

North Wilkesboro 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

March 7, 2025

CHAIRMAN:
Hank Bauer

North Wilkesboro ABC Board
Gerald Lankford, Chair
297 Wilkesboro Ave.
N. Wilkesboro, NC 28659

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

David Sherlin
Raleigh

Chairperson Lankford,

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 North Wilkesboro 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

North Wilkesboro is a town in northwestern North Carolina and is the largest populated community in Wilkes County. The town is most famous for its speedway and NASCAR history. The town's population per the 2020 Census was 4,131 residents which was approximately a three (3%) percent decrease since 2010. Wilkes County's population per the 2020 census was 65,969 residents down approximately five (5%) percent from 2010.

Chapter 412 of the 1965 Session Laws authorized the town of North Wilkesboro to hold an election for an ABC store upon fifteen percent (15%) of registered voters. The referendum was held on July 20, 1965, and passed 1,072 to 491. The first sale occurred on October 1, 1965. A mixed beverage election was held on April 7, 1987, and passed 317 to 270. 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 Gerald Lankford (Chair), Steven Gentry, and Nelson Martin.

The North Wilkesboro ABC Board operates one (1) retail store and is one of two (2) boards with stores in Wilkes County. The board currently staffs seven (7) total employees, with three (3) full time and four (4) 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 board decisions. The finance officer is full time, serves similarly to an assistant general manager, and is responsible for billing, payroll, ordering, and inventory. The board utilizes a third-party accounting service who handles taxes, distributions, and accounting support. The general manager and finance officer work collaboratively on many responsibilities and serve to double check one another. Other store employees are primarily responsible for providing friendly customer service, general store upkeep, and stock maintenance.

The last performance audit for the North Wilkesboro 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, October 2, 2024, ABC Commission Program Analyst Edwin Strickland visited the North Wilkesboro ABC Board and interviewed the General Manager, Jim Lovett, and the Finance Officer, Adam Wingler. The board's Chairman Gerald Lankford also visited. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



297 Wilkesboro Ave., North Wilkesboro

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 North Wilkesboro ABC Board received shipments 2 times a month with a target inventory turnover rate of approximately 5. The inventory rate in (FY) 2023-2024 was 2.5, which is below the goal.

PROFIT PERCENTAGE TO SALES & OPERATING COST RATIO

In fiscal year (FY) 2023-2024, the North Wilkesboro ABC Board had a profit percentage to sales of 1.18%. The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%. The North Wilkesboro ABC Board's gross sales totaled \$2,084,412, which was an approximate .4% decrease from the previous fiscal year. The board's sales have grown an impressive 24% over the last five completed fiscal years.

North Wilkesboro ABC Board operates one retail store with mixed beverage sales. The operating cost ratio for the board was .95 in FY 2023-2024. The NC ABC Commission standard for ABC Boards with one or two stores and mixed beverage sales is .73 or less.

Thus, the North Wilkesboro ABC Board does not meet 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 2023-2024	FY 2022-2023
Gross Profit on Sales	\$517,334	\$502,786
Income from Operations	\$24,490	\$24,939

➤ *Factors affecting profitability and cost include:*

- Surrounding areas with other ABC Boards operating stores within an approximate thirty (30) mile range of North Wilkesboro ABC: Boone, Lenoir City, West Jefferson, Yadkin Valley, Triad, and Wilkesboro.
- A 4.7% unemployment rate in Wilkes County in June of 2024 with a .7% decrease from the previous year.
- The board currently has eight (8) active mixed beverage customers. *In FY 2023/2024 mixed beverage accounted for less than one percent of sales.*
- Board rents their store and administrative office from the town.

BUDGET ANALYSIS

	FY 2032-2024 Budget Projections	FY2023-2024 Actual	Variance	Variance %
Sales	\$2,244,000	\$2,084,412	(\$159,588)	(7.1%)
Revenue over or (under) Expenditures		\$21,238		

In reviewing the budget to actual analysis of the FY 2023-2024 financial audit, actual sales revenues were 7.1% below budgeted sales. In addition, the net income change during the fiscal year was \$6,490. *The board’s collective net position on June 30, 2024, was \$402,267; the net position has increased approximately 20% 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 2023-2024, North Wilkesboro ABC made other statutory distributions totaling \$18,000 (Net profit distribution recipients received \$10,000 of this). The amount of \$472,311 in primary distributions and other taxes were paid to the NC Department of Revenue (NCDOR), DHHS, and the county commissioners of Wilkes County.

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

- 20% to Wilkes County General Fund
- 10% to Wilkes General Hospital
- 70% to North Wilkesboro General Fund, of which 5% goes to recreational fund.

DISTRIBUTIONS (cont.)

➤ **STATUTORY DISTRIBUTIONS:**

- **Net Profit Distributions** – The North Wilkesboro ABC board has made net profit distributions over the last five (5) fiscal years below 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 not been properly disbursed at or above the standard 5% statute amount for four (4) of the last five (5) FYs.
- **Alcohol Education Distributions:** Have not been disbursed at or above the standard 7% statute amount for four (4) of the last five (5) FYs.

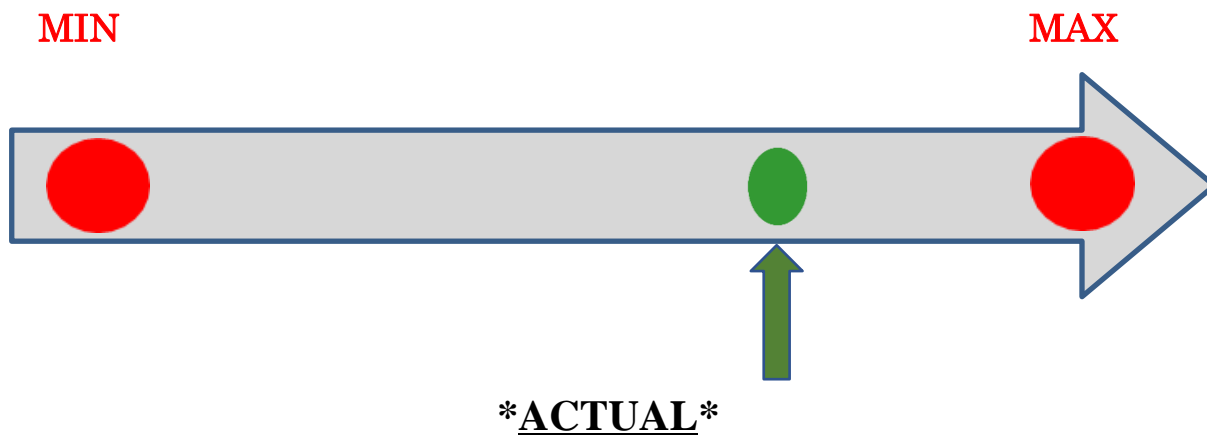
NC GENERAL STATUTE: 18B-805 (c)(1)			
Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients		N. Wilkesboro ABC Board Net profit distribution made annually by fiscal year	
<i>Note: Referencing CPA Audit Reports</i>			
Calculated Amount		Total paid to recipient(s)	
FY-2024	\$59,833	FY-2024	\$10,000
FY-2023	\$63,869	FY-2023	\$19,000
FY-2022	\$62,168	FY-2022	\$16,356
FY-2021	\$58,403	FY-2021	\$36,100
FY-2020	\$46,349	FY-2020	\$0

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, 2024, the North Wilkesboro ABC Board is required to maintain a minimum working capital of \$62,015 with a maximum working capital amount of \$403,095. The North Wilkesboro ABC Board had a working capital balance of \$295,315 which is greater than the minimum and less than the maximum Commission requirements for this section (*).

*** FY 2023-2024: 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:

- **Board Meetings:** The board generally holds meetings the first Thursday 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 a book. 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. *Meeting minutes should be signed by the chairperson.*
- **Oaths of Office:** All board members have not taken an oath per the general manager's recollection. All board members should take an oath before taking office or before the execution of the office per G.S. 11-7. *Written template is available in the operations manual on Commission website.*
- **Training records review:** Board members and board personnel are compliant on ethics training referencing NCGS 18B-706(b), with one member needing to complete training in the coming months once reappointed.
- **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:** At board meetings, personnel report on sales, with historical comparisons, and provide members with relevant board matters or issues. 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 manual but has not provided an updated copy to the Commission. The manual covers many operational and behavioral standards.
 - Board has additional policies for mixed beverage sales and delivery.
 - For travel policy, Commission records indicate the board adheres to the state travel policy.
 - Additional policies could be considered and provided to the Commission for record keeping including but not limited to, tastings or employee tastings, social media, overtime, or any others.

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)

- **BUDGETS**: In FY 23/24, the board's actual sales were 7.1% less than the final amended budgeted sales. *The board submitted a final budget amendment that did adjust for sales somewhat.*
- **FINANCIAL INSIGHT**: Invoices for liquor are processed by board personnel monthly to cover two deliveries. Copies of the invoices are not fully retained at the board's administrative office. Invoice records for recent liquor purchases reflect them as being paid, mostly, within 30 days. Other payments, taxes and distributions are paid either monthly or quarterly by the third-party accounting service who also conducts full monthly bank reconciliation.
 - All checks have the required disbursement approval but are not signed by the finance officer, with the general manager and board members countersigning. *Board should consult 18B-702(q) for full compliance.*
 - Pre-audit stamp verification is not being properly documented. *For efficiency, the board could consider allowing the finance officer to stamp/sign the full liquor order rather than individual liquor invoices.*
 - Bank deposits are made the following day by the general manager or finance officer. Each staff member has bank bags from shift end which are verified by administration before compiling daily deposit. Accounting service verifies deposits with accounts.
 - Tills start with \$100.00, and each clerk is responsible for register report and overages/shortages.
 - Payroll is biweekly and processed by the finance officer through quick books. Time sheets are utilized and reviewed by multiple board personnel and accounting service.
 - Employee files are kept in the administrative office and include application, copy of identification, and personnel manual acknowledgment.
 - 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 need to reestablish sending them 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 September 26, 2024.
- **LAW ENFORCEMENT (LE) REPORTS**: Reports are being submitted routinely and are current to date. Submitted reports come from the North Wilkesboro Police Department and are input by general manager.
- **LAW ENFORCEMENT (LE) CONTRACT**: The board has a law enforcement contract with the North Wilkesboro Police Department on file with the Commission from 2018.
- **INVENTORY**: Full inventory is conducted four times yearly and all staff members participate. Final discrepancies are reviewed by general manager and finance officer and adjustments are made. Board has strategies for slow moving stock to front of store and counters, last chance display, and working with reps for point-of-sale incentives.

PERSONNEL, OPERATIONAL & ADMINISTRATIVE COMPLIANCE (cont.)

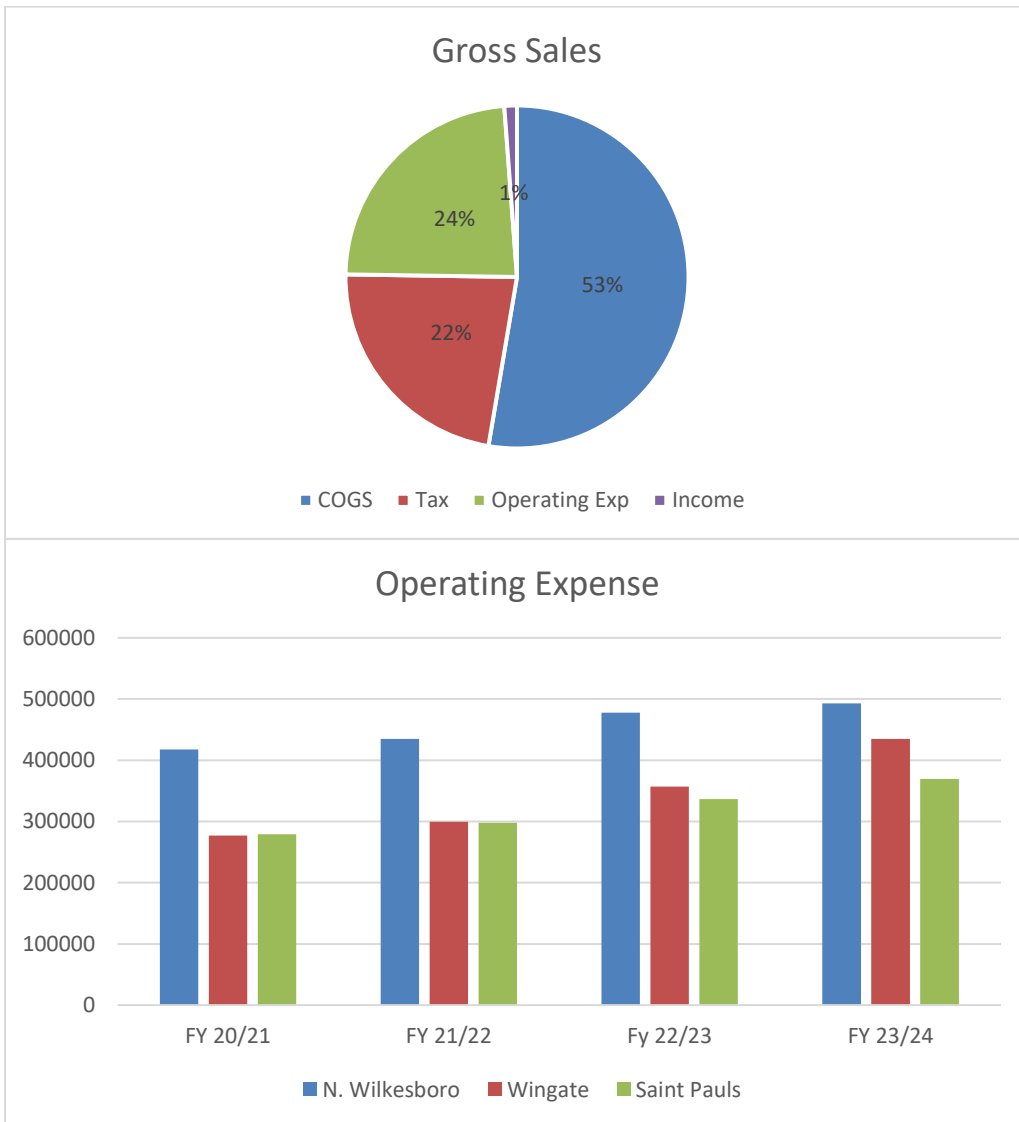
➤ INTERNAL CONTROLS:

- The general manager has served in his position with the board fifteen years and has previous experience in business, sales, and retail management.
- The finance officer has been with the board for over seven years and has previous experience as a business owner and in bar management.
- The Board members and Chairperson have extensive professional experience in business, local government, and community relations and have a good mixture of longer tenures and a more recent appointee.
- The board does not receive reports describing expenditure of funds from their alcohol education and rehabilitation recipient, Wilkes Recovery Revolution.
- All employees are subject to training and various behavioral standards. The board has very low employee turnover and all staff members have received RASP training.
- Full time employees are enrolled in LGERS.
- Finance officer and general manager make liquor order by analyzing recent sales, par sheets versus current inventory, and consider SPAs for two-three month buy ins for certain products.
- Board receives two deliveries monthly. Counts are made using load sheets and any variances are recounted, and actual discrepancies are reported to LB&B.
- Board has a credit card in the possession of the finance officer. *Board should consider adopting a formal credit card policy for internal control.*
- 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.

STORE INSIGHT & OVERVIEW

➤ EXPENSES:

- Total operating expenses increased around six tenths of one percent (.6%) from the last fiscal year and are roughly twenty-three- and one-half percent (23.5%) of total annual sales in FY-23/24.
- Board salaries were approximately thirteen- and one-half percent (13.5%) of total annual sales. Salaries and benefits increased by around five percent (5%) from the previous fiscal year.
- Cost of Goods Sold (COGS) was an impressive 52.5% for the fiscal year with a normal range being 52% to 54%.
- The chart below shows where portions of gross sales are expended or retained as income. COGS and primary distributions (Taxes) usually account for approximately seventy six percent (76%) of any board’s gross receipts, with the remainder used to operate the system and as income. In turn, the income is then used to satisfy other statutory distributions and as working capital, capital improvements, or as additional distributions beyond the minimum requirement.
- An operating expense comparison shows that North Wilkesboro ABC Board’s operating expenses are higher in than some other boards with comparable sales.



STORE INSIGHT & OVERVIEW

- Board's store is a free-standing building leased from the city. The store has good exterior signs, ample parking, and the interior is well lit. Shelving is maximized but still allows for easy flow for patrons and staff and is aesthetically pleasant. The warehouse area is large, well organized, and provides easy access for deliveries.
- Deliveries from LB&B are usually the second and fourth Tuesday 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 verbal communication between administration, broker reps, and board personnel. *Board could consider additional opportunities for product knowledge training to include consulting reps for literature.*
- General manager indicates the board tries to order most customer requests if logical.
- General manager reserves portions of limited or allocated products for their mixed beverage customers and shelves the remainder at various times.
- The board does not have a web page.
- The board has eight (8) 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.
- The board's mixed beverage delivery policy offers complimentary delivery for a customer friendly approach.
- 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 advertises special priced items.*
- A random sample of approximately 20 items was selected to verify accurate current inventory. About half of the items 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.
- 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 open from 9:00 am until 9:00 pm Monday through Saturday. They are currently closed every Sunday, and the five (5) previously required annual holidays, and Memorial Day.
- Board has recently started to have tastings.
- Security systems are in place and functional in all designated areas.
 - *Currently sixteen cameras operating with screens in office and showroom.*
 - *Panic buttons located behind registers.*

RECOMMENDED ACTIONS (PER STATUTES OR COMMISSION RULES)

- 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 recipient(s) of alcoholism fund or education distributions should 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.*
- To comply with GS 18B-702(m) place the pre-audit certificate with the finance officer's signature on the order to LB&B. When ordering supplies, have a purchase order or order confirmation that will have authorization from the finance officer before the transaction takes place.
- 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 Accordance with NCAC Rule 15A .1102, board should provide the Commission a copy of all policies or rules governing the local board. *Board should also craft an approve a credit card policy.*
- In accordance with G.S. 18B-805(1)(2)(3), board should ensure fiscal planning and reevaluations to establish means of consistently satisfying other statutory distributions.
- 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.

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

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.*
- Board could consider additional product knowledge materials or other industry education training for staff. *An excellent source for increased sales and customer relations is product knowledge.*
- Board could consider adopting or updating any policies to include, but not limited to, tastings or employee tastings, social media, credit card, or any 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.*
- *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.*
- Board may want to consider additional inventory counts to include spot checks on categories or fast-moving products.
- 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.

PREVIOUS PERFORMANCE AUDIT RECOMMENDATIONS (2014)

- Monitor budget frequently and more closely to ensure that actual expenses do not exceed budgeted amounts. Provide year-to-date reports to board members detailing how much has been spent.
 - *Board could still consider budget evaluations.*
- Request bids annually from various vendors to get the best rates possible on financial audits, specific utilities, maintenance contracts, and credit card processing fees.
 - *Board could still consider some options.*
- To increase profitability, consider testing different marketing strategies such as cross merchandising.
 - *Board could still consider some options.*
- Invite the Association's Efficiency Committee to visit the store with the possibility of making additional recommendations to improve profitability.
 - *Board could still consider some options.*
- To remain in compliance with the statute, ask the appointing authority for an approval to withhold the required distribution for a specific period of time.
 - *Board could still consider some options.*
- Adopt a mixed beverage policy that details customer friendly and flexible ordering and pickup guidelines. Once adopted, distributed to all mixed beverage accounts of any changes and submit a copy to the Commission.
 - *Board has excellent mixed beverage and delivery policies.*
- Adopt a price discrepancy policy that incorporates customer friendly practices.
 - *Board has policy on file.*
- Update or revise the employee handbook to outline the duties and responsibilities of each employee, board policies, and benefits offered, if any. Forward copies to all employees and implement an acknowledgement of receipt from every employee to be filed in the personnel files. Once adopted, submit to the Commission.
 - *Board has policy but will need to submit.*
- Adopt a written cash shortage and overage policy. While this is understood, it is good business practice to have written procedures in place for current and future employees. Once adopted, submit a copy to the Commission and include in the employee personnel manual.
 - *Policy is included in personnel.*
- To ensure stronger internal controls of inventory, set a consistent schedule to count physical inventory or count inventory by category on a consistent basis. Incorporate frequent spot checks between full inventory counts.
 - *Board should still consider.*
- To strengthen internal control on cash management, have a different person review and reimburse the board petty cash fund when used. Once a credit card is obtained, incorporate procedures and a policy detailing usage. Have all board members view the credit card statements to ensure that purchases have been made according to the credit card policy in place.
 - *Board should still consider.*
- Update the Commission website to reflect current information on board member and general manager.
 - *Website is updated.*

- Place the pre-audit certificate with the finance officer's signature on the order to LB&B. When ordering supplies, have a purchase order or order confirmation that will have authorization from the finance officer before the transaction takes place.
 - *Board should work to reestablish this practice.*
- Make budget amendments when sales are under budget and expenses are over budget. Once budget amendments have been adopted, forward copies to the Commission and to the appointing authority.
 - *Board has done final budget amendment last FY.*
- Audit shelf tags more frequently. Incorporate such practices within spot check time periods.
 - *Commission staff's spot price checks did not find any errors.*

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

North Wilkesboro ABC Board
297 Wilkesboro Ave, North Wilkesboro NC 28659

ABC Commission
400 E. Tryon Rd.
Raleigh, NC 27610

03/06/2025

We 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.

*Item 1:
Board will administer and retain copies for members' oaths of office.*

*Item 2:
All recommendations will be followed.*

*Item 3:
The board will discuss applicable budget amendments.*

*Item 4:
The board will ensure pre-audit certificates are present on liquor orders to adhere to NCGS 18B-702(m).*

*Item 5:
The board will consider recommended actions.*

Item 6: The board has received documentation of how funds were used with alcohol education distribution

*Item 7
The board will audit shelf tags more frequently.*

*Item 8
The board has signed and submitted a COA form.*

Sincerely,

Chairman Gerald Lankford
General Manager Jim Lovette

