (2961 Hwy 221) is a free-standing building on a major highway at the edge of the Marion city limits. The store is owned by the board and houses the administrative office and primary warehouse. The store is well lit and spacious. Parking is ample and the exterior of the building is well maintained. Store has some unique ways of advertising products and creating impulse purchases.
- 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 and industry updates are provided to staff from broker emails and magazines available in break and shift prep areas.
- General manager indicates the board tries to order all customer requests.
- General manager reserves portions of limited or allocated products for their mixed beverage customers. Other methods for distribution include staggered shelving and lotteries.
- The board has a website for public awareness.
- The board has done four barrel picks and plans to continue.
- The board has twenty-one (21) 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. *Three permitted establishments in the county use Spruce Pine ABC as their mixed beverage outlet which is in a neighboring county (Mitchell).*
- Board has a mixed beverage delivery policy on file with the Commission and makes some deliveries. All mixed beverage sales are conducted at store #2.
- A random sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, all items across both stores reflected the current quarterly or monthly SPA price. *The board has professional labels, stickers, and utilizes supplier displays to indicate special priced items.*
- A small sample of items was selected to verify accurate current inventory. All items across both stores actual quantities matched with system data correctly.
- 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 fully followed at time of Commission visit and plan was available.*

STORE INSIGHT & OVERVIEW (cont.)

- General manager indicates price discrepancies are always handled in the customers favor if the shelf price is lower than the cash register. *Price discrepancy policy is on file with the Commission as part of the board's personnel manual.* Board displays a sign at price change time acknowledging their may be some incorrect tags.
- The board's stores are generally open from 9:00 am until 9:00 pm Monday through Saturday. They are 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 twelve or sixteen cameras operating at the stores.*
 - *Panic and alarm buttons are located at registers and in office with plans to test for response times.*

RECOMMENDED ACTIONS (PER STATUTES OR COMMISSION RULES)

- In accordance with *G.S. 18B-700(g)*, the board should provide documentation to the Commission from their appointing authority approving and specifying the per board meeting compensation amount for the Chairperson and board members being greater than \$150 per meeting. *The Commission has an approval on file from 2010 that specifies per meeting allowances less than the current compensation rate.*
- 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.*
- Board members should take an oath before taking office or before the execution of the office per *G.S. 11-7*. *A written account of the oaths should be available at board administration.*
- The board could consider additional contributions to their working capital fund as distributions far exceed the minimum mandatory requirement. *As a starting point or suggestion, the board could consult their appointing authority for any applicable circumstances and for general transparency.*
- Board could consider adopting or updating any policies to include, but not limited to, tastings, credit card, store policies, social media, vehicle, or others. *Personnel manual may cover some of the aforementioned suggested policies or could be updated to include.*
- Continue with the following to ensure inventory turnover is reaching the goal of 5 times (2 monthly deliveries) per year. Analyzing sales and history reports to determine the bestselling products needed and to avoid overstock, watching customer shopping patterns and using the information to optimize product placement, and price reductions. *Board could contact other boards or the association's efficiency (internal controls) committee for additional ideas and options.*
- 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

- 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 1st.
 - 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. *Board could also consider ACH payments as a means of reducing expenses and eliminating fraud.*
- 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.
- 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 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.

PREVIOUS PERFORMANCE AUDIT RECOMMENDATIONS (2014)

- Request annual reports from all agencies that receive funding for alcohol or substance abuse, rehabilitation, or research. *Board has reports and keeps records in their administrative office.*
- Monitor expenses more closely so as to not exceed budgeted amounts. *Board continues to monitor.*
- Request bids from vendors to ensure that the best price is offered for services provided, such as insurance, professional fees, some utilities, and bank/credit card charges. *Board complies.*
- Moving stock within stores and between stores to increase visibility and to encourage more impulse shopping. *Board complies.*
- Eliminating poor performing items to drive category sales and increase shopper satisfaction. *Not currently an issue but should always be considered.*
- Have all reappointed board members complete the ethics requirement within 12 months of reappointment. *All board members and personnel current on ethics training.*
- Extend and provide other training opportunities to all employees. *Should always be considered.*
- Execute a law enforcement contract and submit to the Commission. All local boards are required to have an agreement, even if the agreement results in no enforcement activity without pay. *Board now has a law enforcement contract with Marion Police Department.*
- Adopt a price discrepancy policy that incorporates customer friendly practices. Once adopted, communicate to all employees before the need arise so that they are informed on how to implement the changes. *Now included in personnel manual.*
- Display a public notice for all board meetings. *Board complies and could also post on their website.*

MARION ABC BOARD

9-25-2024

ABC Commission

400 E. Tryon Rd.
Raleigh NC 27610

We truly appreciate your support and recommendations from the audit recently performed. This performance audit will help us with the areas that need improvement. Please find below our responses to the findings and recommendations.

In accordance with G.S. 18B-700(g) the Marion ABC board provided on May 18th 2022 documentation to the Commission Chairman, Hank Bauer, from the City of Marion approving and specifying the per board meeting compensation amount for the Chairperson and board members being greater than 150 per meeting. I have included the letter sent by City Manager Bob Boyette and the minutes from the city council meeting.

In accordance with G.S. 138-6 the board voted at the meeting on August 28th 2024 to adopt the official State of NC government travel policy. Therefore, eliminating the annual approval from the appointing authority.

In accordance with G.S. 11-7 all board members and chairperson took an oath of office on September 5th 2024 at Mayor Stephen Little's office. Written accounts' of the oaths have been sent to the Commission and are on file at the office of the Marion ABC board.

The Certificate of Accountability has been signed by all board members, chairperson, general manager, and finance officer and has been sent to the Commission.

The board is considering the other suggestions from Mr. Strickland and will make the Commission aware of any changes as soon as they are approved.

In closing, we appreciate Mr. Strickland's professional demeanor and all his helpful tips. Because we have a fairly new general manager it was very beneficial for her to hear what we were doing right and what we needed improvement on. The Marion ABC board always strives to comply with State requirements to make sure our board is the best it can possibly be.

Sincerely,
The Marion ABC Board