

# 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

October 31, 2024

CHAIRMAN:  
Hank Bauer

Wilkesboro ABC Board  
Bill Bumgarner, Chair  
171 Browns Ford Rd.  
Wilkesboro, NC 28697

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

David Sherlin  
Raleigh

Chairperson Bumgarner,

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 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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Raleigh NC 27610

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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

Wilkesboro is a town in the western part of North Carolina and is the seat for Wilkes County. The town is best known for its history, concerts, festivals, and recreational opportunities, and the town motto is “Where the mountains begin”. The town’s population per the 2020 Census was 3,687 residents which was approximately eight (8%) percent population increase since 2010. Wilkes County’s population per the 2020 census was 65,969 residents down approximately five (5) percent from 2010.

Chapter 413 of the 1965 Session Laws authorized the town of 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 453 to 292. The first retail sales occurred October 11, 1965. A mixed beverage election was held on August 25, 1987, and passed 296 to 234. 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 Bill Bumgarner (Chair), Keith Deveraux, and Courtney Claycomb-Colbert.

The Wilkesboro ABC Board operates two (2) retail stores and is one of two boards with stores in Wilkes County. The board currently staffs eighteen (18) total employees, with eleven (11) full time and seven (7) part time employees. The general manager, LaRaye Wyatt, is full time and responsible for full system oversight. The finance officer, Michael Parsons, is full time and responsible for many board operations including budgeting, payroll, billing, and reconciliation. The operations manager is responsible for mixed beverage, special orders, inventory, and other operational tasks. 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 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, August 28, 2024, ABC Board Program Analyst Edwin Strickland visited the Wilkesboro ABC Board and interviewed the General Manager, LaRaye Wyatt, Finance Officer Michael Parsons, and other board personnel. Below is a financial analysis followed by operation observations, findings, and recommendations related to the performance audit.



**171 Browns Ford Rd. Wilkesboro, NC.**



**798 Curtis Bridge Rd. Wilkesboro, NC.**

## **FINANCIAL ANALYSIS**

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### **INVENTORY TURNOVER**

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

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

The Wilkesboro ABC Board received shipments 4 times a month with a target inventory turnover rate of approximately 6. The inventory rate in (FY) 2022-2023 was 3.6, which is below the goal.

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

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In fiscal year (FY) 2022-2023, the Wilkesboro ABC Board had a profit percentage to sales of (.31%). The NC ABC Commission profit to sales standards for ABC Boards with gross sales greater than \$2M is 6.5%. The Wilkesboro ABC Board's gross sales totaled \$4,236,731, which was an approximate 3.4% increase from the previous fiscal year. The board's sales have grown an impressive 63% over the last five completed fiscal years.

Wilkesboro ABC Board operates two retail stores with mixed beverage sales. The operating cost ratio for the board was .95 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 Wilkesboro ABC Board does not meet 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>	\$1,066,430	\$995,879
<b>Income from Operations</b>	(\$12,978)	\$103,817

*Factors affecting profitability and cost include:*

- Surrounding areas with other ABC Boards operating stores within an approximate thirty (30) mile range of Wilkesboro ABC: Boone, Lenoir City, West Jefferson, Yadkin Valley, Triad, and North Wilkesboro.
- A 4.0% unemployment rate in Wilkes County in June of 2023 with a .2% decrease from the previous year.
- An ABC Board's average cost of goods sold (COGS) is between 52% & 54% per year. The Wilkesboro ABC Board's cost of goods sold was approximately 52.1% in FY 2022-2023.
  - *The board currently has fifteen (15) mixed beverage customer. In FY 2022/2023 mixed beverage accounted for approximately six (6%) percent of sales.*



## BUDGET ANALYSIS

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	FY 2022-2023 Budget Projections	FY2022-2023 Actual	Variance	Variance %
Sales	\$4,375,000	\$4,236,731	(\$138,269)	(3.2%)
Revenue over or (under) Expenditures		(\$447,400)		

In reviewing the budget to actual analysis of the FY 2022-2023 financial audit, actual sales revenues were 3.2% below final budget amendment. In addition, the net income change during the fiscal year was (\$17,511). *The board's collective net position on June 30, 2023, was \$357,345; the net position has decreased approximately (18%) in the last five (5) fiscal years.*

## DISTRIBUTIONS

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

In FY 2022-2023, Wilkesboro ABC made other statutory distributions totaling \$5,205 (Net profit distribution recipients received \$5,025 of this). The amount of \$965,136 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
- Remainder to Wilkesboro General Fund

## DISTRIBUTIONS (cont.)

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➤ **STATUTORY DISTRIBUTIONS:**

- Net Profit Distributions - The 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 the standard 5% statute amount for the last five (5) FYs with \$250.00 disbursed in 2022.
- Alcohol Education Distributions: Have not been disbursed at the standard 7% statute amount for the last five (5) FYs with \$0.00 disbursement for all years.

<b>NC GENERAL STATUTE: 18B-805 (c)(1)</b>			
<b>Calculation of Minimum Mandatory Distribution for Net Profit to Designated Recipients</b>		<b>Wilkesboro 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	\$118,271	FY-2023	\$5,025
FY-2022	\$118,271	FY-2022	\$4,750
FY-2021	\$101,366	FY-2021	\$0
FY-2020	\$81,143	FY-2020	\$5,500
FY-2019	\$70,761	FY-2019	\$0

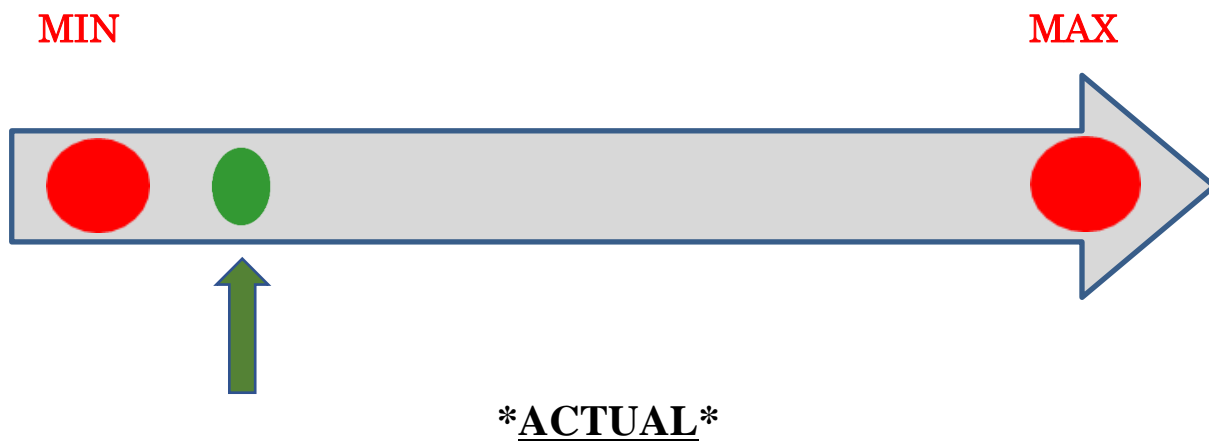
## WORKING CAPITAL

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

Based upon the existing rules, as of June 30, 2023, the Wilkesboro ABC Board is required to maintain a minimum working capital of \$125,575 with a maximum working capital amount of \$816,343. The Wilkesboro ABC Board had a working capital balance of \$226,925 which is greater than the minimum and less than the maximum Commission requirements for this section (\*).

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



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

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

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

- The board generally holds board meetings on the third Monday 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 and electronically for review. Board meeting minutes were viewed and followed the order of proceedings, providing sufficient detail that a reasonable person would be able to follow what transpired. Board meeting minutes included a certificate of accountability statement.
- Oaths of Office: Board members 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 at the maximum \$150.00 per meeting. Commission records indicate an approval from the appointing authority for the Chairperson to exceed the maximum pay and current pay rates match the approval. 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 not appropriately staggered with two members term end dates in the same year and different monthly end dates.*
- Board website review: The board's login website was updated by the Commission in 2022 for board member term tenure information (*begin dates & end dates*). **Special note**: As part of a revalidation effort, the Commission has worked to revalidate term tenure information for all ABC boards across the state, working directly with the appointing authorities. As a value-added measure for all ABC boards and Commission records tracking in summer 2022, the term begin dates as well as term end dates were entered on all individual ABC board websites.
  - *The expectation going forward is that ABC boards will routinely manage this information online, and work to communicate with the Commission particularly when new members are added, or whenever any current serving members resign before a term has ended.*
- Board Personnel & Board Members: Board personnel provide each board member financial reports for the board's review at meetings including sales comparisons, operating expenses, cost of goods, and mixed beverage. Board members are heavily encouraged by the Commission to use checks and balances to ensure that cash management practices are upheld especially on payroll; also, boards should routinely review any notes and recommendations provided by the CPA firm on annual audits.
- POLICIES: The board has a robust personnel policy and has provided 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, the board has recently chosen to follow the state's policy.
- BUDGETS: In FY 22/23, the board's actual sales were 3.2% less than the final amended budgeted sales. *The board has submitted a final budget amendment for FY-23/24.*

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

- FINANCIAL INSIGHT: Invoices for liquor are processed by the finance officer per delivery. 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 at 30 days. Other payments, taxes and distributions are paid either monthly or quarterly by the finance officer with some guidance from a third-party accounting service. Full bank reconciliation is completed monthly by the finance officer and reviewed by the general manager.
  - All checks have the required disbursement approval and are signed by the general manager and finance officer with all board members as alternates.
  - Pre-audit stamp verification is not being properly documented. *Finance officer does review all purchases but should adhere to GS 18B-702(m) for full compliance.*
  - Bank deposits are made each day by the operations manager but are not for the previous day's receipts. Board personnel retain one day's deposit to use as a change fund with actual deposits being made two days after the date of the sales. Multiple personnel review and compare deposit slips with bank statements and finance officer does at monthly reconciliation. *Board should consult NCAC 15A-.0905 for proper adherence to Commission Rules and should work to establish a change fund.*
  - Tills start with \$100.00, and loans are given from the previous day's deposit. Each clerk initials register report at end of shift under video surveillance.
  - Payroll is bi-weekly and processed by the finance officer using QuickBooks. General manager and store managers review hours and rates.
  - Employee files are kept in a locked portion of their administrative office and include application, driver's license copy, signature acknowledgment for personnel manual, bank information, disciplinary actions, and tax information.
  - All board members, General Manager and Finance Officer are each bonded for \$50,000 per G.S. 18B-700(i). *Board could consider insuring bonds cover other applicable staff to include other employees per G.S. 18B-803(b)(c).*
  - Board keeps thorough records for unsaleable merchandise reports but does not send reports to the Commission. *Commission requests unsaleable reports be sent quarterly and by email.*
  - The annual CPA audit was received and logged by the Commission on September 26, 2023.
- LAW ENFORCEMENT (LE) REPORTS: Reports were not being submitted routinely but are now almost current to date. Submitted reports come from Wilkesboro Police Inv. B. D. Dancy.
- LAW ENFORCEMENT (LE) CONTRACT: The board has a law enforcement contract with the Wilkesboro Police Department on file with the Commission from 2014.
- INVENTORY: Full inventory is conducted annually 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 regularly. General manager has strategies for slow moving stock to include moving between stores and moving around in store. Management moves slow moving stock to end caps or special displays. *Board plans to conduct full inventory twice in the FY 24/25.*

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

### ➤ INTERNAL CONTROLS:

- The general manager has worked for the board for five years becoming the General Manager in 2020.
- The finance officer has been with the board since 2019. He has held his current position since 2022 and has previous retail experience.
- The Board members and Chairperson have extensive professional experience in business, education, medical, and local government and have a good mixture of longer tenures and some more recent appointees.
- The board does not receive an annual report describing expenditure of funds from their alcohol education and rehabilitation recipients. *Board has not made any distributions in the last five FY's.*
- All employees are subject to training and various behavioral standards. *Commission recommends RASP training for all staff members.*
- Full time employees are enrolled in LGERS.
- Store manager(s) makes liquor order by analyzing recent sales, historical data, and current inventory. The general manager and operations manager review and adjust orders.
- Board receives four deliveries monthly, two at each store. Counts are made using scanners and any variances are recounted, and actual discrepancies are reported to LB&B.
- Board utilizes a credit card for personnel. *No credit card policy on file.*
- Stores have pens and scanners used to prevent counterfeit bills.
- General manager indicates her spouse works limited hours for the board, mostly associated with full store inventory. *Board should review GS 18B-700(k) for compliance.*
- Store manager works is also employed by a business with mixed beverage ABC retail permits.
- Board has a code of ethics policy on file with the Commission.

### ➤ EXPENSES:

- Total operating expenses increased around twenty-one percent (21%) from the last fiscal year and are roughly twenty five percent (25%) of total annual sales in FY-22/23.
- Board salaries were approximately ten percent (10%) of total annual sales. Salaries and benefits increased by around thirty-one percent (31%) from the previous fiscal year.
- Cost of Goods Sold (COGS) was roughly 52.1% for the fiscal year with a normal range being 52% to 54%.

## STORE INSIGHT & OVERVIEW

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- Board's store #1 (798 Curtis Bridge Rd) is a free-standing building owned by the board. The store has good exterior signs, ample parking, well maintained exterior, and the interior is well lit. The store was remodeled in recent years and the parking lot has been updated for safety. The warehouse area is large, well organized, and provides easy access for deliveries and mixed beverage customers.
- Board's store #2 (798 Curtis Bridge Rd.) is a free-standing building on a major highway. The store is leased by the board and houses the administrative office. The store is well lit and spacious. Parking is ample and the exterior of the building is well maintained. Warehouse is appropriately sized and well organized.
- Both stores receive a delivery every other week for a system total of four monthly.
- 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.
- General manager employes some creative and incentivized strategy for product knowledge growth.
- General manager indicates the board tries to order most customer requests.
- General manager reserves portions of limited or allocated products for their mixed beverage customers, both stores, and employees.
- The board has a web page on the town's website for public awareness.
- The board has fifteen (15) 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.
- Board has a mixed beverage delivery policy on file with the Commission and makes some deliveries. All mixed beverage sales are conducted at store #1.
- A random sample of approximately 100 items were selected to determine if uniform pricing is displayed. Of those selected, all but two 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 mostly followed at time of Commission visit.*
- 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 as part of the board's personnel manual.*
- 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 will begin closing Memorial Day.
- Board does conduct tasting and could consider a tasting policy.
- Security systems are in place and functional in all designated areas.
  - *Currently sixteen cameras operating at both 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)**

- 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 should establish a change fund and discontinue delayed deposits in accordance with NCAC Rule 15A .0905.
- 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 G.S. 18B-805(1)(2)(3), board should ensure fiscal planning to establish means of satisfying other statutory distributions.
- In accordance with 18B-700(k), board should establish a policy chronicling specific duties of the general manager's spouse and establishing a separation of influence on their position within the system. *Additionally, board should establish in writing their store manager's separation from influence over the mixed beverage permittee's order fulfillment for which he is also employed.*
- 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.
- Board should stagger member terms to have at least one term end date each year and on the same month. *If a member should leave the board before their term is concluded, appoint a new member for the duration of the previous member's term.*
- In connection with the periodic audit, a Certificate of Accountability attestation form should be reviewed and signed by board members and applicable personnel. A signed copy would then only need to be emailed to Commission personnel for recordkeeping.



## **ADDITIONAL CONSIDERATIONS & GUIDANCE ....**

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- The Commission's primary focus for ABC board members:
  - ABC board members are highly encouraged to meet monthly for the best formal oversight and review of board operations, routinely recording meeting minutes (*adhering to closed meeting requirements where applicable*) and ensuring either no conflicts of interest are present or that they are addressed appropriately when presented. Monthly sales should be reported to the Commission at beginning of next month, providing annual budgets, budget amendments, miscellaneous financial reporting to Commission following timelines, and ensuring Commission has annual CPA audits by Oct 1<sup>st</sup>.
  - ABC boards are highly encouraged to keep term begin dates & term end dates updated on the Commission's board login website for all ABC board members and other information such as store hour changes, pictures, email updates, etc. *Moreover, liaising with the Commission when new members are appointed or when member resign early before term has ended is very important for recordkeeping efforts of the Commission.*
- ABC boards are highly encouraged to find straightforward ways to lower any recurring expenses.
  - Board should consult their appointing authority for discussion on a means to lower recurring insurance costs for the board.
  - OPEB expenses will continue to rise. Discuss longterm expense implication with CPA and if the board has not already done so, consider cancelling this benefit for future employees.
  - Board should consider requesting bids annually from various vendors to get the best rates possible on financial audits, various utilities, maintenance contracts, and credit card processing companies.
  - 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.
  - Board could also consider ACH payments as a means of reducing expenses and eliminating fraud.
- Continue with the following to ensure inventory turnover is reaching the goal of 6 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.*
- 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.

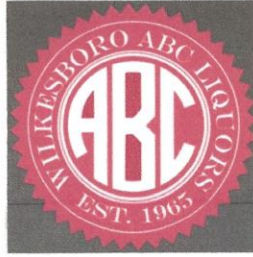
- Board could consider adopting or updating any policies to include, but not limited to, tastings, employee tastings, credit card, store policies, social media, vehicle, or others. *Personnel manual may cover some of the afore mentioned suggested policies or could be updated to include.*
- As a reminder, 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's Education Outreach program 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)

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- To increase inventory turns, consider the following:
- Analyzing sales data and history reports more closely and more frequently to plan orders while taking advantage of Special Purchase Allowance offers.
  - *Board currently conducts buy ins when funds are available.*
- Utilizing end caps to highlight slow moving and new items.
  - *Board complies.*
- Selling slow-moving inventory to other boards with greater demand or asking the Commission for a reduced price.
  - *Board could still consider.*
- Contacting other boards who have a high inventory turnover rate and have recently opened a new store or a second location for ideas that may be implemented.
  - *Board could still consider.*
- Continue to monitor budget frequently and more closely to ensure that actual expenses do not exceed budgeted amounts. Provide monthly reports to board members detailing how much has been spent.
  - *Board should still consider.*
- 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 should still consider.*
- To increase profitability, consider testing different marketing strategies such as cross merchandising, transferring slow-moving products between stores; etc.
  - *Board should still consider.*
- To remain in compliance with the statute, ask the appointing authority for an approval to withhold distributions for a specific period of time.
  - *Board should still consider.*
- As a reminder, have an annual approval from appointing authority to adopt the town's travel policy.
  - *Board now utilizes the state's revel policy.*
- 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 statutory requirement.*
- Audit shelf tags more frequently. Incorporate such practices within spot check time periods.
  - *Board should continue incorporating this practice with their spot checks.*



## Town of Wilkesboro Alcoholic Beverage Control Board

### Response to the Performance Audit Report 2024

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

October 3, 2024

The Town of Wilkesboro Alcoholic Beverage Control Board is grateful for your review and audit of our performance and standards. Your recommendations from the September 2024 audit are invaluable to us. This audit is a crucial tool that will continuously guide us in enhancing our operations. Below, we present our responses to the findings and recommendations, demonstrating our unwavering commitment to improvement. We are dedicated to fostering a positive impact and relationship with our local and state communities through our efforts to control spirituous liquor.

**Item 1: 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 to the board administration.**

- All recommendations will be followed.

**Item 2: The board should establish a change fund and discontinue delayed deposits under NCAC Rule 15A .0905.**

- All recommendations will be followed.

**Item 3: 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.**

- All unsaleable merchandise reports are submitted and current with the Commission.

**Item 4: Per G.S. 18B-805(1)(2)(3), board should ensure fiscal planning to establish means of satisfying other statutory distributions.**

- All recommendations will be followed.

**Item 5: Per 18B-700(k), the board should establish a policy chronicling specific duties of the general manager's spouse and establishing a separation of influence on their position within the system. Additionally, the board should establish in writing their store manager's separation from influence over the mixed beverage permittee's order fulfillment for which he is also employed.**

- All recommendations will be followed per NCGS.

**Item 6: 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 with the finance officer's authorization before the transaction occurs.**

- The board will ensure pre-audit certificates are present on liquor orders to adhere to NC GS 18B-702(m).

**Item 7: The board should stagger member terms to have at least one term end date each year and in the same month. If a member leaves the board before their term is concluded, appoint a new member for the duration of the previous member's term.**

- An updated term plan has been submitted.

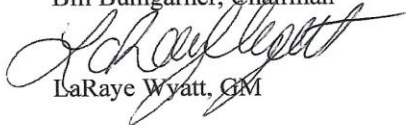
**Item 8: A Certificate of Accountability attestation form should be reviewed and signed by board members and applicable personnel concerning the periodic audit. A signed copy must only be emailed to Commission personnel for recordkeeping.**

- A copy of our signed Certificate of Accountabilities has been submitted from the year in question.

Sincerely,



Bill Bumgarner, Chairman



LaRaye Wyatt, GM

Town of Wilkesboro ABC Board