

Columbus ABC Board

Performance Audit Report



Alcoholic Beverage Control Commission
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ABC
COMMISSION
NORTH CAROLINA



ABC

COMMISSION
NORTH CAROLINA

Alcoholic Beverage Control

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December 22, 2011

The Honorable Eric McIntyre, Mayor
Town of Columbus
PO Box 146
Columbus, NC 28722

Dear Mayor McIntyre,

We are pleased to submit this performance audit report of the Town of Columbus ABC Board. The objective of this audit was to examine existing policies, practices, and controls and to provide recommendations on methods to improve operating efficiency at the ABC Board.

This report consists of an executive summary, background information and operational findings and recommendations. The ABC Board reviewed a draft copy of this report and their written proposals to our recommendations are included.

We would like to thank the ABC Board and their staff for the assistance and cooperation provided to us during the audit and we hope you and your Town Council Members will find the report informative.

Respectfully,

Michael C. Herring
Administrator

Cc: Jonathan Kanipe, Town Manager
Columbus ABC Board

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EXECUTIVE SUMMARY

By state law, the ABC Commission shall ensure that all local ABC Boards comply with established performance standards by conducting regular audits or performance evaluations. Performance standards shall include, but are not limited to, standards that address enforcement of ABC laws, store appearance, operating efficiency, solvency, and customer service. Performance audits are examinations of existing operating policies, practices, controls, and activities to determine those areas in which there may be a need for improvements. This audit was conducted in accordance with Government Auditing Standards. This report details findings and recommendations with regard to organizational and operational issues.

To achieve the objectives of the audit, ABC Commission staff

- Reviewed applicable General Statutes, ABC Commission Rules, and administrative policies;
- Reviewed applicable reports and studies of ABC boards with similar size and geography;
- Verified compliance with Commission and Board policies;
- Reviewed organizational chart and job descriptions;
- Reviewed ABC store annual audit for the fiscal year 2011;
- Visited the store;
- Interviewed key ABC store personnel.

The Columbus ABC Board has submitted a response to the performance audit recommendations and has begun to take steps toward becoming more profitable through analyzing and reducing current costs. Internal controls have been improved to maintain proper segregation of duties and to adhere to statutes.

BACKGROUND INFORMATION

Columbus, NC was born from 100 acres of wilderness in Polk County. Incorporated in 1857, Columbus is home to the county seat of Polk County. It is approximately five miles from another ABC store in Tryon, NC and approximately six miles from the South Carolina border. The current population is approximately 1051.

The Columbus ABC Board was organized under the provisions of GS 18B-601 (c). A referendum was held on April 18, 1989. The vote for an ABC store passed 253 to 188. The date of the first retail sales was June 1, 1990. A mixed beverage referendum held on April 18, 1989 passed 269 to 177. Mixed beverage sales began October 7, 1992.

Upon election of an ABC store, the town of Columbus was authorized to create an ABC Board consisting of a chairman and two members to serve for three year terms. Current board members are C. P. Feagan, board chairman, Marshall Watkins and Shane Blackwell, board members. Shane Blackwell was removed by the Commission on November 9, 2011. A replacement member has not been appointed by the town.

The Columbus ABC Board staffs four part-time employees. The general manager/finance officer is responsible for the daily operations of the store including supervising personnel, retail operations, and administrative functions. The clerk duties involve various retail functions including selling products and accounting for stock.

Profitability

For fiscal year 2011, the board showed a profit; total liquor sales were \$527,845, income from operations was \$7,141, resulting in a profit percentage to sales of 1.35%. Although current year sales have fluctuated, the board's sales have risen from last year. *Refer to Chart 1.*

In comparing Columbus ABC and other similar size boards over the past ten years, sales have dropped while the state's 56% ten year increase. *Refer to Chart 2.*

Factors affecting sales and profitability:

- While overall population has increased 21%, adult working population has decreased 23% over the past ten years
- Population below poverty levels has decreased 2% over the past ten years
- 7.6% unemployment rate in Polk County in October
- Recent opening of an ABC store in South Carolina within a 5 mile radius

Distribution Schedule

G.S. 18B-805 (c) (2) and (3) requires that the board expend quarterly at least five percent of profits for law enforcement and at least seven percent of profits for alcohol education. The statute also requires the board to expend quarterly the remaining gross receipts to the Columbus General Fund.

In 2010, the Columbus ABC Board did not make distributions to law enforcement or alcohol education but distributed \$15,000 to the Town of Columbus General Fund. *See Charts 3 and 4.*

FINDINGS AND RECOMMENDATIONS

On August 10, 2011, ABC Commission Auditor, Moniqua S. McLean, visited the Columbus ABC store and interviewed George Miller, general manager. The following are the findings and recommendations relating to the performance audit.

1. Inventory Turnover

The inventory turnover rate is calculated by dividing the cost of goods sold by the average inventory in the system. The Commission has set goals for determining an effective rate based on the frequency of deliveries. Below are the turnover rates based on the delivery schedule:

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

The Columbus ABC Board has a bi-weekly delivery schedule. The inventory turnover rate for Columbus ABC is 3.3 and does not meet the target rate set by the Commission.

Recommendations:

- Explore different strategies for eliminating slow moving products by:
 - Request permission from the Commission for a price reduction to sell off slow moving products. Use proceeds for distribution or for more saleable inventory.
 - Move stock within the store to increase visibility
- Take advantage of SPA's and quarterly price reductions whenever possible
- Use recipe cards, displays, and other marketing techniques to increase sales

2. Operating costs

Operating costs are calculated by dividing total operating expenses less depreciation by the gross profit on sales. Below are the average cost ratios for boards with and without mixed beverage sales:

- Boards with 3 or more stores with MXB – cost ratio .67 or less
- Boards with 3 or more stores without MXB – cost ratio .94 or less
- Boards with 2 stores – cost ratio .83 or less
- Single store boards with MXB – cost ratio .77 or less
- Single store boards without MXB – cost ratio .93 or less

The Columbus ABC Board has an operating cost ratio of .91 while the average for similar size boards is .77 or less. In comparing with other single store boards with MXB sales, Columbus' operating expenses are not out of line; however, sales are not sufficient to absorb all expenses. Overhead expenses are high, in this case, because of rent. To meet the goal of .77 and remain at current revenue levels, operating expenses must be reduced to less than \$95,000. To meet the goal of .77 and remain at current expense levels, revenues must be greater than \$700,000. *Refer to Charts 5 and 6.*

Recommendations:

- Monitor budget monthly to ensure that expenses do not exceed budgeted amounts. Have finance officer present reports detailing all expenses of the board.
- Request bids annually from various vendors to get the best rates possible on audit, credit card processing fees, and insurance and bonding rates.

3. Profit percentage to sales

The profit percentage to sales is calculated by dividing the total profit before distributions by the total liquor sales. The Commission has set efficiency goals based on the following breakdown:

- Gross sales greater than \$10M – target rate at 9%
- Gross sales \$2M to \$10M – target rate at 6.5%
- Gross sales less than \$2M – target rate at 5%

The Columbus ABC Board has a profit percentage to sales of 1.35% and does not meet the targeted rate set by the Commission.

Recommendations:

- Increase sales using the strategies recommended under inventory turnover.
- Take advantage of every selling day possible; do not close the store except when required by law. Keep store open on all other holidays (Martin Luther King Jr. Birthday, Good Friday/Monday, Memorial Day, Veteran's Day) and advertise in advance the fact that you will be open by a sign on the door.
- Consider merging with another ABC board to reduce overhead.

4. Working capital

Working capital is total cash, investments, and inventory less all unsecured liabilities. Gross sales means gross receipts from the sale of alcoholic beverages less distributions as defined in GS 18B-805 (b) (2), (3), and (4). The Commission has set efficiency goals based on the following breakdown:

- Four months for boards with gross sales less than \$1.5M
- Three months for boards with gross sales less than \$50M and greater than or equal to \$1.5M
- Two months for boards with gross sales equal to or greater than \$50M

For FY2011, the Columbus ABC board had a working capital of \$93,432 and met the minimum goal set by the Commission.

5. Store Appearance

The linear footage for the Columbus ABC store is approximately 700 linear feet of shelf space. The store holds approximately 807 product codes. *Refer to Appendix A for photos.*

- The store was clean, well lit, and smoke-free; countertops were free of clutter and bottles were not dusty.
- The shelf management system was clearly defined, consistent, and easily understood
- The Fetal Alcohol Syndrome poster was not displayed. The ABC Commission auditor provided the poster during her visit.

Recommendations:

- Post the required Fetal Alcohol Syndrome poster as required by 18B-808. *Refer to Appendix B (1) for statute.* New posters are available free of charge from the Commission Education and Training Division.

6. Policies and Procedures

- The Code of Ethics was not filed with the Commission by the required due dates. The ABC Commission auditor collected the document upon visit.
- Board does not have a price discrepancy policy on file.

Recommendations:

- Adopt a price discrepancy policy. While it is true that the State has uniform pricing requirements, if a shelf tag is incorrect and shows a lower price than the register, it is good customer relations to honor it and just book the difference to cash over/short. The Commission will provide a sample policy upon request. *Refer to Appendix B (2) for rule.*

7. Administrative Compliance

- Board meeting minutes were available and followed the order of proceedings for conducting business meetings.
- Board meeting minutes did not, however, reference the conflict of interest statement.
- Board information on the Commission website does not reflect the board members' latest appointment date. Board members' compensation meets the current statutory requirements.
- Law enforcement reporting has not been submitted to the Commission for months February, May and June.
- Nepotism – The board does not employ immediate family members.
- One board member has not attended the mandatory ethics training.
- Purchase orders are not used for store and office supplies.
- Orders to LB&B and purchase orders do not bear the pre-audit certificate required by GS 18B-702(m).
- All checks display the approved certificate required by GS18B.

- When an employee accidentally breaks a bottle, the board does not absorb the cost but instead writes up a vendor claim.
- Transportation permits were not available to view.
- Current shelf prices do not reflect the price set by the Commission. Belvedere, .75L still showed the February 2011 price on shelf.

Recommendations:

- In an effort to avoid possible conflicts of interest, it is recommended that at the beginning of each board meeting the Chairman asks fellow board members if there are any potential conflicts of interest. *Refer to Appendix B (3) for statement reference.*
- Update board information on the Commission website to reflect current board member appointment dates and compensation amounts.
- Submit law enforcement reports to the Commission for the stated months. *Refer to Appendix B (4) for statute.*
- Have all board members attend the mandatory ethics training. *Refer to Appendix B (5) for statute.*
- Use purchase orders for ordering all store and office supplies. Purchase orders are required to have the pre-audit certificate signed by the finance officer. *Refer to Appendix B (6).*
- Orders to LB&B for liquor must have a pre-audit certificate signed by the finance officer.
- If an employee breaks a bottle, the board is responsible for absorbing the cost of the breakage. When a bottle is broken on the truck or while in transition to the store, complete the Destruction of Unsalable Merchandise form. Immediately remove all breakage from inventory.
- All ABC stores shall issue transportation permits if a customer transports over 8 liters of spirituous liquor. *Refer to Appendix B (7) for statute.*
- North Carolina statutes require uniform pricing in all ABC stores. Request additional training, if necessary, from computer vendor on handling monthly price reductions. Immediately audit all shelf tags in the store and the cash register system for correct pricing.

8. Personnel/Training Compliance

- Employee training is conducted whenever the need arises and whenever new information is available.
- Employees rely on a calendar for scheduling hours and are required to monitor hours worked by a weekly time sheet. The employees and finance officer currently approves hours worked by signing the time sheet.
- No employee has been cross trained to fill in for the general manager should he become unable to work.

Recommendations:

- Attend annual training, such as the Responsible Alcohol Seller Program, offered by the Commission.
- Create a checklist for use in training new employees and have each employee sign once training is complete.
- Have training for employees on topics of customer service, administrative functions, price changes, etc. Encourage clerks to be more proactive about greeting customers; come out from behind counter to view blind spots in store.
- Cross train employees on key functions that include ordering liquor, closing the month procedures, paying bills, and filing taxes in the event the general manager were suddenly unavailable.

9. Internal Control

- Currently, the general manager performs the finance officer duties. The general manager and board chairman currently sign checks with the attached invoices.
- A deputy finance officer has not been appointed to fill in if the finance officer or board chairman is absent.
- Quarterly inventory counts are performed by the general manager and staff. On occasion board members have assisted.
- All employees share a single cash drawer for the entire sales day. The cash drawer is counted by the morning shift employee before the start of business.
- The general manager maintains the change fund for store operations. Both the general manager and assistant manager reconcile the change fund.
- A petty cash fund is available to purchase store supplies. The general manager authorizes purchases and reconciles the fund.

Recommendations:

- Appoint a finance officer other than the general manager. *Refer to Appendix B (8) for statute.*
- Appoint a deputy finance officer to aid in the duties of the finance officer when he/she is absent. *Refer to Appendix B (9) for statute.*
- To improve internal controls on inventory, take physical inventory monthly. Schedule board members to spot check inventory on a regular basis. Have board members review all monthly inventory adjustments.

- To ensure stronger internal controls on cash management, the following need to occur:
 - Have each employee maintain a separate cash drawer. At the start and close of each shift, each employee counts their drawer to verify totals and to be held accountable for own cash drawer.
 - Appoint someone other than the general manager to reconcile the petty cash fund. A board member could do this each month during the course of the monthly board meeting.

Chart 1

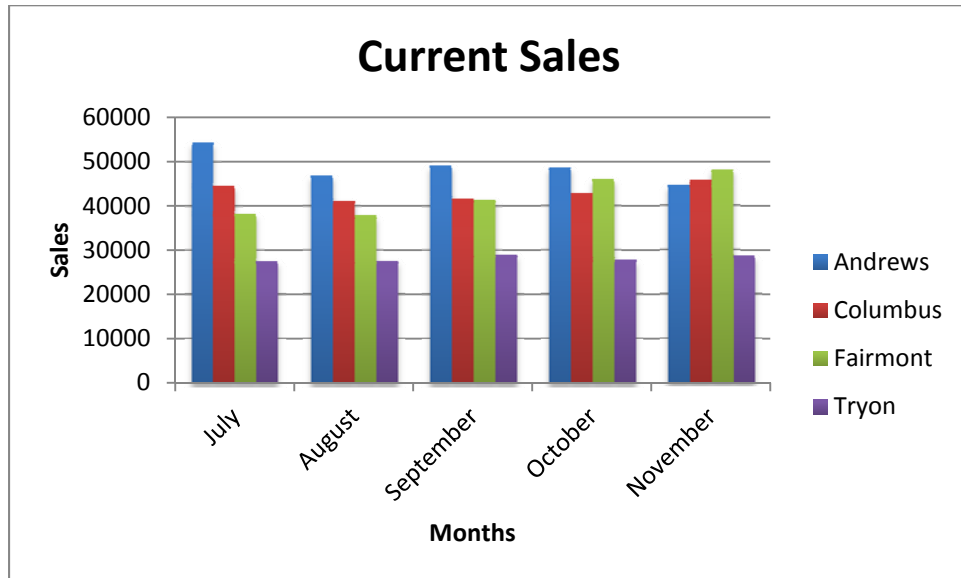


Chart 1 reflects fiscal year 2011 sales of similar size boards.

Chart 2

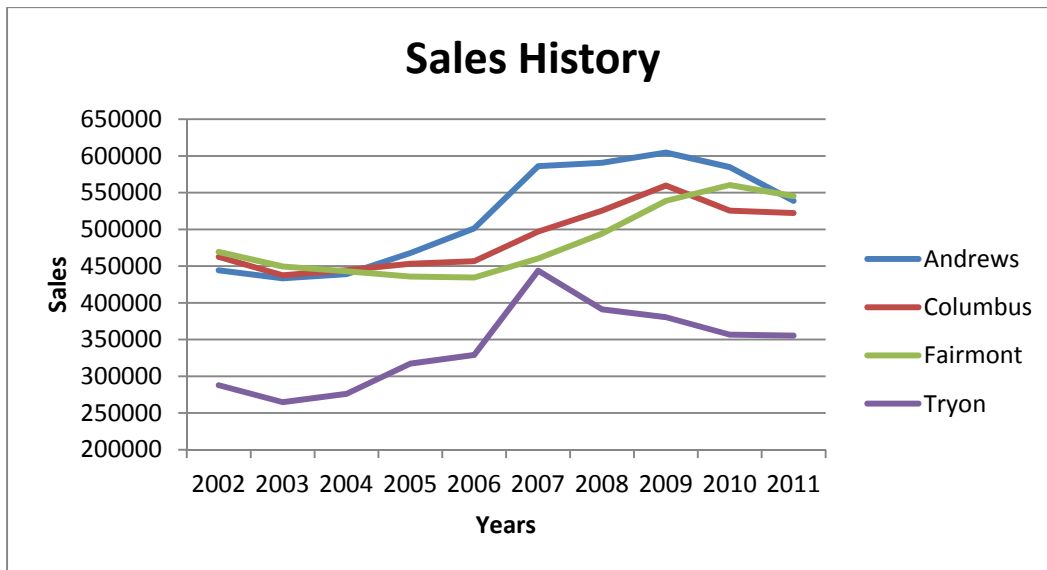


Chart 2 reflects historical sales growth of similar size boards.

Chart 3

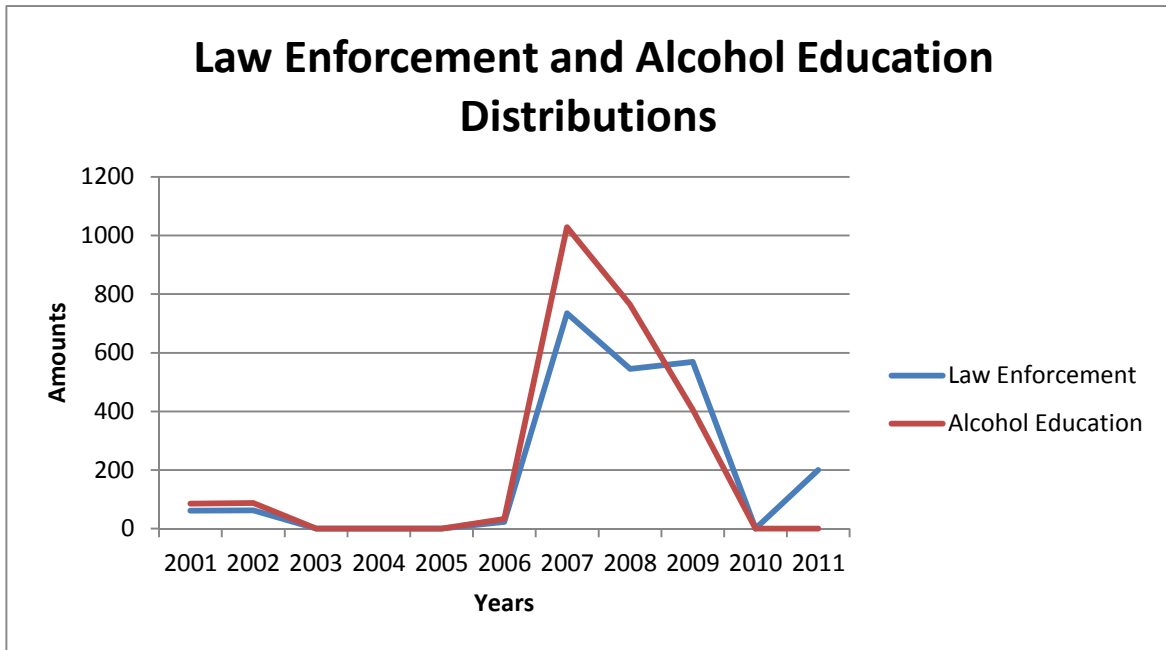


Chart 3 reflects the historical trend of law enforcement and alcohol education distributions.

Chart 4

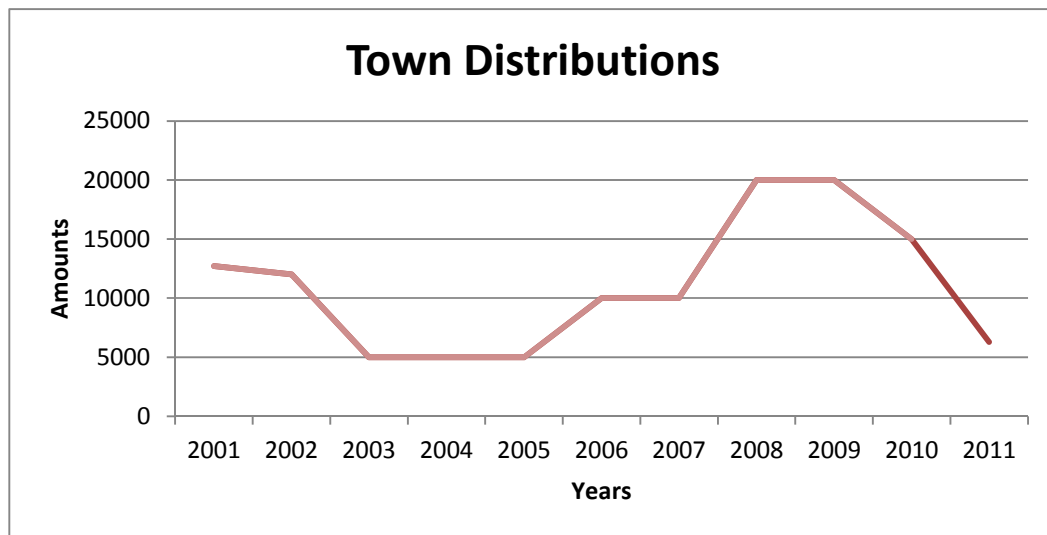


Chart 4 reflects the historical trend of town distributions.

Chart 5

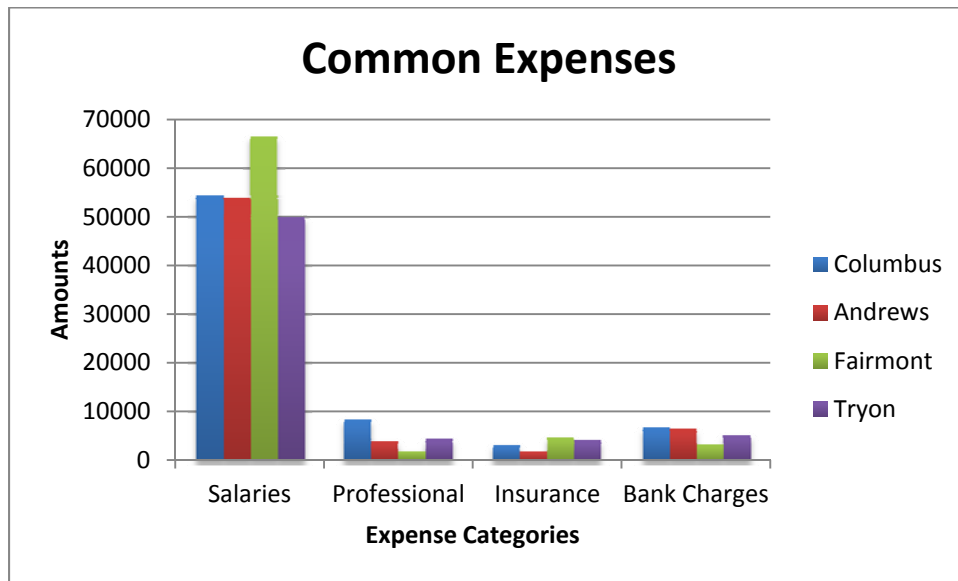


Chart 5 reflects common operating expenses for similar size boards. Note: Data based on FY2011.

Chart 6

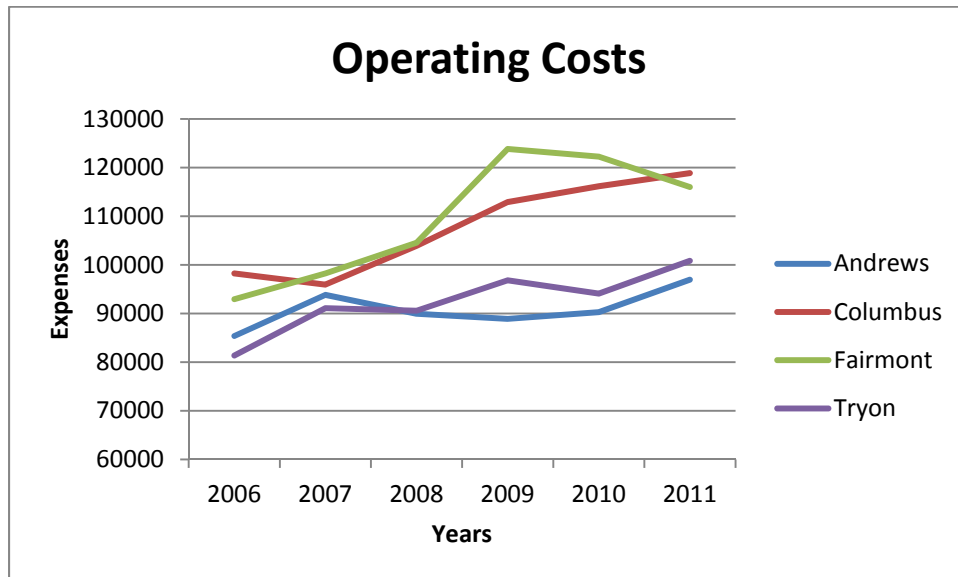


Chart 6 reflects the historical trend of operating expenses of similar size boards.

Chart 7

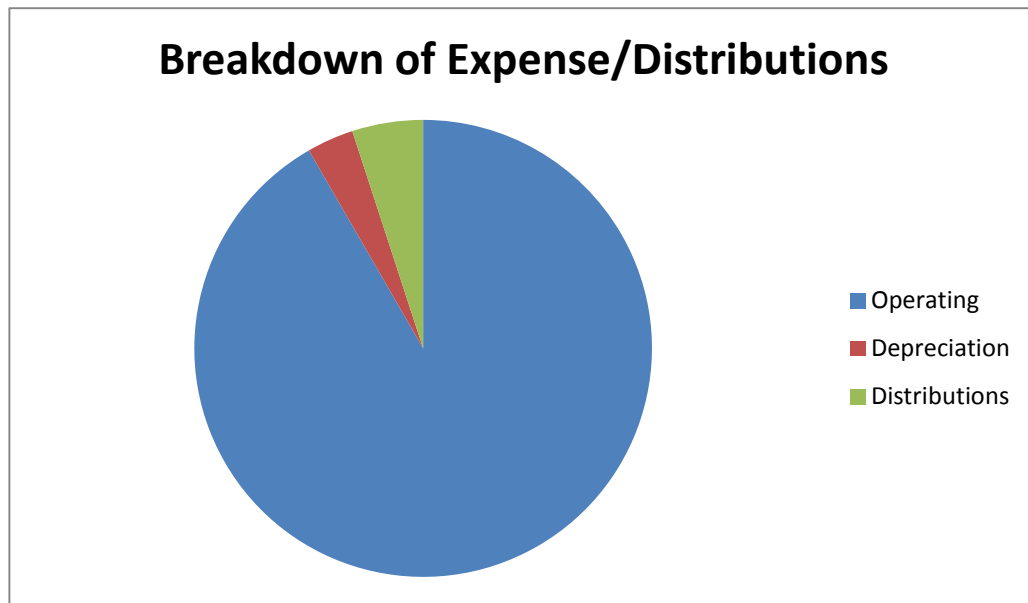


Chart 7 reflects the breakdown of expense and distribution allocations. Note: Data based on FY2011.

APPENDIX A

Picture 1



Current shelf price is incorrect.

Picture 2



Current shelf management.

APPENDIX B

- (1) 18B-808(a) states, "Each ABC store shall display or cause to be displayed warning signs that meet the requirements of this section on the store's premises to inform the public of the effects of alcohol consumption during pregnancy."
- (2) NCAC 02R.1706 (b) states "If a local board has a price discrepancy between the price on the shelf or bottle and the cash register, and the price on the shelf or bottle is lower, the local board shall sell the item at the shelf or bottle price and correct the shelf or bottle price to match the Commission's published uniform price."
- (3) OP 4.19.4 states, "In an effort to avoid possible conflicts of interest it is recommended at the beginning of each meeting the Chairman ask fellow board members if there are any potential conflicts of interest. This can be done by reading the following ethics reminder:"

In accordance with GS 18B-201, it is the duty of every Board member to avoid both conflicts of interest and appearances of conflicts. Does any member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today?

- (4) 18B-501(f1) states, "To ensure accountability to the appointing authority and the Commission, every local board's ABC officers and those law enforcement agencies subject to an enforcement agreement entered into shall report to the local board, by the fifth business day of each month, on a form developed by the Commission, the following:
 - (a) The number of arrests made for ABC law, Controlled Substance Act, or other violations, by category, at ABC permitted outlets,
 - (b) The number of arrests made for ABC law, Controlled Substance Act, or other violations, by category, at other locations,
 - (c) The number of agencies assisted with ABC law or controlled substance related matters,
 - (d) The number of alcohol education and responsible server programs presented,The local board shall submit a copy of the enforcement report to the appointing authority and the Commission not later than five business days after receipt of the enforcement report by the local board.
- (5) 18B-706(b) states, "Each member of a local board shall receive a minimum of two hours of ethics education within 12 months after initial appointment to the office and again within 12 months after each subsequent appointment to the office."
- (6) 18B-702 (m) states "...the contract, agreement, or purchase order shall include on its face a certificate stating that the instrument has been pre-audited to assure compliance. The certificate, which shall be signed by the finance officer or any deputy finance officer approved, shall take substantially the following form:

"This instrument has been pre-audited in the manner required by GS 18B-702."

(Signature of finance officer)

- (7) *NCAC 02R. 1801(a) states "Local Board to Issue. Whenever a person desiring to purchase more than 20 liters of unfortified wine, or more than five liters of either fortified wine or spirituous liquor or five liters of the two combined, applies to a local board for a Purchase-Transportation Permit, the local board shall issue the purchaser such a permit."*
- (8) *GS 18B-702 (j) states "...the local board shall designate (i) a part-time or full-time employee of the board other than the general manager or (ii) the finance officer of the appointing authority with consent of the appointing authority to be the finance officer for the local board."*
- (9) *GS 18B-702 (p) states "...all checks or drafts on an official depository shall be signed by the finance officer or a properly designated deputy finance officer."*

Recommendations / Proposals

1. Inventory Turnover

R. Identify dead stock for transfer to another board which has demand.

P. **Have started to identify this stock for removal.**

R. Request permission from the Commission for a price reduction to sell off slow moving products. Use proceeds for distribution or for more saleable inventory.

P. Have request price reductions in the past and will continue.

R. Take advantage of SPA's and quarterly price reductions whenever possible.

P. Our store already complies with this recommendation.

R. Use recipe cards, displays, and other marketing techniques to increase sales

P. We already do some as pre that our budget can allow for.

2. Operating costs

R. Request bids annually from various vendors to get the best rates possible on audit, credit card processing fees, and insurance and bonding rates.

P. We will be coupling with this recommendation at end of current contracts.

3. Profit percentage to sales

R. Analyze and reduce operating expenses to increase profits.

P. Current looking at ways to lower expenses.

R. Increase sales using the strategies recommended under inventory turnover and store appearance.

P. Implementing in store.

R. Consider merging with another ABC board to reduce overhead.

P. We are currently looking into a merger.

4. Store Appearance

R. Post the required Fetal Alcohol Syndrome poster as required by 18B-808. *Refer to Appendix B (1) for statute.* New posters are available free of charge from the Commission Education and Training Division.

P. Placed poster in front window of store.

5. Policies and Procedures

R. In an effort to avoid possible conflicts of interest, it is recommended that at the beginning of each board meeting the Chairman asks fellow board members if there are any potential conflicts of interest. *Refer to Appendix B (2) for statement reference.*

P. Implemented.

R. Update board information on the Commission website to reflect current board member appointment dates and compensation amounts.

P. This will be updated.

R. Submit law enforcement reports to the Commission for the stated months. *Refer to Appendix B (3) for statute.*

P. Updated as are received.

R. Have all board members attend the mandatory ethics training. *Refer to Appendix B (4) for statute.*

P. We will make every effort to comply.

R. Adopt a price discrepancy policy. While it is true that the State has uniform pricing requirements, if a shelf tag is incorrect and shows a lower price than the register, it is good customer relations to honor it and just book the difference to cash over/short. The Commission will provide a sample policy upon request. *Refer to Appendix B (5) for rule.*

P. We will be drafting a policy.

6. Personnel/Training Compliance

R. Attend annual training, such as the Responsible Alcohol Seller Program, offered by the Commission.

P. We will attend as many classes as we can to help store performance.

R. Create a checklist for use in training new employees and have each employee sign once training is complete.

P. We have started to build a checklist

R. Encourage clerks to be more proactive about greeting customers; come out from behind counter to view blind spots in store.

P. Have consulted all clerks on greetings.

7. Administrative Compliance

R. Use purchase orders for ordering all store and office supplies. Purchase orders are required to have the pre-audit certificate signed by the finance officer. *Refer to Appendix B (6).*

P. We are trying to comply with this recommendation.

R. Orders to LB&B for liquor must have a pre-audit certificate signed by the finance officer.

P. We are in compliance.

R. If an employee breaks a bottle, the board is responsible for absorbing the cost of the breakage. When a bottle is broken on the truck or while in transition to the store, complete the Destruction of Unsaleable Merchandise form. Immediately remove all breakage from inventory.

P. We currently follow this procedure.

R. All ABC stores shall issue transportation permits if a customer transports over 8 liters of spirituous liquor. *Refer to Appendix B (7) for statute.*

P. We will follow this recommendation.

R. North Carolina statutes require uniform pricing in all ABC stores. Request additional training, if necessary, from computer vendor on handling monthly price reductions. Immediately audit all shelf tags in the store and the cash register system for correct pricing.

P. In compliance.

8. Internal Control

R. Appoint a finance officer other than the general manager. *Refer to Appendix B (8) for statute.*

P. Currently take applications. As of 11-01-11

R. Appoint a deputy officer to aid in the duties of the finance officer when he/she is absent. *Refer to Appendix B (9) for statute.*

P. Town appointed Deputy J.R. Case.

R. To improve internal controls on inventory, take physical inventory monthly. Schedule board members to spot check inventory on a regular basis. Have board members review all monthly inventory adjustments.

P. Have implemented monthly spot checks. Board has been invited to come in and perform inventory checks at anytime.

R. Have each employee maintain a separate cash drawer. At the start and close of each shift, each employee counts their drawer to verify totals and to be held accountable for own cash drawer.

P. Have implemented this changes. As of 11-01- 2011

R. Appoint someone other than the general manager to reconcile the petty cash fund. A board member could do this each month during the course of the monthly board meeting.

P. We will revisit this after new appointment.

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NC ABC COMMISSION

COLUMBUS ALCOHOL BEVERAGE CONTROL BOARD

Recommendation Follow-Up

RECOMMENDATION	REQUIRED BY STATUTE	IMPLEMENTATION STATUS
<p>Store Appearance – Have the required Fetal Alcohol Syndrome poster displayed.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input checked="" type="checkbox"/> Fully Implemented</p> <p><input type="checkbox"/> Partially implemented ___% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>Management has displayed the poster in the front of the store.</p>
<p>Policies and Procedures – Adopt a price discrepancy policy. **</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>**Note: Required by rule.</p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input type="checkbox"/> Fully Implemented</p> <p><input type="checkbox"/> Partially implemented ___% complete. (Explain below.)</p> <p><input checked="" type="checkbox"/> Not implemented (Explain below.)</p> <p>The Board is planning to adopt a policy.</p>

COLUMBUS ALCOHOL BEVERAGE CONTROL BOARD

Recommendation Follow-Up

RECOMMENDATION	REQUIRED BY STATUTE	IMPLEMENTATION STATUS
<p>Administrative Compliance - **Update all board member appointment dates.</p> <p>Submit law enforcement reports for months February, May, and June.</p> <p>Have the remaining board member attend the mandatory ethics training.</p> <p>Use purchase orders when ordering all store and office supplies and have the finance officer sign.</p> <p>Affix the pre-audit certificate on all orders to LB&B.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>**Note: Required by rule.</p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input type="checkbox"/> Fully Implemented</p> <p><input checked="" type="checkbox"/> Partially implemented 25% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>Board member appointment dates have not been updated. Law enforcement reports for the mentioned months have not been submitted. Shane Blackwell was removed by the Commission on November 9, 2011. Management is currently using the sample purchase orders provided by the Commission. Management is also stamping the pre-audit certificate on all orders to LB&B.</p>
<p>Administrative Compliance (continued) - Audit all shelf tags to comply with the current price list set by the Commission.</p> <p>When applicable, issue transportation permits to customers purchasing more than allowed.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input checked="" type="checkbox"/> Fully Implemented</p> <p><input type="checkbox"/> Partially implemented ____% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>Management currently audits shelf tags with the register and price book to ensure accuracy.</p> <p>When applicable, transportation permits will be issued.</p>

COLUMBUS ALCOHOL BEVERAGE CONTROL BOARD

Recommendation Follow-Up

RECOMMENDATION	REQUIRED BY STATUTE	IMPLEMENTATION STATUS
<p>Training – Attend annual training offered by the Commission and other approved venues.</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input checked="" type="checkbox"/> Fully Implemented</p> <p><input type="checkbox"/> Partially implemented ____% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>Management and store clerks will continue to attend training when offered by the Commission.</p>
<p>Internal Control – Appoint a finance officer other than the general manager.</p> <p>Appoint a deputy finance officer in the event the finance officer is unavailable.</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input type="checkbox"/> Fully Implemented</p> <p><input checked="" type="checkbox"/> Partially implemented 50% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>The board is current seeking to fill the appointment of finance officer. The board has not appointed a deputy finance officer.</p>

COLUMBUS ALCOHOL BEVERAGE CONTROL BOARD

Recommendation Follow-Up

RECOMMENDATION	REQUIRED BY STATUTE	IMPLEMENTATION STATUS
<p>Internal Controls (continued) – To ensure stronger internal controls on key areas, have someone other than the manager perform the necessary duties exhibiting proper checks and balances.</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	<p>(Please provide documentation supporting implementation status.)</p> <p><input type="checkbox"/> Fully Implemented</p> <p><input checked="" type="checkbox"/> Partially implemented 50% complete. (Explain below.)</p> <p><input type="checkbox"/> Not implemented (Explain below.)</p> <p>Management has begun to take steps in the implementation of these controls.</p>



Alcoholic Beverage Control

CHAIRMAN:
A.D. "ZANDER" GUY, JR.

COMMISSIONER:
DANIEL L. BRIGGS
Lexington

ADMINISTRATOR:
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August 9, 2012

The Honorable Eric McIntyre, Mayor
Town of Columbus
PO Box 146
Columbus, NC 28722

Dear Mayor McIntyre,

The ABC Commission has completed the follow up to the performance audit which occurred on August 10, 2011 at the Columbus ABC Board. The purpose of the follow up visit was to determine which recommendations had been addressed and if the ABC Board was now in compliance with all ABC laws.

During the follow up visit, it was confirmed by interviewing board personnel and analyzing documentation that the ABC board has adopted all recommendations and has implemented the required policies to fully comply with the ABC Laws and Regulations. Since the initial performance audit, personnel turnover has arisen and could pose a concern in the stability of operations. However, the current management is initiating and implementing new procedures in hopes of improving stability and profits.

This concludes the performance audit conducted on August 10, 2011.

If we can be of any assistance in the future, please advise.

Respectfully,

Moniqua S. McLean
ABC Board Auditor

Cc: Jonathan Kanipe, Town Manager
Columbus ABC Board
Michael Herring, ABC Administrator